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**The Sustainable Succession of Family-Owned Businesses
in the Agriculture-Farming Sector in Egypt**

A Thesis Submitted to

Graduate Program in Sustainable Development

in partial fulfillment of the requirements for
the degree of Master of Science in Sustainable Development

by **Sara Khaled Aboulmagd**

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12-2017

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Abstract

Agriculture sustainability is considered a pillar for a country's economic stability, and equally, Family Owned Businesses (FOBs) are considered a primary factor that contributes to the economic growth of a country, especially when 40% of the country's GDP are considered FOBs. However, various studies have stated that a large percentage of Family Owned and Controlled Businesses (FOBs and FCBs) have not been successful with their generational transition process, thus affecting their sustainability. In addition, sources also stated that the agriculture sector in Egypt has been facing challenges throughout the past 60 years due to various factors, leading several FOBs in the agriculture farming business to face sustainable succession difficulties, which often results in the deterioration of the agricultural filed in the Egyptian economy. Hence, researching the area of sustainable succession of FOBs in the agriculture-farming sector in Egypt is a crucial area for research given the lack of available data on the mentioned subject and the lack of attention this sector is receiving. With reference to the definition of family business as "a business governed and/or managed on a sustainable, potentially cross-generational basis" (as cited in Smyrnios et al., 2013, p. 267), there are various factors that contribute to the success or failure of the succession of FOBs worldwide of which governance is positioned on the top of the factors list since there is an evident lack of good strategic management planning for succession and the know-how of its application. Therefore, this thesis aims to investigate the long-term continuity of FOBs in the agriculture-farming sector in Egypt while analyzing factors that contribute to their sustainable succession. The adopted research model in this thesis is Joseph Alex Maxwell's Qualitative Research Design approach utilized to conduct the research and data analysis. The study examines the literature that investigated FOB succession; the nature and idiosyncratic culture of FOBs, the factors affecting family owned businesses succession, and the practices and procedures implemented for generational transitions, in an attempt to answer the research question of *What are the factors that contribute to successful succession in agriculture-farming family owned businesses in Egypt, causing them to become sustainable?* Six agriculture-farming FOBs case studies were investigated through in-depth semi-structured interviews, along with four interviews conducted with experts from the field to validate the acquired information from the cases, to help formulate an understanding of the succession factors taking place, and provide solutions and lessons learnt that would serve as insights to the generational transition and sustainable succession of FOBs in the agriculture-farming sector in newly reclaimed lands within the Egyptian economy. The data gathered from the

field was analyzed through coding and then grouped into the identified categories from the literature and field study. The research has found that there are several factors contributing to the current succession practices within agriculture-farming fobs that fall under three primary identified criteria; 1) preparation level of successor; which includes the successors' educational and technical background, trainings and external experience as well as the successors' involvement in the business and upbringing (Nurturing and Apprenticeship), 2) Social and Cultural Norms: Successor's gender and the planning, management and control activities, 3) Successor's Individual Characteristics: personal traits and interests (passions) as well as the opportunity cost.

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List of Acronyms

AERI	Agricultural Economics Research Institute
EU	European Union
FOB	Family Owned Business
FCB	Family Controlled Business
FAO	Food and Agriculture Organization of the United Nations
GAFI	General Authorities for Investments and Free Zones
GRDC	Government's Grain Research and Development Corporation
IFC	International Finance Corporation
IYFF	International Year of Family Farming
SD	Sustainable Development
UNGA	United Nations General Assembly

Chapter I: Introduction

According to the United Nations website, during the year 2015 several countries have agreed to adopt 17 goals, known as the Sustainable Development Goals, to be achieved by the year 2030 that will help “end poverty, protect the planet and ensure prosperity” during a period of 15 years (United Nations, n.d.). “The overall goal of sustainable development (SD) is the long-term stability of the economy and environment; this is only achievable through the integration and acknowledgement of economic, environmental, and social concerns throughout the decision-making process (Emas 2015, p. 2). This thesis research area is found to contribute to two goals under the Sustainable Development Goals; Goal 2 “Zero Hunger” which aims to “end hunger, achieve food security and improved nutrition and promote sustainable agriculture”, and Goal 8 “Decent Work and Economic Growth” which aims to “promote inclusive and sustainable economic growth, employment and decent work for all” (United Nations, n.d.). On the same note, Cho et al. (2017) defines business or corporate sustainability as “the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success” (as cited in Cho et al. 2017, p. 5). While another commonly used definition for sustainability states that a sustainable system “is one which survives and persists” (as cited in Suess-Reyes and Fuetsch, 2016, p. 121). Consequently, the research topic will discuss a few of the economic and environmental aspects of sustainability, while primarily focusing on the social aspect from a sustainable business perspective through succession, which is defined in this study as “the act, process, or right by which one person succeeds to the office, etc, of another” (Collins Dictionary).

The year 2014 was officially declared the International Year of Family Farming (IYFF-2014) by The United Nations’ General Assembly (UNGA), aiming to shed light on the vital role of sustainable development in agriculture through family farming, claiming it to be the primary source of food security in developing countries. “The goal of the 2014 IYFF is to reposition family farming at the centre of agricultural, environmental and social policies in the national agendas by identifying gaps and opportunities to promote a shift towards a more equal and balanced development” (FAO, n.d.b, par. 3). The world is shifting its focus towards investing in sustainable agriculture, to provide food security for their countries, Americans and Europeans are conducting workshops, training manuals and world class conventions to educate their people about the importance of the succession of family businesses in

agriculture “Almost all Dutch farms are family-owned businesses” (Rabobank, 2017). Similarly “family farming is the most common operational farming model in Europe and thus of great importance in the EU” (European Commission 2017b, par. 1). The agriculture and horticulture industries in the Netherlands have adopted this formula for several decades thus far, therefore, family-owned businesses are expected to not only remain strong but also continue to grow. Furthermore, in a country where family businesses take up to approximately 40% of its GDP, as mentioned on the American University in Cairo’s website, and is not close to achieving food security, where does Egypt stand when it comes to family businesses in the agriculture farming sector?

Furthermore, sources state that the agriculture sector is a pillar for the stability of a country’s economy and emphasises the importance of its sustainability for any country’s growth, on the same note, that family owned businesses vastly contribute to the growth and steadiness of the economy especially within the MENA region, yet, there was no sufficient research conducted on the effect of the given two fields on the country’s economy, specifically on the factors that affect the long-term continuity of family owned businesses in the agriculture farming sector in a developing country like Egypt. Accordingly, the following section of the literature review will explore the available research conducted on the fields of 1) agriculture; its importance and effects on the economy; the status of agriculture in Egypt, and 2) family owned businesses (FOBs); their importance and effects on the economy; their nature and culture; and the factors and practices affecting succession.

Chapter II: Literature Review

A. Importance of Agriculture

i. Agriculture Sector and the Economy

Research states that traditional farming is defined as farming based on production methods that have been used for centuries across generations, and if a country solely depends on traditional agriculture then it is bound to be poor. “But when a country develops an agricultural sector such as Denmark has in Europe, Israel in the Near East, Mexico in Latin America and Japan in the Far East, food becomes more abundant, income rises, and less of the income of the country is spent for food” (Shultz, 1964). Economists have neglected the study of agriculture growth and focused more on industrial growth assuming that this where economic growth lies, while in fact, in low income countries such as Egypt, the agriculture sector is considered one of the largest sectors of the economy; “it is the exceptional country that is successful in developing its agricultural sector so that it is a real source of economic growth” (Shultz, 1964). It is without a doubt that agricultural should be considered a very strong engine for economic growth, however, to empower this engine there must be a form of investment, which is not easy. Additionally, “incentives to guide and reward farmers are a critical component. Once there are investment opportunities and efficient incentives, farmers will turn sand into gold.” (Shultz, 1964), as it is worth mentioning that almost a quarter of the Egypt’s workforce is employed within the agriculture industry (Williamson, 2014).

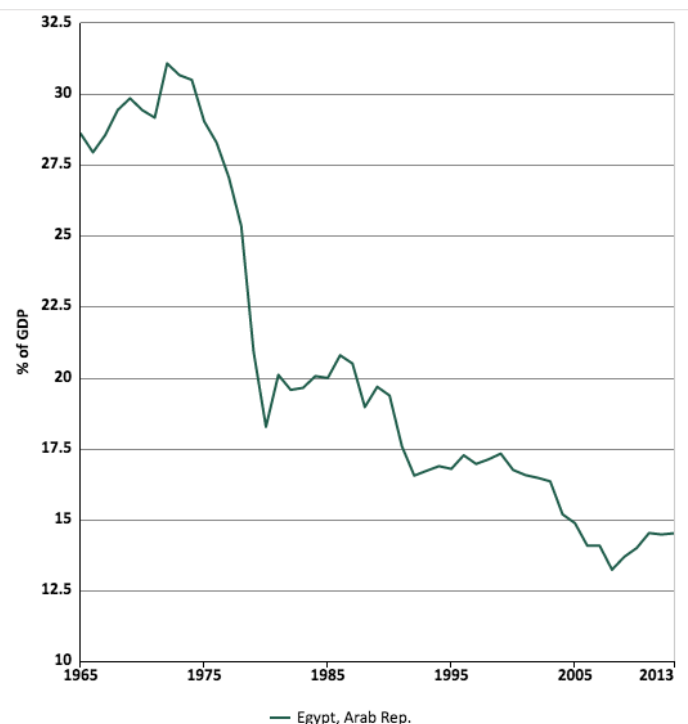


Figure 1: GDP percentage of agriculture
Source: Egypt Data Portal, 2014

ii. *Agriculture in the Egyptian Economy*

Therefore, it is safe to state that for economic growth to flourish in the agriculture sector, investment and incentives should be highly considered. The UN's FAO statistics show that Egypt's agriculture sector constituted 13.7 % of the GDP during the year 2010 and has been heavily declining throughout the past 30 years, as stated by Steven Viney in his article to the Egypt Independent titled "Agriculture could be key to reviving Egypt's economy, experts say". According to the Egypt Data Portal on the Open Data For Africa website, figure (1) is a graph demonstrating the noticeable decline in the GDP percentage of agriculture in Egypt throughout the years. It has been quite obvious that the agriculture sector has been suffering for several years due to the country's capitalization on the industrial sector, while neglecting the fact that a country's stability is built on feeding its people, hence its agriculture stability; "A country's agricultural sector is a vital characteristic of its strength as it symbolizes a nation's ability to sustain life," said Shaban Salem, an economist from Egypt's Agricultural Economics Research Institute (AERI)" (as cited in Viney, 2011, par. 3). Furthermore, it was not up until recently that such importance has come to the current political leaders attention, which resulted in the inauguration of the largest agriculture project the country has ever witnessed, the "1.5 million feddans¹ project", aiming at increasing Egypt's agriculture land with 1.5 million feddans; "The project aims to reduce the food gap and increase the populated area through the creation of new urban communities" as stated by Prime Minister Sherif Ismail to Al Ahram Journal (Ahram Online, 2015). Consequently, it is inevitable to state that the agriculture sector needs proper attention for the Egyptian economy to thrive "By investing in the agriculture sector, we can, during our transition to democracy, begin to increase the livelihood of lower socio-economic classes and increase foreign demand for Egyptian products, which is not only empowering, but also symbolizes economic, and political, seeds of change." (as cited in Viney 2011, par. 28). With regards to foreign demand of Egyptian agriculture products and according to the European Union's Agri-Food Trade Statistical Factsheet, the following figure 2 demonstrates the top EU agri-food imports from Egypt during the year 2016 divided by product category and Table 1 demonstrates the evolution of the top 20 imported products by the EU from Egypt;

• ¹ According to the Merriam Webster Dictionary, a Feddan is "an Egyptian unit of area equal to 1.038 acres" the equivalent of 0.42 hectare".

Top EU Agri-food imports from Egypt in 2016

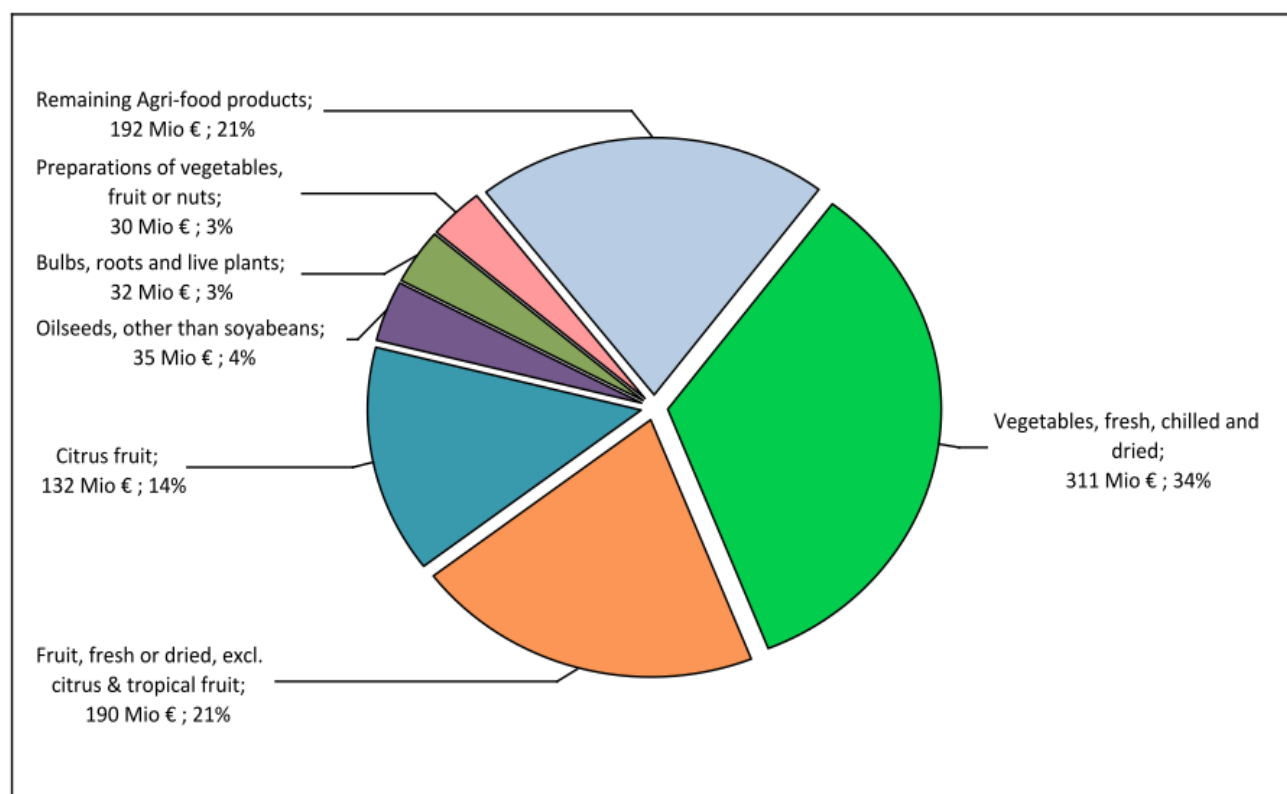


Figure 2: Top EU Agri-food imports from Egypt in 2016

Source: European Commission (2017a)

Evolution of 20 top EU Agri-food imports from Egypt, 2012 - 2016

		Imports						
		Value Mio €					%	
		2012	2013	2014	2015	2016	Share in all Agri 2016	Change 2015-2016
1	Vegetables, fresh, chilled and dried	232	284	276	287	311	33.7	8.4
2	Fruit, fresh or dried, excl. citrus & tropical fruit	174	143	160	186	190	20.6	2.2
3	Citrus fruit	73	94	87	97	132	14.3	36.1
4	Oilseeds, other than soyabeans	21	24	20	27	35	3.8	29.6
5	Bulbs, roots and live plants	21	24	31	33	32	3.5	-3.0
6	Preparations of vegetables, fruit or nuts	8	13	36	25	30	3.3	20.0
7	Essential oils	15	16	21	23	24	2.6	4.3
8	Other feed and feed ingredients	28	37	14	24	22	2.4	-8.3
9	Offal, animal fats and other meats, fresh, chilled and frozen	22	34	40	34	22	2.4	-35.3
10	Tropical fruit, fresh or dried, nuts and spices	8	9	9	15	18	2.0	20.0
11	Sugar, other than beet & cane	27	38	21	34	18	2.0	-47.1
12	Rice	20	30	27	27	17	1.8	-37.0
13	Cotton, flax and hemp, and plaiting materials	15	14	19	19	13	1.4	-31.6
14	Wool and silk	1	2	4	7	6	0.7	-14.3
15	Wheat		0			6	0.7	
16	Fruit juices	2	1	3	3	6	0.7	100.0
17	Coffee and tea extracts	1	1	1	2	5	0.5	150.0
18	Ethanol	29	25	10	11	4	0.4	-63.6
19	Casein, other albuminoidal substances and modified starches	1	1	2	3	4	0.4	33.3
20	Miscellaneous seeds and hop cones	3	2	2	2	4	0.4	100.0
	Remaining Agri-food products	25	24	19	25	22	2.4	-12.0

Table 1: Evolution of 20 top EU Agri-food imports from Egypt, 2012 -2016

Source: European Commission (2017a)

Moreover, since the agriculture sector is making headlines during recent years, various international development and funding agencies have recognized the need for the country to enhance its agricultural sector and are heavily focusing on developing it by working with local companies and institutes to create and expand projects and initiatives to further develop it. Further research states that agriculture is a primary component that serves the Egyptian economy, acquiring 28 percent of the job market and contributing to approximately 14.5 percent of the country's GDP (USAID, 2015).

iii. Agriculture Land Laws in Egypt

Throughout history Egypt was considered a major agriculture focus, given its geographical location and resources. Agriculture played a crucial role in the economic stability of the country up until the time of former president Gamal Abdel Nasser; this was when agriculture started taking a downward turn according to various sources. Some people consider Gamal Abd El Nasser – former Egyptian president- a hero, while others view him as a misfortune that happened to Egypt and that the country has never been the same since his communist reign after the revolution of 1952. “The revolution in 1952 was lead by the Free Army Officers and partly driven by the discontent with the monarchy and the rich land-owning Pasha class as well as the increasing rural poverty” (as cited in Adriansen, 2009, p. 664). And since agriculture was always a weapon for Egyptian politicians, the First Agrarian Reform Law; Law 178 for 1952, was announced and resulted in limiting landowners to 200 feddans per person, while the rest of land is acquired by the government and redistributed to the poor as an attempt to end poverty. The law was later amended and decreased the land ownership size to 50 feddans per person. 12% of Egypt's agricultural land was redistributed in the 1950s and 1960s due to land reform laws, to help the country's landless become owners of land. (Adriansen, 2009).

"The land reforms in 1952 and 1961 redistributed about one seventh of the country's cultivable land from large landowners, pashas, to middle peasants and landless by means of: Legislative Decree No. 178 of 1952, Law 127 of 1961 and Law 50 of 1969 (13).

- The reforms gave the state the authority to seize an individual's privately held land that exceeded 200 feddan, a ceiling reduced to 100 feddan in 1961; however, families could still hold up to 300 feddan, and the amount a landlord could rent out was limited to 50 feddan. Exemptions were allowed where families had more than two children, where an additional 100 feddan could be retained. There were also exemptions to endowed land held by religious authorities, desert land or land owned by industrial or scientific organizations. Landowners received compensation, except the royal family who lost 170 000 feddan.

- Seized land was distributed to agricultural labourers and tenant farmers with holdings of less than 5 feddan. The recipients on average received 2.4 feddan and paid for the land in instalments over a 40-year period. There were almost 2 million beneficiaries of the reforms. Smallholders also benefited from an increase in land sales, as landowners feared expropriation or sequestration of their estates” (FAO, 2017, par. 3).

Furthermore, when the redistribution of land did not feed the tremendous growing population of Egypt, a new agriculture trend was initiated; desert land reclamation, of which its idea was inspired and some state that it was partly financed by the Soviet Union (Adriansen, 2009). The government offered the purchase of desert lands with minimal costs for the people with the conditions that it should be cultivated for agriculture within 5 years or else it would be confiscated. “The driving force behind post-revolution land reclamation was the commitment of new regime to help the rural poor as well as the need for more agricultural land mainly due to the increasing population ” (as cited in Adriansen, 2009, p. 665). “Law No. 143 governs the acquisition and ownership of desert land. Certain limits are placed on the number of feddans...that may be owned by individuals, families, cooperatives, partnerships and corporations. Partnerships are permitted to own 10,000 feddans. Joint stock companies are permitted to own 50,000 feddans” (GAFI, n.d).

On the one hand, taxes on the distributed agriculture lands increased on the new poor owners, which lead to the majority of them selling it back to the original owners, as they could not financially keep up with the upsurge “Many tenants could not afford the new leases and ended up landless” (Adriansen, 2009, p. 666), while on the other hands, research claims that the people who received the reclaimed lands could not keep up with the necessary costly investments to generate profits from their lands (Adriansen, 2009). According to the aforementioned, agriculture in Egypt remains a non sustainable sector and thus requires crucial attention to flourish and become a strong player in economic stability, thus one of the strong contributors to the agriculture sector are the currently operating family owned businesses who are striving for growth and are in position of generational transition.

iv. Agriculture and Education in Egypt

An interesting variable that could be a root cause of affecting the position of agriculture in the Egyptian economy today is the education. As mentioned in the previous section, the 1952 revolution was the start of immense changes that have affected several sectors of Egyptian economy on various levels; agriculture was amongst the disturbed sectors and education was another sector that was damaged. “The deterioration in education in Egypt did not happen

overnight. While there are plenty of contributing factors, such as Abdel Nasser's unsustainable model and Sadat's commodification of education through neoliberalism, there seems to be satisfaction among the policymakers on the status of education in Egypt" (Rizkallah, 2014). Other sources have also stated that "since Egypt's defeat in the war against Israel in 1967 the country's economic situation has deteriorated. The adverse effects of this were felt most severely in the public sector, especially in education and healthcare" (Ibrahim and Ibrahim, 2003, p. 107). Consequently, it is quite evident that agriculture education was amongst the most affected sectors within the Egyptian economy. Additionally, research claim that studying agriculture is no longer a popular subject in universities, as there are no longer students interested in acquiring a degree in topic due to the scarcity of employment opportunities as well as the lack of reputable titles in the field. "Private universities being profit-making institutions concentrated their efforts on those colleges that are in demand by the public such as medicine and engineering and stayed away from agricultural education which is currently in the lowest position in the list of students' preference" (Abdellah et al., 2017, p. 3). Agriculture education offered in higher colleges and institutes as well as technical schools is underdeveloped and are in crucial need of new and innovative institutional reforms and leadership in addition to updated educational plans and strategies, that would transfer the curricula to become more market-driven to match the local, regional and global labor market demands, standards and requirements (Abdellah et al., 2017).

"In short, the identified structural imbalances and incongruities in agricultural colleges are: the dwindling student enrollment, low quality students and gender imbalance, skewed ratio of students to professors, curricula not relevant to job market, stagnation of college's mission and objectives, programs and curricula not in step with advances in science and technology world-wide. The above-mentioned structural imbalances and incongruities are typical in almost all colleges of agriculture in Egypt resulting in a general decline in agricultural education. This decline could have long lasting effect on agriculture which is an important production sector in Egypt" (Abdellah et al., 2017, p. 2).

Hence, research states that the agriculture research and educational systems in Egypt are in critical need of developments and improvements, that would enable the country to improve the sustainability of its agricultural production which will lead to the proper management and protection of its environmental resources and enhancing its food safety and security. (Abdellah et al., 2017).

v. *Agriculture and the Environment in Egypt*

When agriculture is a partial topic of discussion, analysis of its effects on the environment cannot be discounted. Accordingly, this section of the literature examines the effects of agriculture practices on the environment, specifically investigating how the current uses of environmental resources are affecting agriculture sustainability in Egypt, especially when water - being the main resource for agriculture - is becoming a crucial area of debate during recent times. Various sources state that Egypt's water use (approximately 72.4 billion cubic meters) exceeded the total annual supply of water from the Nile, ground water and rainfalls (around 57.7 billion cubic meters), due to the water being reused several times throughout its voyage across the country. The primary source of irrigation is the Nile, providing around 96% of the total water usage, with farmers channeling about 90% of that number for agricultural purposes, and a lot of water that is not used by the crops, is drained through the soil towards drainage systems and then back to the river.

“In addition, at multiple points through the drainage network, pumps lift water from the drains and direct it back into the irrigation system for reuse... But there is a problem. As water passes through the soil and drainage network, it picks up salts, agricultural chemicals, and other pollutants. Drainage water is therefore different in quality to irrigation water. So as the two waters are mixed together, either at government pumping stations or in the hands of individual farmers, the quality of Egypt's water shifts” (Barnes 2014, p. 181 - 182)

Furthermore, Egypt is yet to witness the environmental impacts from the decrease in its Nile water supply due to the establishment of the Great Ethiopian Renaissance Dam (GERD). Research claims that the construction of the GERD will severely affect Egypt's annual share of Nile water especially in the initial years of filling up the reservoir; “reservoir impounding of this size over 6 years will cause annually decrease inevitably Nile flow to Lake Nasser by about 12 BCM, which represents approximately 23% of Egypt's annual share of Nile water” (Ramadan et al., 2013, p. 3). Additionally, sources state that the new technologies introduced during the 1980s caused a groundwater extraction revolution, resulting in heavy usage of groundwater leading it towards depletion, as governments could no longer control its extraction and use. “The privatization of agricultural activities in the desert areas of many developing arid regions, and introduction of pumping technologies, has rapidly changed this situation, placing control of groundwater extraction in the hands of thousands of private individuals” (King and Salem, 2012, p. 490). Since land reclamation laws were issued in

Egypt to expand the agriculture areas in desert lands, as mentioned in the previous section, their only source of irrigation was groundwater, consequently; “as extraction has increased, the groundwater table has fallen, salinity problems have emerged, and rapid losses of productive land are anticipated over the period 2007 – 2025” (as cited in King and Salem, 2012, p. 491). In addition, groundwater resources are facing other threats of chemical contamination besides its depletion and salinity, which accordingly places strains on agriculture sustainability in Egypt. According to the aforementioned in this section, it is unmistakable that there are crucial threats affecting water resources in Egypt, which are currently having a negative impact on irrigation and will become more problematic by time, leading to questioning the sustainability of agriculture in Egypt, if modern irrigation practices and innovative agricultural methods are not implemented.

B. Importance of Family Owned Businesses (FOBs)

i. Culture of FOBs

“By a *family business* we mean one that is partly owned by one or more family members who together control at least 20% of the total votes outstanding (as cited in Miller and Le Breton Miller, 2006). It is important to understand the characteristics of FOBs as an organization, along with their cultures, as they tend to differ in nature than other forms of businesses. “The family-owned business has its own set of rules, values and methods of communication” (as cited in Kabir, 2007). Such unique characteristics can have both positive and negative impacts on the establishment, depending on how they are being approached. They are an intersection of different systems “the Family System”; which is more related to emotional issues and “the Business System”; which is related to more rational matters. The following diagram in figure 3 is a demonstration of the intersection of these systems, highlighting where do family businesses meet;

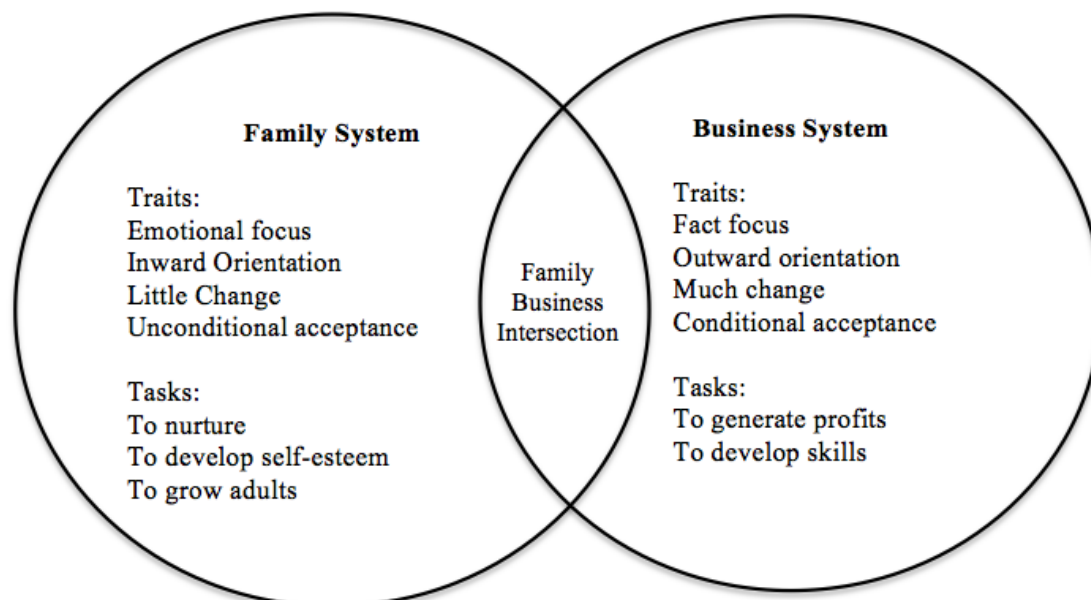


Figure 3: Intersecting Family Business System
Source: (as cited in Kabir, 2007, p. 12)

“Family needs can supersede the business needs in certain situations when family members expect the business system to operate on the same rules as within the family” (Kabir, 2007, p. 13), and it can also happen the other way. Therefore, it is important that the correct and suitable balance takes place between the family system and the business system, which is what should happen in the intersection of the circles in the above figure. “Jaffe (1990) also described certain characteristics of the family and business systems. He identifies the family as an "emotional support system" while business has to "produce tangible results" (Kabir, 2007, p. 13). The following table illustrates the differences between both systems according to Jaffe 1990, as cited in Kabir, 2007, p. 14.

<i>Family System</i>	<i>Business System</i>
<i>Raise adults</i>	<i>Make profit</i>
<i>People caring</i>	<i>People producing</i>
<i>Unconditional acceptance</i>	<i>Performance demands</i>
<i>Generational authority</i>	<i>Role authority</i>
<i>Expressive, emotional bonds</i>	<i>Rational bonds</i>
<i>Blood ties forever</i>	<i>Temporary relationships</i>
<i>Informal relationships</i>	<i>Formal relationships</i>
<i>Generational time frame</i>	<i>Limited time frame</i>

Table 2: Differences between Family and Business Systems
Source: (as cited by Kabir, 2007, p. 14)

Both systems shown in the table above affect each other in a family owned business, they can also have negative and positive effects if one system superseded the other, while if the environment takes the best of both worlds, the business can thrive to the better. “Therefore, in order to have an effective family business, a family should try to capitalize on bringing the positive qualities of the family into the business while controlling or limiting the negative qualities of the family system” (Kabir, 2007, p. 15)

According to a publication by the International Finance Corporation (IFC), it is stated that “with its long history of trade and entrepreneurship, along with a culture that honours family ties, the MENA region is a particularly hospitable place for family-owned companies” (Abouzaid, 2014). Having said that, the Egyptian culture is quite known for its strong cultural values and traditions, therefore, it is inevitable that most business owners within the Egyptian society would strive to have their businesses grow through their children for the sole reason of continuing the family legacy, preserve family ties and traditions, and maintain the status quo and power their fathers or grand fathers have worked so hard to achieve. Therefore, such transitional process is considered a crucial point of contemplation for the survival and sustainability of the family business. “Currently, managerial and generational succession and succession planning have continued to be one of the most important family business research focuses” (Sonfield, 2012). However, what is considered to be the strongest characteristic of the cultural environment for family businesses to emerge is also considered their primary challenge for survival across generations. These companies will have a better chance of sustaining to the further generations if they implement the appropriate planning and governance structure (Abouzaid, 2014). Regardless of its importance, succession planning is usually put-off till the last minute which leads to serious challenges and problems occurring in the company, therefore, successful succession should start as early as possible starting the time when a new CEO is in position. Additionally, “emphasis must be on educating younger generations about the importance of corporate governance as they begin to move into leadership roles” (Abouzaid, 2014).

ii. FOBs in the Middle East

According to the Collins Dictionary of Business, an entrepreneur is defined as “a person who undertakes the risks of establishing and running new business. Entrepreneurs are characterized by their initiative and enterprise in seeking out new business opportunities, inventing and commercializing new goods and services and methods of production” (Pass et

al. 2005). Correspondingly, Family owned businesses of today are the renowned “Entrepreneurs” of the past, who had the vision, will and drive to grasp a market opportunity and initiate a business, keeping it thriving and protecting it from failure.

Furthermore, “A family enterprise is a proprietorship, partnership, corporation or any form of business association where the voting control is in the hands of a particular family” (Neubauer and Lank, 1998). On the same note, “Carsrud (1994) has defined a family business as one in which both ownership and policy making are dominated by members of an “emotional kinship group”. Accordingly, family firms violate a tenet of contemporary models of organization, namely, the separation of ownership from management” (Morris et. Al. 1996). One of the primary reasons of why men and women start their own businesses and turn them into family owned is to secure their financial future along with securing their children’s future to have decent lives, vacations, good homes and a proper education for their kids and their kids, basically to guarantee the best of every thing in this life for who they love, and to top it off, handing

over “a no sweat start” to their children for financial stability and sustainability (Lea, 1991). Numerous business owners around the world and specifically in the United States of America are in their fourth generation of ownership “They are headed by people who see the

business not only as the source of comfortable living but also as a focus of deep family pride and tradition” (Lea, 1991).

Additionally, according to a survey titled “The Family Firm: Central to the success of the Middle East” published by PricewaterhouseCoopers (PwC) in 2013, covering 2000 family businesses in various fields from across the world with a focus on the Middle East region, the findings showed that family businesses in the region have a significant role in the culture, economy and political influence as “most of the region’s GDP outside the oil sector, and over 80% of its businesses, are either family-run or family controlled, making family businesses crucial to both economic activity and employment” (PwC, 2013, p. 5). On the same note, a

Future plans

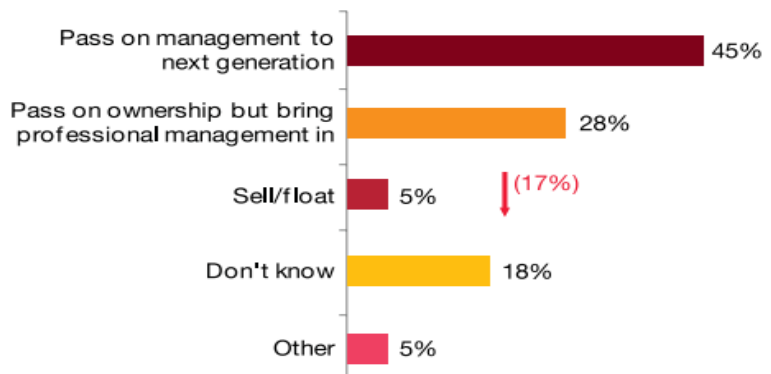


Figure 4: Future Plans of Succession in Businesses in the Middle East
Source: (PwC, 2013, p.13)

few of the findings regarding the future plans of the businesses, as shown in Figure 4, were that family businesses are striving for growth more locally than globally, yet are facing certain challenges of which succession ranks amongst the top 3 tipping points facing the future of family firms. “The single most obvious point about a family business is, of course, the fact that has been passed from one generation to the next, but the moment of transition is vital to the firm’s future success – or failure” (PwC, 2013, p. 13). Also family owned businesses that started in the 1960s are currently in their second generation and are looking for transition within the coming 5 years, and according to the literature, this process has proven to be very difficult particularly in the Middle East; “Although the culture of respect for older generations remains strong, and families traditionally prefer to keep their affairs private, we have seen an increasing number of disputes ending up in the courts in recent years” (PwC, 2013, p. 13) leading numerous businesses to freeze their operations until the family dispute is resolved, leading to great losses and in several cases a complete shutdown of the business. Therefore, there is a crucial need for succession planning to take place early on to be able to guarantee a smooth transition between generations ensuring the sustainability of the business.

iii. FOBs in Cameroon

There are many factors to consider regarding how family businesses contribute to the economy and job market of any country. According to Cho et al. (2017), family businesses are highly responsible for economic wealth and creating jobs in many economies. Additionally, 66 percent of new jobs in multiple economics around the world result from family businesses (as cited in Cho et al. 2017). The private sector affects and gets affected by this, thus governments need to view microeconomic reforms as stimulators of the private sector in that they enhance the business and investment landscapes, which would facilitate firm entry, growth and survival of family businesses (Tabi & Fomba, 2013). With regards to the nature of family businesses and how they affect a nation’s economy, most of them are small and medium sized enterprises (SMEs’). This magnifies the importance of including entrepreneurship in the discussion, as it is a crucial factor in the economic advancement of not only developed economies, but also developing nations such as Cameroon (Cho et. al., 2017). Without a clear definition and understanding of the role of entrepreneurship in the economic advancement of a nation, family businesses face challenges in both establishment and management, which often leads to shorter lifespans of these businesses. Reportedly, this is a weakness in most African countries in general, and in Cameroon in particular, where

family owned and managed businesses face such difficulties, which often results in lack of development and success (Cho et. al., 2017). The study has shown the following results; 1) businesses that operate without the idea of being sustainable from the early beginning are inclined towards failure once the founder dies, 2) businesses that invest in their employees by offering trainings become more profitable and tend to be more sustainable than the ones who do not offer such opportunities, 3) family businesses have a chance of becoming more profitable and sustainable when family members involved in the business listen to and take into consideration the inputs and opinions of their employees during decision making processes, 4) when the accounting as well as the taxing system are good, reliable and transparent, chances of profitability and sustainability are higher, 5) chances of sustainability are high when the founders of the family business involve their children and successors in the business and encourage them to participate early on, will help them develop interest in the business leading them to become part of its continuity (Cho et al., 2017)

iv. Farming FOBs in Australia

There are numerous sources and studies regarding succession of family farming businesses, were found to be conducted on Australian FOBs. “Rural succession planning is one of Australia’s key issues for the next generation with over 99% of Australia’s 125,000 farms currently operated by families” stated by Scott Young, Director and leader of Hood Sweeney’s Agribusiness team, in his article titled “Succession planning - a challenging yet critical element of modern”. However, Young also mentions that numerous farms - around 70% - do not have a sustainable succession plan or a retirement plan that will ensure the continuity of their businesses. Therefore, this section will examine how is succession viewed and carried out in family owned businesses in the farming sector in Australia and what are they doing about it.

Like all family owned businesses, primary owners of farming businesses in Australia would like to see their agribusinesses thrive across generations and successfully transfer their control to the upcoming successor, yet are not aware of the suitable techniques to carry out a successful transition, and finds the topic to be very stressful to cope with, which leads them to sell their farm to corporate owners, expanding the trend of corporate farming (Young). Accordingly, various field studies have been conducted by business advising consultancy firms such as Hood Sweeney as well as the Australian government, and the following is a structured approach that Mr. Young has put together on how to successfully tackle succession

planning in the farming sector. Figure 5 is an illustration of the six fundamental factors that form a structured approach to a farm succession.

1. Communication; is considered the most crucial factor in a succession planning structure. Senior generations have to openly discuss their thoughts regarding the succession process with the upcoming generation, and it is even recommended to consider professional advisors during such discussions to assist in holding these communication processes. Similarly, the successors' desires, inputs and aspirations should be heard a regarding the transitional process to avoid misunderstandings and unnecessary tensions that might occur that can damage the business or cause strains to the family.

2. Structure: it is essential to have clear and defined titles and ownership contracts regarding all operations contributing to the business, including the land to ensure a proper structured transitional process. In addition, "There are also several taxation exemptions and relief mechanisms available to the agribusiness sector that can also be used to advantage if you have the right structures in place" (Young, p. 3).



Figure 5: Structured Approach of Farm Succession
Source: (Young, p. 2)

3. Legal: estate plans have to be taken into account along with the business structure. Drawing up the Wills for example to match the succession plans and intentions is crucial to guarantee smooth generational transition, such documents do not have a certain approach as they should be drafted according to every family business' distinctive nature.

4. Funding: there are a number of funding arrangements that are available that offers assistance to buying the farm, if such matter is of a concern. "The use of insurance through a "buy-sell agreement" is an extremely cost efficient and highly effective mechanism to fund farm purchases" (Young, p. 3).

5. Valuation: assigning an independent evaluator for the farm to assess the land value, equipment and machinery, cash flows, other property could support and serve the funding arrangements.

6. Individual requirements; the senior generation is advised to create a succession plan in accordance with their retirement plan to ensure that their personal financial needs and requirements are being met and their wealth is protected. Thus, conducting a financial plan will assist during this phase. “Self managed superannuation is particularly well suited to the farming sector and is one of the most tax effective vehicles available” (Young, p. 3).

Moreover, according to the Australian Government’s Grain Research and Development Corporation (GRDC), a case study is published titled “Succession planning – the do’s and don’ts of family succession” and has highlighted the key factor in the succession process is communication. It states that people within the family do not communicate about succession for several reasons;

1. Succession planning involves emotional issues – Death, divorce, disagreement and disability - and such matters are very difficult to be discussed especially when the main players are men, and are considered poor at discussing emotional matters.
2. The upcoming generation is not capable of providing solutions that cater to everyone’s needs, so they “bury their head in the sand” (Beattie, 2014)
3. Lastly, succession planning is not viewed as urgent, thus more urgent issues receive the attention.

Furthermore, Rabobank, a world leading financial institution specializing in agribusiness food banking, primarily in the Australasian region, has conducted a study on family business succession in agriculture and the study has proven that the best method to go about succession is to tackle it early on, and has placed large emphasis on communication between family members and initiating succession planning conversations at an early stage is a key factor for the success of the transitional process, “Communication is the key building block to the entire succession planning process” (Higgins et al., 2015). Additionally, clarifying the roles and responsibilities for the upcoming generation is vital to be able to make use of their experience and properly allocate tasks and positions. Last but not least, keeping the upcoming generation involved in the business from an early stage is an essential practice to keep them

interested and aware of the businesses ins and outs, “Having skin in the game demonstrates commitment and generates additional motivation for new farmers, along with creating new options to expand the business” (Higgins et al., 2015).

v. ***FOBs in USA***

(Lea, 1991) defines family business as “a business that is owned either wholly or in the majority by one person or by members of one family”. What distinguishes a family business is that one family has control of the operations, management, or “exercises another form of control” (Lea, 1991). FOBs are known to largely contribute to the advancement of the United States economy; “approximately 90 percent of all American businesses are owned outright or controlled by families, and they generate more than 50 percent of the annual gross national product” (Lea, 1991). Additionally, family owned or controlled businesses consume almost 40 percent of the renowned Fortune 500 companies (Lea, 1991). With regards to controlling and running a family business, researchers have listed a few characteristics of family businesses that survive succession, and the other characteristics of the ones who do not survive. According to (Lea, 1991), Professor David Ambrose at the university of Nebraska has highlighted these features as follows;

For the businesses that survive succession, first the business must be perceived by the family members as having a solid foundation within the industry and the community and are financially stable and profitable, as well as, satisfying to own, operate to become emotionally, psychologically and financially rewarding.

Second, family members employed in the business should treat the business as a “family affair”; they should be well informed about business’ know how, its ups and downs, provided moral support as well as encouragement throughout these fluctuations.

Third, the business’ continuity becomes higher when the successors have formal educational backgrounds in business administration, specialized and informative seminars related to management, former technical experience or trainings within the related field as well as managerial skills, experience, and preparation on how to manage responsibilities and ownership in the company itself prior to assuming their roles of authority.

Fourth and most important, “flexible, forward-looking leadership” chances of transitional survival is higher “when the owner has carried out through analysis and long range planning

in preparation for succession and when he or she actively manages and monitors the transition in a humane but businesslike fashion” (Lea, 1991, p. 9)

The characteristics of businesses that tend to not survive are the ones that fail to meet the continuity criteria laid out by Professor Ambrose as follows;

First, the businesses that are positioned as “marginal” in the economy when it comes to its operational efficiency, management and profitability; types of businesses that are viewed by family members as a source of tension rather than a source of pride, leading the younger generation to become unenthusiastic to join the enterprise despite the family’s loyalty to the business.

Second, “overt family pressure” that takes place when the upcoming generation is being forced into joining the business out of a sense of guilt to continue the family legacy seeing that they went thorough so much to achieve such success, which is considered one of the unhealthiest motivational methods of pursuing a career.

Third, successors would likely be discouraged to join the family business if is too demanding; requires full time devotion throughout the full seven days of the week and for long hours, leaving no time for personal interests or activities. The new generations might be willing to carry out the business by following the foot steps of the prior generation, yet might be reluctant to devote their entire time to running it.

Fourth, if the business is viewed by the succeeding generation as unchallenging, a successor with a strong and dynamic self esteem and character fit for running the business, might not be eager to take up after it, as he/she would like to prove to themselves as well as to their parents that they are as worthy and have got their same skills and talent for operating and growing the business; in other words, they would like to have it too easy.

Fifth, senior generations that refuse to let go of their controlling power to the following generation, might place a lot of distress on the successors and the business as it conveys a feeling of lack of confidence and trust to the successor, that he/she does not have the management skills and capacity to run the business, which can be destructive to the successor’s effectiveness in the business. However, if the elder generation has supposedly transferred the power to the successor yet feels that it is necessary to run matters from the

backseat, and then the transitional preparation process of the successor was not properly conducted.

Last but not least, businesses with no succession planning, almost always do not survive the generational transition. Businesses with owners who have not prepared their successors to manage the business and one day retire or the business is passed on to the upcoming generation with no prior preparation of ownership and management for any sudden reason, such businesses tend to suffer and the successor are placed in a predicament since their first day. The following figure (6) is a summary of the factors that influence the probability of succession.

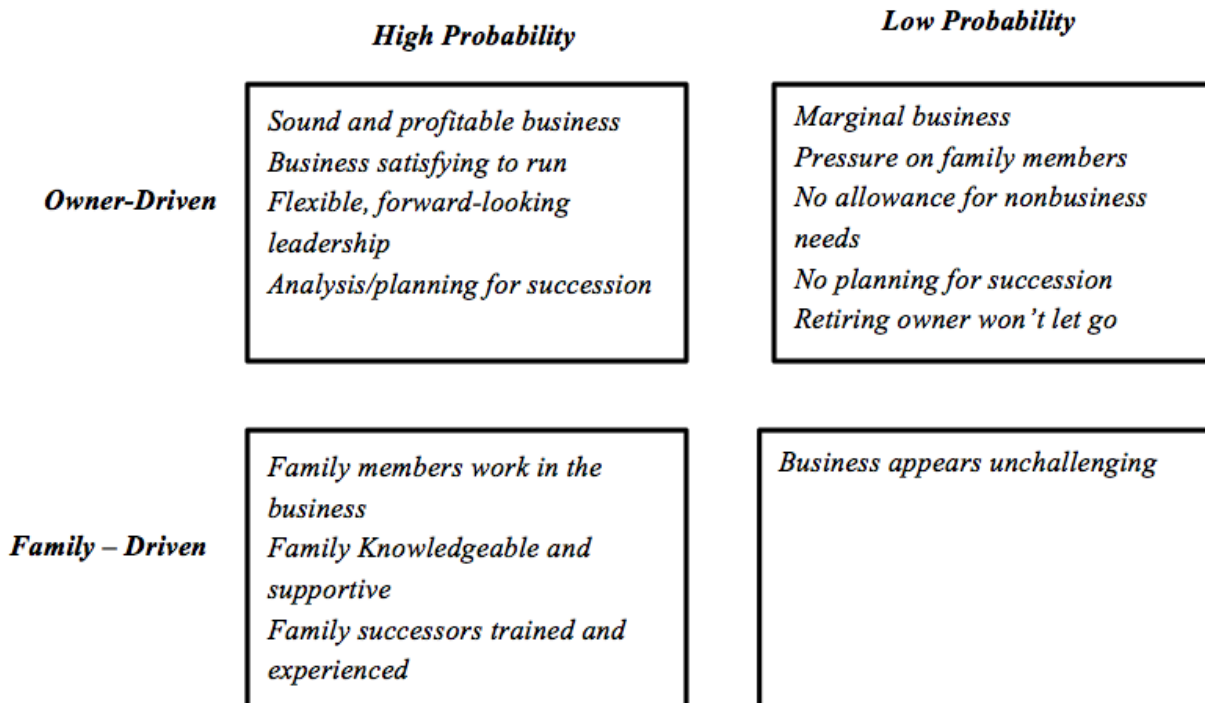


Figure 6: Factors that influence the probability of successful succession

Source: (Lea, 1991, p. 12)

vi. *FOBs in Malaysia*

There are various definitions of family businesses found in the literature, and a precise meaning is constantly being debated, however, the majority focuses on kinship ties amongst the family members who own and operate the business (as cited in Ghee et al., 2015). A study that was conducted in Malaysia states that the majority of family businesses in the country are involved in construction industries, retailing and the manufacturing sectors, composing an approximate 35% in comparison to other sectors (as cited in Ghee et al., 2015). Despite the operational everyday challenges FOBs in Malaysia are facing which are considered similar to other businesses, Malaysian Family businesses mainly face succession challenges such as; “successor training levels, relationships between family members and partners, and succession experience levels” (Ghee et al., 2015, p. 104). And given the research statistics that attest that almost only one-third of FOBs survive the transitional process from the first to the second generation, and roughly one-third survive from the second to the third generation, it is crucial for the family entrepreneurs to acquire the adequate knowledge, experience and wisdom to be able to lead and manage the business operations while preserving family ties and relationships between the included members;

“in addition to profit and business sustainability, family business calls for compassion and love for offspring (especially with respect to successor choices) and high respect for older family members, as their prominent role can help a family business prosper” (Ghee et al., 2015, p. 104)

Furthermore, this study took place in Kelantan, Malaysia analyzing four main factors, derived from Morris et al. (1996), that have an influence on the succession process and business performance; 1) “Management activities, styles and characteristics, 2) Relationship among family members, 3) Job and family values, 4) Preparation level of heirs”, as shown in figure 7 below;

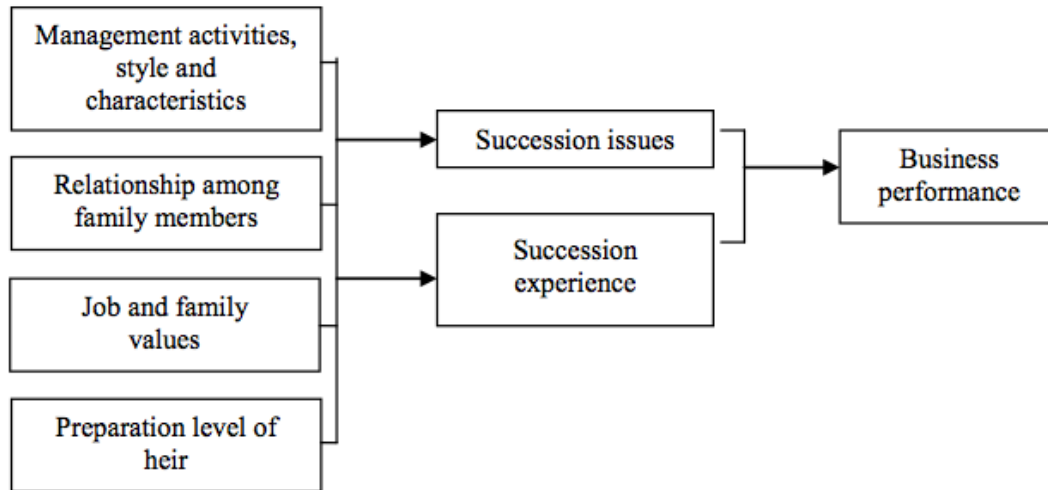


Figure 7: Research Framework of factors affecting Business Performance
Source: (Ghee et al., 2015, p. 112)

For the first and fourth aspects, it was proven from the results that management styles have a significant affect of family businesses; as most of the studied successors preferred a participative managerial style rather than an authoritative style, as most of the successors have had experience with work delegation and decision making roles, as well as a decentralized decision making process was also found to be more favored over centralized for business operations. Similarly, regarding the preparation level of heirs; the training of the successor has a tremendous effect on the business performance, and when the owners find that the successor's knowledge, experience, capabilities and confidence levels are not sufficient to lead the business, the succession process tends to be challenging (Ghee et al., 2015). Yet it was found that most of the successors from the investigated companies in the study did not have either high educational degrees related to their field of work or eternal work experience, and joined the business on a middle and senior level (rather than an executive level), records have shown that they displayed good performance levels. "Founders and predecessors motivate successors and affirm their capabilities in the eyes of others by offering successors higher-level positions" (Ghee et al., 2015, p. 121), assuming that this approach could help build the successor's managerial character and confidence to manage the businesses, thus assisting in the process of generational transition.

Moreover, there was evidence that the majority of the firms did not apply a "professional" management style but rather a more paternalistic style due to the lack of complete trust in nonfamily members to lead their family oriented companies. "Dyer (1986) compared "paternalistic" management cultures to "professional" styles of management. "Paternalistic"

management is characterised by the presence of hierarchical relationships, strong management control, close supervision, and distrust of outsiders. "Professional" management involves the inclusion, and occasionally the predominance, of non-family managers in a firm" (Ghee et al., 2015, p. 107). With regards to the second investigated element, results have denoted that jealousy and sibling conflicts are amongst the factors that place tension on the business performance and cause the generational transition process to become more challenging. According to Sharma, Chrisman, Pablo and Chua (2001) and Morris et al. (1997), as cited in Ghee et al., 2015, the likelihood of a smooth and successful succession increases when a well-developed succession plans are in place. In summation "Our findings show that transitions occur more smoothly when successors are better prepared, supported by high levels of trust and by strong relationships with family members and friends" (Ghee et al., 2015, p. 122).

C. FOBs and Succession

i. Importance of governance

Moreover, research indicates that Family owned businesses with good governance tend to grow faster and live longer due to their strategic succession planning, however, in their book "The Family Business: Its Governance for Sustainability, 1998" Fred Neubauer and Alden Lank state that very few FOBs have "formal family governance system", simply because they are not aware of suitable models, and do not know how to apply them due to the lack instructors for guidance. "In almost every case where a solid business is successfully handed over to the next generation of the owner's family, it's because the business owner has analyzed, planned, and managed the transfer of ownership" (Lea, 1991). On the same note, according to a World Bank Group - International Finance Corporation (IFC) documentary on family business governance, almost 95% of FOBs "do not survive the third generation of ownership" due to lack of good governance (IFC, 2013). They also state that it is vital for family owned businesses to have a solid action plan enabling the transition from one generation to the next and dictating defined roles, rights, responsibilities, and

Procedures in place

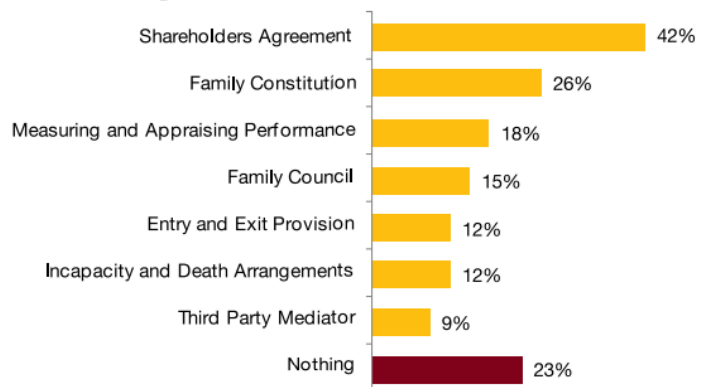


Figure 8: Procedures in place to manage succession
Source: (PwC, 2013, p. 14)

interactions amongst the governed bodies within the company, because it is inevitable that almost all successful family owned businesses want to pass on their legacy to the upcoming generations and ensure the sustainability of the business, yet they are not aware of how the process should take place.

Consequently, there are several aspects contributing to the succession of the FOBs around the globe, and studies have portrayed statistical data of how family businesses within the Middle East region play a central role within the culture and economy of country, and it is quite fundamental for the growth of the economy that family businesses continue to grow and expand throughout the upcoming generations therefore, successful transition between generations is of utter importance; “An impressive 83% of Middle Eastern family firms have seen growth in sales in the last year, compared with 65% globally” (PwC,2013, p. 7). Furthermore, research also states that family business owners from around the world are putting together procedures to be able to mitigate problems that will arise from the succession process, thus, are one step further than simply putting in place a transitional plan, while the Middle East is still a few steps behind in this regard. According the PwC survey findings in figure 8 regarding the procedures in place to manage succession challenges “Middle East firms are less likely to have instituted measures such as entry and exit provisions (12% as against 28% globally), performance appraisal mechanisms (18% as against 32%), or provision for a third party mediator (9% as against 24%)” Similarly, the IFC documentary mentions a few key factors that helped an FOB in Columbia continue to their fourth generation and have a plan towards the transition towards the fifth and sixth generation. The Colombian Carvajal family business have created a manuscript called the “Family Constitution” document that they have put together a long time ago. The Family Constitution is not a legal document but is considered binding within their enterprise, where they have put together a set of laws to refer to in difficult situations, as circumstances evolve the family constitution remains up-to-date. Also, one of the very crucial governance mechanisms is the “Family Council” of which all members of the family associated with the business would get together periodically to discuss matters and make decisions collectively regarding the business. This mechanism was also suggested to be quite beneficial to families within the Middle East region as families tend to be larger than families in Europe and America, also, “few family businesses have a clear line of demarcation between ‘the family’ and ‘the business’, which increases the potential for damaging disputes” (PwC, 2013, p. 15). Various FOBs in the MENA region expand beyond their initial state and expanding into other industries that complements their initial business, becoming more diversified thus a more

challenging day to day operational activities, however, “without systematized structures and processes - and professional and independent voices who can challenge family leaders and provide balance, expertise, and objectivity - managing the company’s expanding business and ensuring long-term sustainability becomes increasingly difficult” (Abouzaid, 2014). A model of a sustainable family owned business that was mentioned in the literature is Sekem group. “Sekem maintains the view that profit making can go hand in hand with social and cultural advancement. It provides employees and the farming communities throughout the country with the chance to improve their education, health and quality of life” (Couto, 2010). An example of a famous Lebanese owned family business that was, and still is, growing exponentially has decided to take succession seriously is the agribusiness magnate Wadi Group, who are known for their products in the Egyptian market as Wadi Foods, operating heavily in Egypt and in the MENA region. Wadi have sought the assistance of IFC as they were facing the primary challenge of what would happen to the business if or when their current Chairman/CEO (at the time) is not available to run the business. Consequently, when IFC stepped in, they have developed thorough succession planning practices and procedures that helped Wadi Group develop a more solid foundation sustaining a good future to business and the next generation. “The company developed succession plans for senior management and set up a family council to address family matters related to the business. The council drafted an employment policy, laying out conditions for family employment, including a requirement that younger members must have two years of outside work experience and the appropriate qualifications to fill vacancies” (Abouzaid, 2014).

ii. Developing a Vision and Mission Statement for Succession

“If there is no heritage, there would be no progress and development in human civilization” (Cited in Lu and Wang, 2011). Every business must have a clear vision and a mission statement of why it is starting, where its heading and how will it get there; “When a family business starts, the owner has a vision of the future of the business” (Cited in Kabir, 2007, p. 7). In a family business, this vision should be shared with other members of the family who are involved in the initiative. This vision might vary or expand if the business undergoes any changes, therefore, “the vision that is formed by one generation may not work for the next generation” (Kabir, 2007, p. 7), which is considered challenging for numerous family businesses. However, after a vision is in place taking into account all family members involved in the corporation, a mission statement should be identified, written up and known as a process rather than slogan as “the mission statement can be very helpful in addressing

some of the major problem areas” (Kabir, 2007, p. 9), serving as a guide that the family can refer to during times of major problems. According to a study titled “Developing a Successful Succession Model for Family-Owned Businesses” the following are a few of the qualities constitutes a good mission statement;

“Mission statement should be concise and specific. It is suggested to keep it under 100 words. It should express the deep and most important purpose of the business... Whenever possible, the mission statement should also be shared with any employees and get their input on it. Mission statement should include;

What the owner wants to do and achieve, how he wants to do that, what the owner values and stands for, the major principles behind the governance of the family business, it should also address different groups like owner, management, employees, customers and public” (Kabir, 2007, p. 10)

After clearly defining the vision and mission statement, it is advised that the owner is should put together a consolidated document detailing the philosophy the business will run by as well as a list of rules, policies, expectations, roles, rights and responsibilities for each family member involved in the business. This document is labeled as “The Family Charter” by Kabir (2007) in his study “Developing a Successful Succession Model for Family-Owned Businesses”, while referred to as the “Family Constitution” in other sources. As detailed by the author, the Family Charter is a document that acts as a guideline by providing answers to the following questions;

“What is the family's commitment to the business? What are the reasons for that commitment? What are current family values? What are family priorities, resources, and strengths? What are the contributions made by family members to the business? What are the contributions of the business to the family? What are the expectations and responsibilities of family members? What are the major rules for family members to be able to participate in the business? How the profits or dividends will be distributed? What are the main guidelines for succession and inheritance of the business?” (Kabir, 2007, p. 11)

iii. Factors contributing to FOB succession

Furthermore, a research study titled “Factors influencing family business succession” lists the common variables that contribute to the succession of family owned businesses and has grouped them into 3 specific categories that have proven to be the most common categories that reflect the situation amongst the interviewed subjects. ; “1) Preparation level of heirs”; which includes the knowledge, skills and educational, and work related capabilities and level

of preparation of the successors (Morris et al. 1996). “(2) Relationship among family and business members”; is category relates to the emotional intelligence level of the successors, to what extent are they committed, trustworthy, driven, loyal to the business, how well can they handle conflicts, and if they share the family’s values, traditions and vision towards the business (Morris et al. 1996). “(3) Planning and control activities”; which is the considered to be one of the primary focuses of all the past literature written on the subject at hand, and it includes planning for succession, family council, taxation, board meetings and use of external board members, and the use of consultants and advisors (Morris et al. 1996). Table 3 is a summary of three general categories gathered from the literature according to Morris et al. (1996).

(1) *Preparation level of heirs:*

- *formal education;*
- *training;*
- *work experience (outside firm);*
- *entry-level position;*
- *year working within firm (and/or industry);*
- *motivation to join firm;*
- *self-perception of preparation.*

(2) *Relationships among family and business members:*

- *communication;*
- *trust;*
- *commitment;*
- *loyalty;*
- *family turmoil;*
- *sibling rivalry;*
- *jealousy/resentment;*
- *conflict;*
- *shared values and traditions.*

(3) *Planning and control activities:*

- *succession planning;*
 - *tax planning;*
 - *use of outside board;*
 - *use of family business consultants/advisors;*
 - *creation of a family council.*
-

Table 3: Factors affecting succession
Source: (Morris et al. 1996, p. 70 – 71)

Moreover, Danny Miller and Isabelle Le Breton-Miller are other researchers arguing that prior to focusing on governance and strategic planning of succession in a family business, there are other factors that they refer to as “hygiene issues” that must be dealt with. “to become and stay great, these family controlled companies prioritised, tailored, and blended four priorities: continuity (pursuing the dream), community (uniting the tribe), connection

(being good neighbours), and command (acting and adapting with freedom)” (Dana and Smyrniotis, 2010).

iv. “Best practices” for FOB succession

While thoroughly examining the literature about what would be the correct practices or applications that could help ensure sustainability of family owned businesses, various sources have stated that family businesses might succeed if implemented a few practices while others might fail if implemented the same practices. Even though there might be a set of rules and regulations to follow to ensure the continuity of family owned business, numerous researchers have been examining the sustainability of family owned businesses through out the years and have come up with several key best practices that should be demonstrated in any family business to help them succeed and sustain across generations.

According to a research paper by Lucio E. Dana and Kosmas X. Smyrniotis titled “Family business best practices: Where from and where to?”, it examines different sources from investigators who have been interested in the reasons for success or failure of family businesses, and the following table is a combination of the best key practices found;

Summary of principal best practice dimensions

Respect for the challenge of combining family with business; effort to learn about it
Emphasis on family unity, culture, values, shared vision and mission; avoidance of factional politics
Family members’ commitment to one another and to the business; stewardship
Accepting as legitimate different family members’ perspectives on family business issues
Ongoing family-in-business education and development programs and processes
Establishment of family-in-business policies before the need arises
Communication, including regular family meetings, conflict management and resolution processes
Strong family and business leadership over the generations *Judicious management of the family/business interaction*
Employment, promotion and compensation of family members based on competence and merit *Clear roles, responsibilities, and boundaries for all employed family members*
Hiring and retaining professional non-family executives
Respect for the role of management and for managers; avoid meddling
Family business management that focuses on business excellence, and commitment to quality
Fostering intergenerational entrepreneurship and entrepreneurial growth
An equity structure appropriate to continued control by family members
Governance structures and processes including independent boards, family charter or code of conduct

Strategic planning to mitigate risk and capture opportunities
Dividend policy based on profitability of the business
Timely use of outside resources and assistance (e.g. advisory boards and professional advisers)
Family commitment to long-term viability and continuity of the business, and to succession planning
Proactive next generation development activities and processes to produce successful leaders
Induction of in-laws into family
Ownership redemption and exit options (shareholder liquidity)
Ability to handle and be comfortable with wealth; family members living beneath financial means
Community, corporate citizenship, philanthropic and charitable activities; building social goodwill

Note: Adapted from Jaffe and Braden (2003), O'Hara (2004), Poza (2007), Schwass (2005) and Ward (2004).

Table 4: Identified family business best practices clustered around key topics
Source: (Dana and Smyrniotis, 2010, p.42)

Due to the various interpretations from the literature of the how family owned businesses should plan for succession and sustainability, it gives the questions of this study more relevance and importance on how are these practices being applied within the Egyptian context.

v. *A model for FOB Succession*

Various researchers have created models that assist in the successful succession of family owned businesses. One of the examined models is Francesco Chirico's "FOB Knowledge Accumulation Model". Which suggests that the knowledge accumulation is a process of learning that starts in the family and continues within and outside the family business, which eventually lead to its longevity (Chirico, 2008). As demonstrated in figure 9 below, Chirico, 2008 has highlighted two primary categories that contribute to successful transition in FOBs; 1) "openness factors" and "emotional factors". The openness factors refer to the knowledge acquired from outside the family business, such as academic and practical courses. And 2) the emotional factors "that positively influence the accumulation processes of knowledge within the organization: family relationships working within the family business – fuelled by trust between family members and commitment and psychological ownership to the family business (Chirico, 2008, p. 451).

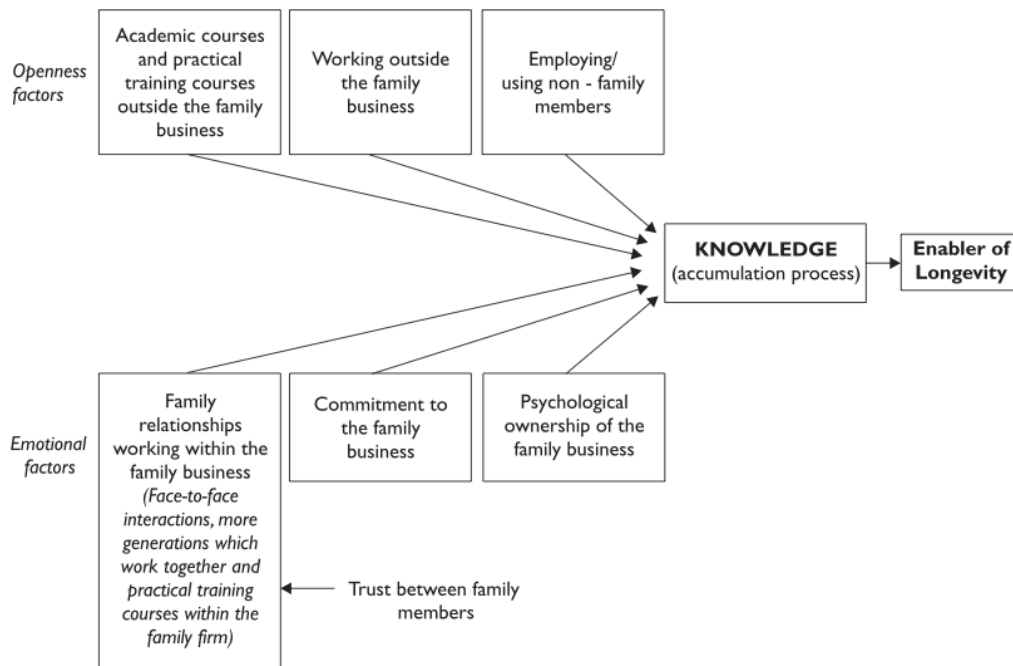


Figure 9: Family Business Knowledge Model
Source: (Chirico, 2008, p. 453)

The results of the examined cases in the study have demonstrated that family businesses that are “open to the external environment and, most importantly, characterized by intense family relationships and high levels of family members’ emotional attachment to the business, are more likely to accumulate knowledge and survive across generations” (Chirico, 2008, p. 452). This model has provided several aspects that are important to consider while analyzing the factors that contribute to the long-term continuity of a family business, and these aspects could be considered part of a broader category labeled in this study as the “preparation level of heir”.

vi. *Gender and succession*

Gender is a necessary factor that could be affected by cultural norms within the Egyptian context in the agriculture business field and poses a question worthy of exploration, how does succession take place when the successor is an heiress rather than an heir? Being a female business woman in the Egyptian society has proven to be a bit challenging throughout the years but is gradually becoming easier for persistent female entrepreneurs, “In a traditionally male-dominated culture, the previously reduced gender gap has once again widened in response to the strong reactionary movement” (as cited in Halkias et al. 2011). However, being a female successor in a male dominated sector is a whole other level of difficult, in the book called “Father-Daughter Succession in Family Business: A Cross-Cultural Perspective”

a case study of an Egyptian female entrepreneur “WafaaRizkallah” elaborates on the struggles of being a business women, taking up after her father’s legacy, within the agriculture sector. One of the main challenges that faced Ms. Rizallah was her gender; “I do not have a problem being a woman in Egypt but I do have problems in the field since it is a male-dominated field ... I am the only Egyptian woman selling equipment in this field.” (as cited in Halkias et al. 2011, p. 97). It is quite evident that gender plays a huge role in the successful succession of Family Owned businesses in the agriculture sector in Egypt, therefore, it is considered one of the points of analysis to be considered throughout this study, while exploring to which extent is it affecting the succession, what are the prospects of family businesses having female heirs within the field, and what are the proposed solutions to tackle the matter, since there is an evident need within the economy for females to become business leaders; “Without addressing these challenges, the Egyptian economy will not be able to benefit from the latent and untapped economic and entrepreneurial potential of the half of its population represented by women!” (as cited in Halkias et al. 2011, p. 95). An expert on family businesses in Middle East, Europe and Africa, Christophe Bernard stated during a KPMG workshop that “Only the families that could overcome internal differences with clear policies succeeded in continuing with the third and fourth generations” (Al-Masry Al-Youm, 2015)

D. FOBs and Government

Given the aforementioned and according to the PwC survey findings, Family owned firms in the Middle East enjoy the support of the government more than any other part of the world, yet a key issue that the government could assist in is the facilitation of the hiring of non-Egyptian immigrant workers as several companies have claimed that this could help alleviate their business performance; “Governments across the region recognise and support the family firm, but there is still more they could do to help this vibrant and vigorous sector achieve its full potential” (PwC, 2013, p. 17) . However, FOBs in the region would greatly benefit from a formalized transitional process and a set of procedures that will assist in the successful succession plan for further generations. According to the Financial Times, IMD is considered one of the best educational institutions around the world for executive education and open programs, states;

“Succession in family business is perhaps the most critical challenge among the many unique challenges of family businesses. Succession can be a key moment for the survival of a family business, especially when families are unprepared, lack global perspective or are caught up in emotional issues. Good business schools that offer executive

development programs especially for family businesses can help alleviate this risk by providing impartial expert guidance on strategies for succession in family business” (IMD.org).

As stated by Mr. Hassan to the Egypt Independent, “30 out of 100 businesses continue after the death of the founder, this has made governments of developed countries help those businesses by reducing taxes and sharing the cost of development programs for them” (Al-Masry Al-Youm, 2015). Ever since European countries have realised the deterioration in the percentages of sustainability of Family Businesses and have understood the importance of these businesses to their economies, the governments have been working with them and providing assistance to equip them to become multinationals. Mr. Hassan also mentioned that Family businesses could help the Egyptian economic growth rate to increase by 8% within a few years if the founders of the business plan for the business to continue and flourish to future generations.

Given the importance of the agriculture sector that the Egyptian government has realised during recent years, and the visible economic status of family owned businesses, the authorities are urged to have a role in supporting educational institutions to conduct programs that would assist in the sustainable succession of family owned businesses in the agriculture sector within the country to ensure the stability of the economy and the sustainability of such agriculture businesses.

E. FOBs and the Egyptian Economy

Additionally, Family Owned Businesses has been an interesting topic for the Dutch consulting firm KPMG during recent years and a lot of research is being conducted on the matter within the region as numerous Egyptian family businesses have been seeking advice and development programs on how to sustain their businesses to the future generations. Mr. Hazem Hassan, Chairman of KPMG in Egypt, has stated that “family businesses are the locomotive of development in Egypt and the Middle East, as international reports indicate that 90 percent of the companies in the Middle East are family businesses that contribute to 80 percent of the national income, account for 75 percent of the private sector and employ 70 percent of the workforce” yet only 3 percent have the capabilities to continue beyond the 3rd generation, thus weakening the chance to grow into multinationals (AL-Masry Al-Youm, 2015). Therefore, Family Owned Businesses in the farming and agriculture sector are considered of high importance to the Egyptian economy as they offer numerous employment opportunities primarily in rural areas, they attract foreign investments leading to exporting

Egypt's agriculture goods, which leads to the increase of the inflow of foreign currency into the Egyptian market. According to the Export.gov website, "Egypt has a free trade agreement with the EU, Arab countries, Turkey and COMESA. Egypt is currently negotiating agreements with Russia and others countries" (Export.gov, 2017). Hence, there is a significant demand within the local and external markets for agricultural products. According to the aforementioned literature review findings, the following sections will explore the importance of the sustainability of FOBs in the agriculture-farming sector while examining the factors contributing to the successful succession of these FOBs in Egypt, through the conducted qualitative field research that analyzes case studies and experts' interviews from the given sector.

F. Research Problem

On the one hand, statistics claim that approximately 30% of family owned businesses worldwide do not survive succession into their second generation, while only 12% make it to the third and around 3% transition into their fourth generation, while family businesses are responsible 66% of newly created jobs, causing them to highly contribute to the wealth of various global economies (Cho et al. 2017). Such findings are very intriguing to various researchers from around the world, making it a significant topic worthy of exploration. Furthermore, family owned businesses contribute to 40% of the Egyptian GDP, yet there is insufficient data available on the nature of FOBs and how they manage their succession practices within the Egyptian economy. While on the other hand, Agriculture plays a vital role in a country's economic wellbeing, leading developing nations towards heavily investing in their agriculture advancement and sustainability. However, the agriculture sector in Egypt is not receiving the adequate attention which has lead it to deteriorate across the years and only recently to have witnessed a slight improvement. Accordingly, since family owned business have been facing succession challenges that are affecting their lifespans, and it has been observed that family owned businesses in the agriculture-farming sector in Egypt are similarly facing long term continuity challenges, this research aims to explore the factors that contribute to successful succession in agriculture-farming family owned businesses in Egypt, causing them to become sustainable.

G. Research Gap

The main purpose of the research is to try to understand the reasons behind the success or failure of the succession process of family owned business within the agriculture-farming sector in Egypt, and attempts to shed light on the factors that would assist in the proper generational transition which will help ensure the sustainability of the business, as a research gap was found in the literature regarding the available data on the situation of agriculture-farming FOBs in Egypt since there were no studies found that investigated the urban educated sector of land/farm owners who own and operate businesses in the agriculture farming field.

H. Importance of the Study

After thoroughly examining the literature regarding agriculture and family owned businesses in Egypt, there is evident proof of the importance of both sectors to the Egyptian economy, while there was not enough resources covering the study of both sectors combined. Hence, this research aims to explore the factors affecting the sustainable succession of family owned

businesses in the agriculture-farming sector in Egypt to be able to highlight the importance of the enhancement, development and sustainability of this field.

Chapter III: Research Design & Methodology

The following section discusses the research design utilized for this study while adopting Joseph Alex Maxwell's Qualitative Research Design approach, which consists of five steps; 1) Goals, 2) Conceptual Framework, 3) Research Questions, 4) Methods, and 5) Validity. This approach was found to be a suitable approach in designing, conducting and analysing this research.

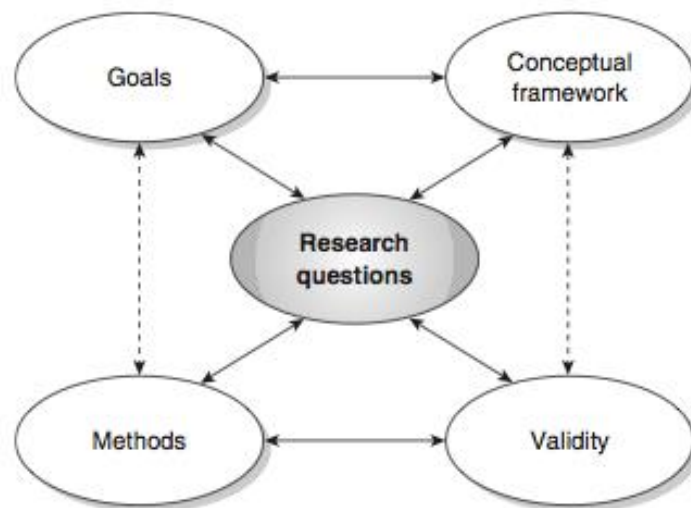


Figure 10: Interactive Research Design Model
Source: (Maxwell, 2012, p. 217)

A. Research Goals/Objectives

The objective is to shed light on the potential of the agriculture-farming sector and assess the field of what are the generational transition practices that are being following to ensure continuity and what are the factors that challenge their long-term successful succession, in order to provide insight on how FOBs are managing succession, which would enable FOBs in agriculture-farming become more aware of these practices and/or challenges and find approaches on how to tackle them to become sustainable.

B. Conceptual Framework

During the initial exploratory research conducted to examine the sustainability along with the succession practices taking place within family owned businesses in agriculture in Egypt, it was found that there was no presence of any type of formal succession practices that are taking place within the examined sample and sustainability of the business was considered a dream rather than goal to be achieved. Such observatory findings have laid the foundation for this study and to further investigate case studies as well as collect data from experts through in-depth interviews from within the sector to acquire a clearer understanding of how succession is taking place within Egyptian agriculture-farming fobs leading to the long-term continuity of the business. In addition, the majority of the reviewed literature contained more quantitative than qualitative studies about the two mentioned sectors.

Furthermore, the literature was carefully examined as secondary research, and numerous studies that have been examined of family business succession focused on quantitative research methods, in an attempt to find best practices and policies that could help FOBs with the successful generational transitions and becoming sustainable. However, the reviewed resources have proven that every family business has its idiosyncratic and unique characteristics, nature and background, thus it is difficult to draw best practices for every FOB to guarantee successful succession, yet, there are so called “standards” that should be present for a successful transitional process to take place. Therefore, the aim of this study is to develop concepts and patterns as well as gather insights from within the family farming business field in Egypt and examine it against the reviewed literature to be able to comprehend the succession situation with farming FOBs in the Egyptian community in an attempt to come up with the standard procedures that should be present for a sustainable and successful transitional farming business.

Moreover, several factors and themes affecting succession were recurrent throughout the reviewed literature, the explored models and frameworks which have guided the research question to explore the following three main topics; 1) Preparation level of heirs; which includes the knowledge, skills, educational, and work related capabilities and level of preparation of the successor, 2) Relationship among family and business members; comprising of emotional intelligence level of the successors, commitment, trustworthy, driven, loyalty to the business, conflict handling, sharing family’s values, traditions and

vision towards the business, and 3) Planning and control activities; which contains the variables of planning for succession, family council, taxation, board meetings and use of external board members, use of consultants and advisors. The following figure 11 illustrates the initial research diagram that includes the factors identified from the literature that were utilized to conduct the research.

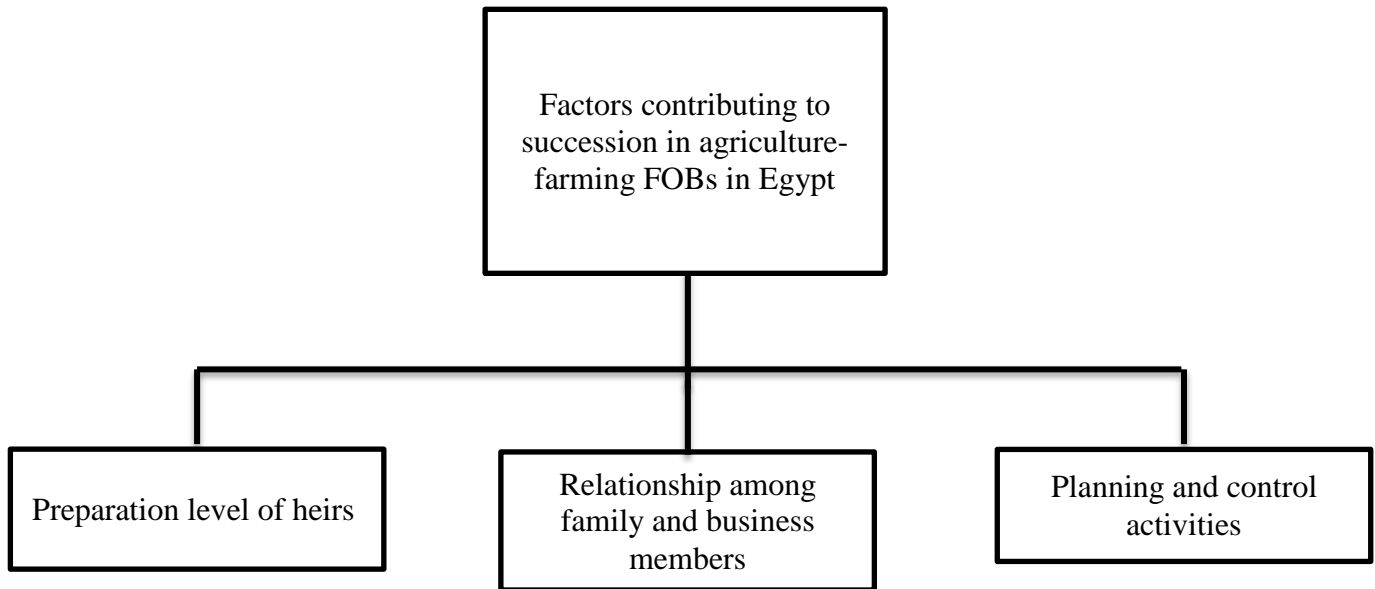


Figure 11: Initial research diagram
Source: developed by author guided by Morris et al. (1996)

C. Research Questions

The research study aims to tackle the following questions;

- Major Question;
 - What are the factors that contribute to successful succession in agriculture-farming family owned businesses in Egypt, causing them to become sustainable?
- Minor Questions;
 - What are the current succession practices (if any) that are being applied?
 - How does the presence – or lack of - a male or female successor(s) affect the sustainability of FOBs in the agriculture – farming sector in Egypt?
 - What are the factors that contribute to the eligibility of the successor(s) to sustain the business?

D. Methods

The utilized methodology throughout this research is the Qualitative research method, as this is an exploratory study in an attempt to analyze and understand what are the factors affecting the sustainability of FOBs in the agriculture – farming sector in Egypt with a focus on the succession practices taking place in these fobs, how are these generational transition practices affecting the sustainability of the business, and why are they happening in this form. “Qualitative methodology refers in the broadest sense to research that produces descriptive data— people's own written or spoken words and observable behavior” (Taylor et al. 2016; 2015, p. 17).

- **Sampling and Data Collection**

Two methods of primary research data collection were adopted; 1) Case study interviews with fobs in the agriculture-farming field and 2) experts interviews to validate the gathered information and support the findings acquired from the studied individuals.

Non-probability Sampling was conducted by using the Judgmental Sampling technique, often referred to as Purposeful Sampling, and defined as “a strategy in which particular settings, persons, or events are deliberately selected for the important information they can provide that cannot be gotten as well from other choices” (Mawxell, 2012, p. 235), was the method utilized to select the cases, as pre-identified criteria was developed regarding the characteristics of the sample. Similarly, the experts were selected according to their backgrounds and experiences with agriculture and agriculture-farming fobs.

The defined samples of cases have the following characteristics;

- Egyptian families that hold an agriculture farming family owned business and are either in their second generation or in transition from first to second or second to third generation.
- Owners of a minimum land area of 50 feddans of agriculture newly reclaimed land in Egypt, a feddan is approximately 4,200 square meters.
- Are from the urban-educated class within the Egyptian economy; owners and successors that are holding a minimum requirement of a university bachelors’ degree and residing in Cairo and/or Alexandria.

Six case studies of family owned businesses within the agriculture farming sector have been identified for this research according to the above mentioned criteria and in-depth analysis of their sustainable succession practices of their businesses were explored, with a focus on standards, procedures and processes taking place on how every case deals with the transitional process. Two versions of interview questions were developed and structured according to the reviewed literature and research question to be used during the case studies and experts' interviews (*see appendices A and B*).

The used method for the *Case – Studies* were *in-depth semi structured interviews* carried out for a duration of 60-90 minutes via “face-to-face encounters between the researcher and informants directed toward understanding informants' perspectives on their lives, experiences, or situations as expressed in their own words” (Taylor et al. 2016; 2015, p. 102) as they serve the thesis objective by providing extensive insight from the people in the field.

The Rationale and Sampling techniques of the Case – Studies;

“Case studies have the ability to generate answers to “why”, “what” and “how” questions, because they afford a rich understanding of the study context” (Cited in Modise, 2011).

Given the unique nature of the research, a small sample of cases were selected according to the given research time frame for the research, as well as the convenience, availability, reachability and willingness of the interviewees to participate in the research and conduct in-depth semi structured interviews with them, and acquire sufficient data to answer the mentioned questions, which will inline help provide answers to the research questions. In addition,

E. Validity

In order to validate the findings gathered from the case study interviews, Maxwell's coding strategy was used to be able to breakdown the data and create categories to be analyzed, as will be further explained in the following Analysis chapter, similarly, the following figure 12 “Coding and categorizing process” demonstrates and summarizes the process that assisted in the creation of the identified themes guided by Srnka & Koeszegi's (2007) “Blueprint Providing Guidelines for the Qualitative Analysis Process” (p. 35). The process comprises of five stages; 1) material sourcing, 2) Transcription, 3) Unitization, 4) Categorizing, and 5) Coding, that helped in generating the final outcome of the created themes/categories that were used in explaining the research results. The diagram elaborates on the actions that took

place in every stage, however, stages 3 and 4 have been switched as there were identified themes from the literature that were needed during the unitization processes to help classify the phrases (units of meaning)– Refer to Appendix C for the case – studies’ coding and categorizing document.

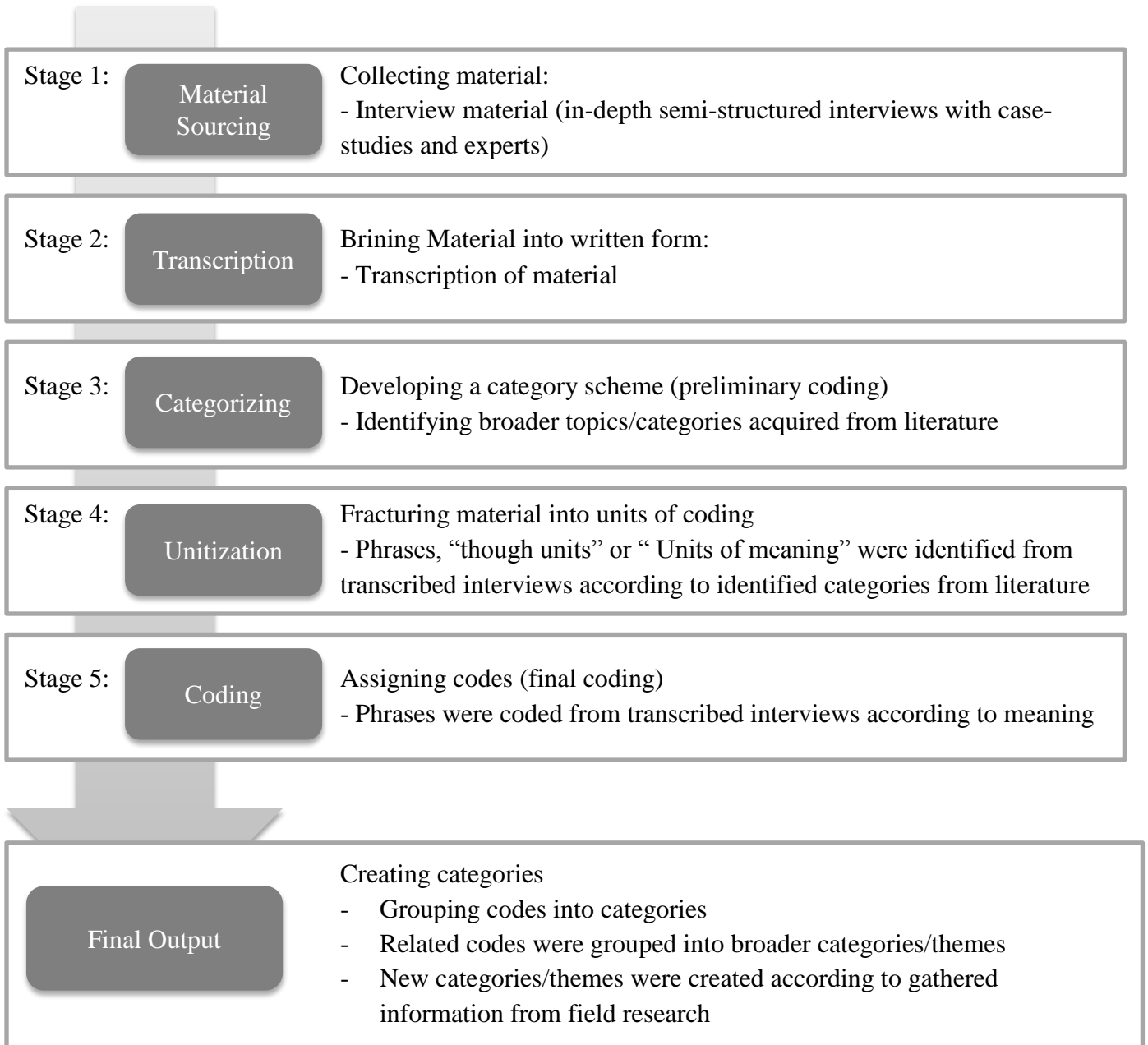


Figure 12: Coding and categorizing process
Source: developed by author guided by Srnka & Koeszegi (2007)

Furthermore, the survey method used for the experts' interviews was also the semi structured in-depth interviews, carried out for a duration of 30-60 minutes to acquire data that serves as validation and support the findings acquired from the case studies, as well as gather experts' perspectives on the issue at hand.

Expert 1: Dr. Mohamed Yousri, President of Heliopolis University for Sustainable Development and Former Dean of Faculty of Agriculture in Cairo University.

Rationale: to acquire generic information regarding the challenges facing family owned businesses as well as the agriculture field that are affecting the succession of FOBs in the agriculture- farming sector.

Expert 2: Dr. Hussein EL Hennawy, Chairman of the Union of Producers and Exporters of Horticultural Crops (UPEHC).

Rationale: to investigate the development of agricultural products, their volume and development as well as gather data related to agriculture crops' export performance, how fobs in the agriculture-farming contributing to the export market and Egyptian economy, in addition to their succession practices.

Expert 3: Mr. Mokhtar Shoukri, a licensed lawyer of the Supreme Constitutional Court and legal advisor for the Union of Producers and Exporters of Horticultural Crops (UPEHC)

Rationale: to further explore and comprehend the legalities behind the distribution of agriculture land and land reclamation from the perspective of the law and acquire legitimate data regarding the laws of land and farm succession policies, along with the legislative history of the laws and farm succession policies.

Expert 4: Mr. Helmy Abouleish, the Chief Executive Officer of SEKEM Group in Egypt.

Rationale: to further investigate the succession model of SEKEM and how they are managing succession practices in their organization.

Chapter V: Analysis

The interview questions for the case studies and the experts were developed having in mind the research questions proposed above and the interviews were transcribed to be able to analyze the gathered data and related it to the research questions, in addition, the developed minor questions assisted in answering the major research question posed in the beginning of the study. The data analysis strategy that was used to be able to structure the gathered data is one of Maxwell's basic strategies for qualitative analysis referred to as "categorizing strategy" or "coding" which means fracturing the information into codes or themes. "The goal of coding is not to produce counts of things but to "fracture" (Strauss, 1987, p. 29) the data and rearrange it into categories that facilitate comparison between things in the same category and between categories" (Maxwell, 2017, p. 237). And for this process to take place, transcription of the interviews was established to be able to identify the codes from the interviews and examine how they correspond to the identified themes from the literature. The interviews with the cases and experts were conducted in English and Arabic languages, as all interviewees have good comprehension of the English language. The meetings were recorded, then translated and transcribed making sure to capture the meaning during translation process rather than the literal rendered language translation.

A. Case studies backgrounds and profiles

The six cases that were interviewed have provided interesting findings, which serves as ground work for further research, as it has been proven from the field investigations that every fob has its own individual nature and culture, therefore, it is important to examine a larger sample of cases as well as interview people from different generations within each fob. However, this research has studied six fob cases from within the agriculture-farming sector and was able to identify common factors that assisted in the successful generational transition from the first to the second generation involved in the business, and is believed if the same practices were to be followed they can survive towards their third and upcoming generations within the studied businesses. Table 5 is a summary of the profiles of the case study interviewees, which will be further elaborated on in this section.

<i>Family Owned Business</i>	<i>No. of Interviews</i>	<i>Interviewee</i>	<i>Generation</i>	<i>Education Background</i>	<i>Industry Background</i>	<i>No. and gender of heir(s)</i>
FOB1 ²	1	Owner and Managing Director	Second (G2)	Business administration	Agribusiness	1 female
FOB2	1	Owner and Managing Director	First (G1)	Sports	Academic	2 females and 1 male
FOB3	1	Son of owner and Business development manager	Second (G2)	Business administration	FOB	None
FOB4	1	Son in law of owner and managing director	Second (G2)	Medical	Medical	1 females and 1 male
FOB5	1	Owner and Managing Director	First (G1)	Agriculture	Agriculture	None
FOB6	1	Owner and Managing Director	Second (G2)	Business Administration	Trade	2 females

Table 5: Case studies profiles

- *FOB1*² is currently in its second generation, owning a land size of approximately 150³ feddans along with a trading company to be able to export their crops. The interviewed individual (referred to as Ahmed⁴) has worked in the agriculture-farming business with a senior relative (G1) for a short period a long time prior to acquiring his own land. After having developed interest in the business and witnessed the agriculture industry's potential, he then sought an employment opportunity outside the family business with one of the leading companies in agribusiness to acquire the skills and knowhow of the business. After two years of working in the industry, Ahmed went back to working in the family business and decided to launch his trade business to export the fob crop production. Soon after the business picked up, he decided to acquire land to manage and operate entirely by himself given that he was not amongst the heirs of his relative's land. Currently, he has been working in the field for over ten years, has a young daughter (heiress) and is seeking ways of how to

² Note: All cases have chosen to remain anonymous in the study and will be referred to as FOB1, FOB2, FOB3, FOB4, FOB5, and FOB6, to ensure that their identities remain confidential throughout the study.

³ Land sizes have been slightly modified throughout the study according to interviewees' request but do not affect results' analysis.

⁴ All names have been changed throughout the study to ensure confidentiality of the interviewees.

involve her in the business as he has mentioned that he would want to transfer the business to his daughter, while stating that his daughter is still very young and does not know if she would grow up and develop an interest in working in the family business, adding that negotiations with local traders would be a very difficult task for a female.

- *FOB2*² is in its first generation of agriculture-farming, owning and operating approximately 50³ feddans. The interviewee (referred to as Mohamed⁴) has acquired the land with the intention to run the farm as a side secondary business rather than the primary profession given the fact that he has been working passionately in the educational industry. He currently manages the farm and sells his produce to a trading company for export. A father of two daughters, a son and grandchildren, who are known to be the rightful heirs to the farm. His children have developed interests in other industry fields and do not intend to work in agriculture. However, his son-in-law has developed a liking to the business and is currently assisting him with operational activities. Therefore, Mohamed is preparing his son-in-law into becoming his successor in managing the farm activities.

- *FOB3*² is a family business owning and operating several companies within the agribusiness field along with approximately 500³ feddans, and is currently being managed by the first generation and the second generation (referred to as Mustafa⁴) has recently joined to handle the business development activities. The owner has two children, a male and a female, who are the heirs to the land and part of the business, as they have a non-family member as a business partner. However, the daughter has developed interest in a different field than agriculture, while the son “Mustafa” (interviewee), who has a business administration educational background, has recently joined the business to support and help his father with the business operations. They target the global and local markets; exporting certain types of their agriculture products through their trading company, while cultivating other crops to be sold in the Egyptian market.

- *FOB4*² is currently in their second generation and looking to transition the farming business to the third. The first generation has acquired a land area of 50³ feddans, yet did not invest in cultivating it and the government has placed a lot of pressure on several occasions on the family to start its cultivation or the land would be confiscated. Since there was no interest from the neither the first nor second generation of owners and heirs to work in agriculture, the owner’s son-in-law (interviewee) has expressed interest and grasped control of the

agriculture investment and plantation of the land and turning it into a fully operational farming business, selling its produce in the local and global markets. Mahmoud⁴ has been devoted to managing the land for almost eleven years and is currently trying to involve his children (G3) in the business to take up the management responsibilities of the family venture. The son, has acquired an advanced business degree, and is currently residing abroad and the daughter has acquired an agribusiness degree, yet has a fulltime job in a different field, and both are contemplating joining the business, yet still undecided.

- *FOB5*² is in its first generation, Maher⁴ has acquired an educational background in agriculture and has owned and operated his farming business for fifty years. The land is approximately 850³ feddans in size, and he has been producing agricultural products for the Egyptian and export markets. The Egyptian market consumes approximately 40% of his produce, while the remaining 60% is exported to international markets. Maher has no direct heirs or heiresses, yet has non-family members employed to manage the farming business operations.

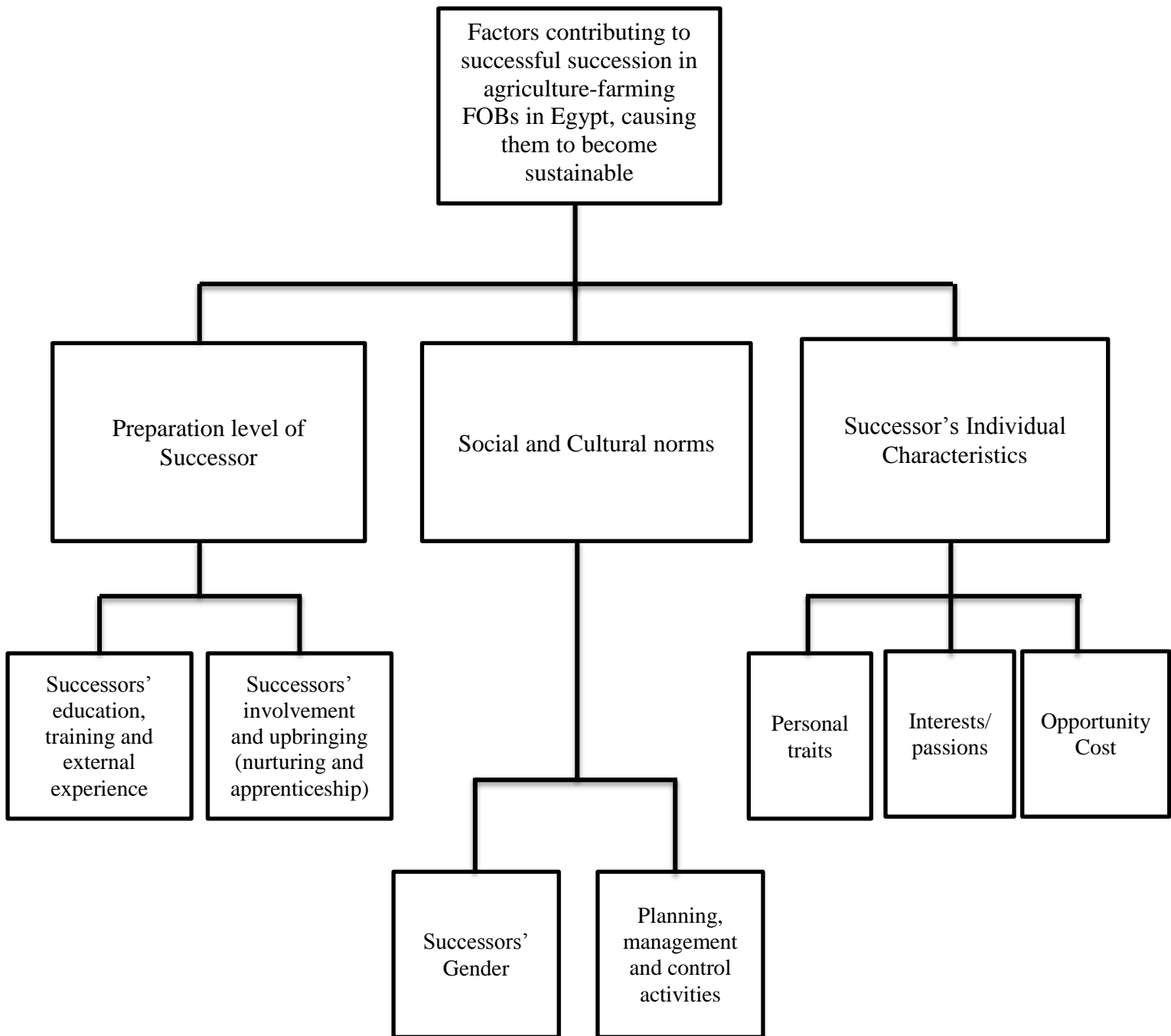
- *FOB6*² has owned around 400³ feddans of land for over thirty years and have been in the farming agribusiness since the first generation. They are currently in the second generation and looking to transfer the business to the third. Agriculture-farming was not the family's primary source of income as they have been involved in other industries. The grand father (G1) was interested in agriculture and has initiated the business shortly after acquiring the land. Today, the farming business is being overseen by one of the heirs from the second generations, with its produce being sold locally and internationally. Hesham⁴ (interviewee) has a business educational background coupled with industrial trading experience. He has two daughters (G3), who are amongst the rightful heirs to the land and business including their uncles and cousins. Both daughters have college degrees in business and marketing, and have developed careers in different fields than the agriculture-farming family business. Recently, Hesham's wife has developed interest in the farming business, and is providing assistance in the operations and business development aspect of the business.

B. Data Analysis

Furthermore, this section will elaborate on the results gathered from the case studies along with the expert interviews and analyze how they correspond to the literature and the developed research diagram. To be able to analyze the collected information and data, we

ought to restate the definitions and understand the meanings of the following terminologies; business sustainability and succession as well as the difference between a successor and an heir/heirress. The first two terms have various definitions in the literature according to the context they are being used in, hence, we define succession in this study as “the act, process, or right by which one person succeeds to the office, etc, of another” (Collins Dictionary), and business or corporate sustainability is defined as “the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and on going success” (as cited in Cho et al. 2017, p. 5). Another commonly used definition of sustainability is “a sustainable system is one which survives and persists” (as cited in Sues-Reyes and Fuetsch, 2016, p. 121). In addition, we refer to Whatley’s (2011) definition of a successor as “the person who has been identified as taking over the most senior position within the FOB” (p. 21), while heir/heirress is defined according to the Collins Dictionary as “someone who has the right to inherit a person's money, property, or title when that person dies”, in this study we will refer to heir and heirress, as the person who has the right to inherit the property and not the title, while the successor is the person who will inherit the managerial title. Accordingly, it could be stated that successful succession of management in agriculture-farming family owned businesses in Egypt eventually leads to its sustainability and longevity.

The following figure 13 is a Diagram for factors affecting succession in agriculture-farming fobs that has been developed according to the collected information from the literature combined with data analyzed from the field regarding the factors that contribute to the successful succession of Egyptian agriculture-farming family owned businesses, causing them to become sustainable, since there were more factors discovered from the field research that play a vital role in the succession process. However, a more extensive qualitative and quantitative research should be initiated to apply and test the developed diagram and use it to create a model.



Literature Review / Context

- 1) Preparation level of heirs; knowledge, skills and educational, and work related capabilities and level of preparation of the successors.
- 2) Relationship among family and business members; emotional intelligence level of the successors, commitment, trustworthy, driven, loyalty to the business, conflict handling, sharing family's values, traditions and vision towards the business
- 3) Planning and control activities; planning for succession, family council, taxation, board meetings and use of external board members, use of consultants and advisors.

Figure 13: Diagram for factors affecting succession in agriculture-farming fobs
Source: developed by author guided by Morris et al. (1996)

Since this study focuses on exploring factors that contribute to the sustainable succession of agriculture-farming fobs in the Egyptian economy, and because this research is qualitative and concentrates on trying to understand a phenomenon rather than proving a theory, the following data analysis of the interviewed case studies and experts will be elaborated and presented according to the identified categories. The illustrated factors in figure 12 are placed under three main themes/categories; 1) *Preparation level of successor*, which comprises of factors such as “educational background” and “training”, and “industry experience”, as suggested in the literature by Morris et al. (1996), and also includes, the successor’s “upbringing and involvement” in the fob (“nurturing and apprenticeship”). 2) *Social and Cultural Norms*; this category was created according to the findings of a new factor discovered from the field research “Successor’s Gender”, along with aspects of “planning, managing and control activities”, which was also derived from Morris et al. (1996). 3) *Successor’s Individual Characteristics*; which incorporates the variables of “successor’s interests and passion” towards the business and the field, “personal traits” such as (according to Morris et al. 1996 under the theme of *Relationships among family and business members*) commitment, trustworthiness, devotion, loyalty to the fob, shared values and traditions of the family and communication, as well as the factor of “opportunity cost” for the successor, when he/she decides to join the family business rather than pursue a career in a more financially rewarding field, which is a newly learned factor from the studied field.

C. Discussion

It was evident during the field study that the rightful heir of the land and farming business is not necessarily qualified to be the successor, as we have established a the difference in definitions of both terms in the previous section, as there are heirs and heiresses who have inherited or will inherit the land after the passing of the primary owner, yet are not interested in becoming the successors in terms of management and operational roles and responsibilities of the farming business. Therefore, the study highlights the difference between both individuals and will use the terms throughout the discussion according to the defined roles of both terms.

Preparation level of successor

For the first category; *the successor’s education* was found to be amongst the vital aspects that the successor must possess, as it was found that all the current successors have acquired

at least a bachelor's degree from a renowned university, as stated by most of the interviewees and supported by the experts, that education is primary the foundation of success. FOB4 has realized the importance of education for the success of the farming business and has developed an informative and technical manual of his agricultural practices regarding the knowhow and the lessons learned that he personally have gathered through thorough research and practical experience of the business for the upcoming successor to be able to successfully take up the fob's management and responsibility. *"Education, Education, Education"* stated Dr. Mohamed Yousri, president of Heliopolis University for Sustainable Development and Former Dean of Faculty of Agriculture in Cairo University, *"and not just the academic and technical part but also the managerial and practical aspects of cultivation and the business"* (Dr. Yousri). Similarly, Dr. Hussein EL Hennawy has also stated *"the successor has to have an educational background about the fields and preferably to have acquired a few technicalities about it"*. FOB6 is also seeking academic and technical educational courses to enhance their agricultural knowledge to be able to manage the business more effectively and efficiently; *"I am currently seeking educational and technical courses and my wife as well"* (FOB6). Additionally, Lea (1991) states that fobs have a higher probability to continue across generations when the successors have formal educational backgrounds in business administration.

Furthermore, *training and external experiences* also play a role in the successor's acquired knowledge about the field, as also supported by Chirico (2008) in his Knowledge Model, that working outside the family business falls under the openness factors category which is considered an "enabler of longevity" for the family business, *"I went for training in an agriculture company for two years before I started my own business"* (FOB1). Moreover, factors of *upbringing and involvement (Nurturing and Apprenticeship)* are considered by the majority of the interviewees as the most fundamental aspect for the successful succession. Families working in the agriculture-farming sector have to involve their children (assumed to be successors) in the field during their early life stages to be able to develop their interest in the field (Nurturing), then involve them in the business during a later stage and gradually teach them about the business operations, a practice commonly known as "apprenticeship" to prepare them for succession. As stated by Dr. El Hennawy *"the upcoming generation that will manage the land and the business should be taught agriculture and farming at a young age and brought up aware and involved in the business"*. FOB1 has mentioned that when the successor is not involved early on, it might lead to failure due to the lack of experience the

successor would have *“The son will never be the same as the father... the son grew up finding everything set up for them, he didn’t witness it from the beginning. The son or daughter will not be as experienced as the father”*. FOB2 has realized the importance of apprenticeship and is currently preparing the successor (not the direct heir) to take up the managerial role when he retires;

“My son in-law has to have the knowhow and will to pursue the business, the generation that will take over has to be present during my time, to learn all the inside outs of the business, and slowly takes over the management duties... Its very important for the successor to live the whole experience, and has to have the knowhow of the business”(FOB2).

On a different note, FOB3 fears the retirement of the senior generation *“The new generation does not have the same knowhow and experience as the first generation...If the fathers decided to retire, it will be disastrous”*. The results gathered from Case studies and experts with regards to the above mentioned factors under the Preparation level of successor category, have all proven essential factors that contribute to the successful succession of fobs in agriculture – farming, while placing special emphasis on nurturing and apprenticeship since they set the foundations of the fob in a successor from an early stage.

Social and Cultural Norms

This category includes two studied aspects ***“Successor’s Gender”*** and *“planning, managing and control activities”*, both considered to be influenced by cultural and social customs. As briefly mentioned in the literature by Halkias et al. (2011) that gender plays a role within the agriculture field in Egypt, it shed light on exploring how would the gender of the successor affect the sustainable succession process in an agriculture-farming fob. Findings have shown that five out of the six studied fobs have at least one female as a heiress to their land and business, and only FOB4 has an heiress that has an agribusiness educational background and is eligible of being the successor for the family business, yet is still uncertain of pursuing her family’s legacy *“There is no issue for a female to manage the land, only if she is more technically aware of the business and the education knowhow of agriculture”* (FOB4). Even though FOB1 has a daughter, he believes that *“when it comes to agriculture, it is very difficult for women to succeed in the field”* (FOB1). *“Both my daughters have their own lives and responsibilities and other interests than agriculture”* stated by the owner of FOB2. FOB3 wants his future children to work with him yet believes if he has a daughter *“it will be difficult to work in certain departments in the field; for example it would be very difficult for*

a female to handle discussions with local fruit and vegetable traders, its not going to be a comfortable environment". FOB5 has no direct successors, but was asked about how a female successor would affect the continuity of the business and he stated that it is "hard for women to work agriculture cause it is a lot of work and management".

FOB6 has two daughters that are eligible for succession yet he believes that it's a challenging profession for females;

"I personally am keen to teach my 2 daughters agriculture but I pity them working in the agricultural field and having to deal with the harsh market and environment challenges (either weather or human resources), but I was keen to teach them all my acquired knowledge in agriculture that I have gathered from my late father"(FOB6).

Furthermore, Mr. Helmy Abouleish believes that gender does not affect succession as he has all four of his daughters working with him at his organization, additionally, since Sekem is a development initiative rather than a business, Mr. Abouleish has mentioned that they have been talking the challenges of gender for several years as part of their developmental efforts *"we've been working for the past 40 years on gender equality, and is currently seeing the change even in rural areas"*. Therefore, according to the provided findings, we can state that being a female successor rather than a male could be more challenging to manage the fob in the agriculture-farming sector, but evidently not impossible.

The other dimension of social and cultural category is the ***planning, managing and control activities***, which examines the management and planning of taxation, use of external board members, creation of family council, board meetings and use of consultants and advisors for succession planning. Given the nature of the Egyptian culture and the lack of available resources that assists in the succession planning process, these aspects are carried out informally, placing the control and decision making in the hands of the primary owners, unless they delegate a family member to manage these factors.

"Egypt has a cultural problem, when the father dies, his son (the one he teaches the business) is automatically the one that takes over the business, regardless of his qualifications...In Egypt, there is no structure for the business, it is all dependent on cultural values" (FOB2).

On the same note, FOB3 elaborates on how board meetings are being conducted *"Board meetings are not efficient, they're just meetings to discuss ideas, then the senior owners take*

decisions according to what they deem suitable, the primary issue is the management of day to day operations". Also, centralized decision-making is a common practice amongst the interviewed fobs;

"I delegated the decision making process during my absence to my brother who was not entirely aware of the most recent developments in the business and accordingly have resulted in financial losses. Which lead to making the decision making process centralized" (FOB6). *"It has to be a one man show for the business to be successful"* stated by FOB4 interviewee.

Also, Dr. Hussein EL Hennawy has claimed that the business will survive as long "one of the owners is in a managerial position".

According to the PwC (2013) survey report, lack of succession planning in family businesses operating in the middle east, ranks amongst the three main reasons that obstruct future plans of generational transition. Therefore, long term succession planning is considered an uncommon practice in Egypt and is being carried out informally and when a need for a successor occurs.

Successor's Individual Characteristics

The third and last category of factors contributing to the succession includes ***successor's interest and passion, successor's personal traits, and opportunity cost***. All cases and experts have agreed that for successful succession to occur, the successor has to be ***passionate and interested*** in the business, which was also supported from the literature in Lea (1991), referred to as "overt family pressure", which occurs when the successor is forced into joining the business out of a sense of guilt to continue the family legacy rather than being interested in it, causing low probability of survival of the fob. FOB2 as mentioned earlier has three children, yet none of them has developed interest in the farming business "*none of my kids are interested to take over the business, I have 2 daughters and one son...fortunately my son-in-law helps me out with business matters*" which led him to resort to his son-in-law who became passionate about the business after starting with the owner by assisting him in the research and development department. FOB3 who is currently in their G2, has joined the business "*I felt the need to join the business because I wanted to support my father after he worked so hard and built all this for us, but it is not my passion and dream...I've always dreamt of being a chef*". Furthermore, prior to becoming the managing director of the farm

FOB4 was not interested in agriculture and has taken up the position since none of the legal heirs was interested to cultivate the land (as mentioned in the former section), and the land was going to be confiscated by the government. Nonetheless, the more time and effort he invested in the farm, the more attached he became. He has two children (G3)

“A boy that is residing abroad who has an advanced degree in business, and a girl that has studied agribusiness...I try to involve my daughter these days in the land operations, she seems interested but does not portray any serious commitments and I don't know if she will be interested to manage it after I retire or not” (FOB4)

The situation for FOB6 is similar to FOB4, there are several legal heirs and owners to the land, but no one is interested in its managerial operations except for the interviewee and his wife, although he was also not interested in assuming position of farm manager, after his father's passing his emotional attachment to the farm drove him to manage it. *“I am working hard to get my daughters to work with me to continue and expand the business, but one is working in the educational field and the other is perusing a career in the industrial sector” (FOB6)*. When experts were asked regarding these variables as influencing factors of the succession, Dr. Hussein EL Hennawy, stated that fobs in agriculture – farming sector in Egypt have a high probability of being sustainable when the successors are interested to work in the business and learn from the senior generation to start running the enterprise when they are ready. In line with being interested in the field, having a passion for it highly contributes to the success of any business;

“It is vital to make sure that the business should be handed over to people who have the same passion and love working in it, and not to be pressured on them...Motivation for income and money is not sufficient, you have to love what you do” stated Mr. Abouleish.

However, Dr. EL Hennawy has also mentioned that it is difficult for all family members to work in the family business during recent times, which hinders the successful succession process if agriculture-farming fobs;

“The idea of getting all family members involved in the business is close to impossible nowadays, while during an earlier period, almost 30 years ago and even before that, the senior generation had an authority over their children, and working in the FOB was nonnegotiable and considered customary. Today, times have changed; the upcoming generations are becoming freer to choose their careers, interests and lifestyles... There are certain families that fob succession in

their business of agriculture-farming will not take place because the upcoming generation is not interested to work in agriculture” (Dr. Hussein EL Hennawy).

Regarding the second dimension under this category *the successor’s personal traits*, commitment, loyalty, devotion and trustworthiness, are vital characteristics for any individual who strives for success, but when coupled with communication and shared values and traditions of the family business, are considered the ideal traits for a successor. Given the information gathered from the research, it has been stated several times that the agriculture sector is a difficult field to thrive in, therefore, it requires hard work and commitment. According to FOB1;

“The first generation in agriculture FOBs in Egypt has invested a lot of time, effort and money during their early years...to succeed in agriculture, one has to be there 24/7 and to be fully dedicated...the new generations want to work in easier jobs with less hassle because agriculture is a hassle. (FOB1)

Similarly FOB3 shares the same thought as FOB1 stating that;

“Agriculture needs someone to be present all the time, it is very difficult to manage a farm if the owner is not there, it will never run in a professional and efficient manner by the farm manager as when the owner is there himself” (FOB3).

FOB3 also claims that *“Agriculture is a hassle and difficult industry, every day is a challenge”*. While FOB4 is not present on the farm on a daily basis, he has managed to supervise the work remotely, as has established a monitoring and evaluation tool for the workers to follow every day, and send him a report to review and evaluate.

FOB3 has also mentioned that the senior generation can detect successor’s characteristics and can determine if they are suitable for the job or not; *“If my father feels like his children are not responsible enough, he wont have them work with him”*. According to the aforementioned, successor’s individual traits include factors that highly contribute to the successful succession of the fob in the agriculture-farming field in Egyptian economy.

Last but not least, *opportunity cost*, it has been mentioned by Lea (1991) that for businesses to have a high probability of surviving succession, the business itself has to be viewed by the upcoming generation as “sound and profitable”, and not be a cause of stress and tension for the successor. FOB6 has claimed that;

“if family members feel that there are other industries that are more profitable, then they would prefer to work in another industry. The youth nowadays wants fast money, while agriculture requires patience, and today’s youth doesn’t want to be patience” (FOB6).

With regards to opportunity cost, FOB4 has claimed that both his children are contemplating leaving their jobs and joining the business, yet have not decided if the opportunity of their fob in agriculture – farming is worth discarding their current careers for.

On a different note, Dr. EL Hennawy has stated “as long as fobs are profitable, then they will be sustainable...as long as the business is operative, why would it stop”

Chapter VII: Conclusion

The main aim of this thesis research was to explore the factors that contribute to the succession of family owned businesses in the agriculture-farming sector in Egypt, enabling their long-term continuity across generations, causing them to become sustainable. Accordingly, numerous literature resources have been examined on the two fields - agriculture and family owned businesses - separately then collectively, to recognize the importance of these sectors on a country's economy, and analyze their significant effect on the Egyptian economy especially when both sectors combined are not receiving the adequate research and development attention.

In reference to Shultz (1964), that a country is considered "exceptional" when it succeeds in developing and enhancing its agriculture sector, leading it becoming a major source of economic growth. Similarly, Viney (2011) has claimed that "a country's agricultural sector is a vital characteristic of its strength as it symbolizes a nation's ability to sustain life" (par. 3). Furthermore, the importance of the agriculture sector to the economy's welfare has been thoroughly mentioned in the literature and all interviewed experts have agreed that family owned business in the agriculture-farming sector in Egypt play a vital role towards the country's economy because; 1) they increase the agriculture production into the local market and lessen from importing the country's needs from basic food requirements; and 2) they increase agriculture produce exports, which leads to the inflow of foreign currency into the Egyptian market. "FOBs are an important pillar for any economy across all industries, in agriculture even more so" stated Mr. Helmy Abouleish, one of the interviewed experts. However, this research has discovered that agriculture-farming in Egypt is not getting the proper attention it deserves while it should be the principal concern of the government to be able to sustain providing food for its people as it is considered the health of the nation since "agriculture is the locomotive of the country" as stated by Dr. Hussein EL Hennawy, another one of the interviewed experts. On the same note, Mr. Helmy Abouleish has stated that "agriculture services are not paid back a justified price in Egypt and around the world...people should value agriculture more".

It has been also mentioned in the literature that agriculture as a sector along with agriculture education were affected by the 1952 revolution and the laws that followed, which resulted in the heavy decline of agriculture sector in Egypt. Almost all experts have claimed that the

1952 Nasser revolution has highly contributed to the deterioration of the agriculture sector in Egypt. “The agrarian reform law as well as the land reclamation laws have particularly affected the sustainability of Fobs in agriculture-farming in Egypt” stated Mr. Mokhtar Shoukri. He also stated that agriculture flourished prior to the 1952 revolution in the hands of the feudalists (original agriculture land owners pre revolution laws), which was also supported by Dr. Mohamed Yousri. In addition, agriculture education was negatively affected due to political events that contributed to the degradation of the agriculture sector. Dr. Yousri has mentioned that Egypt is facing a serious irrigation problem, especially that irrigation engineers no longer exist in Egypt while Egyptians were considered to be professional experts in the irrigation-engineering field;

“Egypt had the best irrigation engineers amid the Nile basin countries. Egyptians used to be the finest in the representations and provided the best services...Today, nobody wants to be an irrigation engineer, it is considered unfavorable by Egyptians” – Dr. Mohamed Yousri.

Furthermore, Egypt’s water supply is becoming worrisome as the renaissance dam is close to its final stages, and the media are urging Egyptians to sufficiently manage water usage; “the overwhelming fact in contemporary Egyptian irrigation is the threat of a water crisis in the near future” (Rogan et al., 1999, p. 367) therefore, alarming questions are being raised; what happens to the sustainability of agriculture when there is Nile water shortage? What happens to agriculture-farming sustainability in reclaimed lands, given the scarcity of ground water supply due to its exploitation without monitoring practices throughout the past 60 years? What is the future of agriculture-farming family owned businesses in the Egypt? This research study claims that agriculture-farming family owned businesses could have a potential for surviving across generations when certain factors and practices are present, however, for these fobs to have a chance of survival, the agriculture sector needs to flourish and the environmental and economic challenges this field is facing must be explored, identified and tackled.

Moreover, when small and medium sized family owned businesses in the farming sector are trying to thrive and are becoming more aware of the importance of succession, the government should pay close attention to that notion and help support these FOBs. “Agriculture occupies 40% of the workforce, yet remains the least-developed sector of the economy. Today, Egypt is one of the world's largest importers of food” (Couto, 2010, p.

755). As formerly mentioned, European communities have discovered the crucial need for the sustainability of family businesses and their importance for their economies, thus their governments have been working with them to equip them with the necessary tools to grow and become multinationals. Sources have stated that Family businesses could help the Egyptian economic growth rate to increase by 8% within a few years if the founders plan for the business to continue and flourish to future generations. Additionally, Mr. Aboueleish stated,

“the country should start adopting a different business ideology than the current capitalist ideology that believes in a society will rise and get better when everyone is fighting for their own wellbeing and personal interest, it needs to acquire a new philosophy that serves economic development, and this will not take place without the appropriate education” .

Furthermore, Poza (2007) “observed that family businesses possessed idiosyncratic, inimitable, and intangible resources that, properly harnessed, could not only provide them with competitive advantage but also lead them to achieve superior performance” (as cited in Dana and Semyrniotis, 2010, p. 43). The unique characteristics of each family business is essential to their identities and is what makes them who they are, as mentioned previously in the literature examined, there are certain traits, regulations and features that should be followed that could help these business sustain through future generations. However, the literature has also mentioned that every family has its distinctive culture, which was very evident throughout the interviewed case studies of how every business had its own cultural nature despite all working within the farming sector in the same economy. Thus, not every FOB is promised to become sustainable if they applied or followed a certain set of rules; “each family needs to develop their own best practices based on their values, vision and expectations” (as cited in Dana and Semyrniotis, 2010, p. 43). Yet the proposed “best practices” serve as guidelines that were consolidated from numerous researchers that have thoroughly investigated succession practices, and have found that they are the most common across their researched subjects. It is not adequate for families in business to merely consider what they can do (e.g. implement best practices) to become sustainable; it is necessary for them to consider as indicated by Ward (2004), what they need to be and to have, which as these are the preconditions for the effective implementation of their best suitable practices for a successfully sustainable business.

Several researchers believed that if the primary owners of family businesses are keen on the sustainable succession of their business, they must bear the commitment to pass on the business to the next generation in an even better condition and with a stronger foundation than how it initially started, a practice referred to as “stewardship”. Lansberg (1999) “referred to stewardship as the responsibility of family business owner-managers to pass on to their descendants a company that is even stronger and more admired than the one that was vouchsafed to them by their elders” (Dana and Smyrniotis, 2010, p. 43). In addition, “research indicates that a high proportion of family business owners plan to sell their businesses (Smyrniotis & Dana, 2006, 2007). Accordingly, many family businesses do not survive beyond the first generation not necessarily because of failure, but because their owners make a positive choice to harvest (as cited in Dana and Smyrniotis, 2010, p. 46). Numerous sources recognize that approximately 30% of fobs do not survive second generational succession, which is triggering many researchers interest to explore the fob succession field, consequently, this study has demonstrated evident reasons for such a phenomenon, and elaborated on the factors that if collectively present, would result in the high probability of successful succession in agriculture-farming fobs in the Egyptian economy.

In reference to the studied literature in addition to the results acquired from the qualitative research conducted on the six case studies and four experts from the agriculture-farming field in Egypt, we can claim that the answer to the research question of what are the factors that contribute to successful succession in agriculture-farming family owned businesses in Egypt, causing them to become sustainable? could be summarized in three primary categories;

1) Preparation level of successor, which includes the subthemes of the factors stated in Morris et al. (1996), such as educational background, training, and industry experience, in addition to successor’s upbringing and involvement” in the fob (“nurturing and apprenticeship”) which was retrieved from the field research and aligns with Cho et al. (2017) study findings mentioning that chances of sustainability are higher when the founders involve their successors in the business and encourage them to participate early on, will help develop their interest in the business leading them to become part of its continuity.

2) Social and Cultural Norms; comprises of Morris et al. (1996) “planning, managing and control activities” in addition to the newly analyzed “Gender” as a subtheme, which was

found to be a factor that affected succession in fobs in agriculture as a broader sector as mentioned in the literature by Halkias et al. (2011) stating that agriculture is primarily a male-dominant field and is difficult for women to penetrate, but not impossible, thus, gender as a factor was an significant factor to account for during this study.

3) Successor's Individual Characteristics is the third category and comprises of the following variables; "successor's interests and passion" and "personal traits" that were derived from Morris et al. (1996) theme of *Relationships among family and business members* which includes devotion, loyalty and commitment, to the family owned business' values and traditions along with trustworthiness and good communication. Additionally, the factor of "opportunity cost" for the successor was added to the category as a new variable acquired from the field research which is backed up by the literature in Lea (1991) stating that probability of succession is higher when the successor feels that the business is steady, sound and profitable.

Last but not least, almost all the interviewed case studies and experts have agreed on the fact that involvement of the successor in the business ranks the highest on the factors list. This includes the upbringing and nurturing of the successor to get acquainted with the farming industry from an early age. Also, to become an apprentice in the fob when his/her age permits to obtain sufficient knowledge and experience to be able to be entirely involved and aware of the business' processes, procedures, development and operations, for the fob to achieve a successful transitional process. Achieving successful succession in agriculture-farming family owned businesses in Egypt, will help sustain these businesses across generations, thus increasing the efficiency of agriculture which plays a crucial role in Egypt's economic well-being.

Limitations of the Study

While conducting the field research for the study, a few impediments occurred given the nature of the researched fields – family owned businesses and agriculture - and the cultural context of the country it was conducted in – Egypt. This section elaborates on a few of the recurrent obstacles and their effects on the study.

- 1) Lack of business structure coherence; while a specific sample was identified and met the criteria for the study, every case differed from the other according to their business structure, as it was also mentioned by Dana and Smyrnios (2010) that family businesses possess Idiosyncratic and inimitable characteristics, thus, making it challenging to formalize standard processes that fits every organization. This sheds light on the need of further research for a broader sample to acquire a better understanding of the situation of family owned businesses in Egypt.
- 2) Scarcity of available information; the available data about the agriculture sector as well as the family owned business within these fields in Egypt is very scarce thus making it problematic to acquire enough data for analysis and conducting a comprehensive background research on the sectors, which makes the availability of data even more limited regarding the succession in agriculture-farming field, which is the primary focus of the study.
- 3) Lack of trust; a) interviews with experts were informative, yet they were reluctant to reveal certain information to avoid raising unnecessary disputes, which resulted in the difficulty of acquiring data that would assist in analysing the succession challenges that FOBs in agriculture-farming are facing in Egypt. Additionally, many of the interviewees mentioned how aspects of corruption are found in the agriculture field, at both the policy and personal/transactional levels, this resulted in the interviewees being cautious as they answered the interview questions which I observed to be in an effort to be as discreet as possible.

b) Case study interviewees were reluctant to give out information as they were worried about how the information is going to be used and with whom it would be shared, as they

are very discreet about their businesses and its practices, which makes it difficult to assess the sustainable succession practices taking place within the selected organizations.

4) Sensitivity of research topic; given the nature of the research topic, it was problematic to ask direct questions regarding succession to avoid causing discomfort to the interviewees as succession is usually considered a sensitive topic of discussion as it relates to difficult situations, for example: death, i.e.: what would happen to the business when the owners die? It also added a negative and uncomfortable energy during the interviews.

5) Lack of information in the field on political effects; even though the study focuses on succession in agriculture-farming family owned businesses, it has been noticed that there is a lack of awareness and information in the field research on the political effects on agriculture during the period from 1981 till 2011 (latest Egyptian revolution), which resulted in the information gap on political events and their effects on the deterioration of the agriculture sector.

6) Lack of information and attention in the field on environmental effects; in addition to the above mentioned point, it has been also observed during the field research that there is an evident lack of information and attention given to the environmental constraints affecting the sustainability of the family owned businesses in the agriculture-farming sector in Egypt, which also resulted in the lack of gathered field information regarding the environmental effects affecting the agriculture sector.

Future Research and Recommendations

Future Research

The six cases that were interviewed have provided interesting findings, which serves as ground work for further research, as it has been proven from the field investigations that every fob has its own individual nature and culture, therefore, it is important to examine a larger sample of cases as well as interview people from different generations within each fob.

Accordingly, further qualitative and quantitative research should be conducted to acquire more field data to help recognize the succession factors that assist in the successful succession and help formulate a comprehensive model that could act as a guideline to assist family owned businesses in the agriculture - farming sector to defy the faced succession challenges and become more sustainable.

In addition, given the lack of statistical information on family-owned businesses in the Egyptian economy, it is crucial for quantitative research to be conducted to be able to acquire reliable quantifiable data on FOBs in general, and specifically in the agriculture-farming field. This will also contribute to the existence of consolidated primary data about the agriculture-farming field, and so that researchers could use it as a potential reference and guidance.

Recommendations

- With regards to successful succession, a recommendation for owners is to pay attention to concepts of nurturing and apprenticeship. In terms of nurturing, all family business owners in the field who are seeking sustainable succession of their agriculture-farming business should consider involving and familiarizing their children with agriculture at a young age in order to create, foster and sustain their interest in the field and the business. Similarly, with regards to apprenticeship, when the children reach an age where they could be more involved hands-on, family owners should take that opportunity of this cognitive development period for children, and teach them the ins and outs of the business, the knowledge, experience and know how in order for them to occupy the managerial position as the successors for the business when the time comes.

- Moreover, an important aspect to consider is early succession planning among the family that owns the business. The family should discuss, evaluate and decide which of the younger generation family members would become the business successors in order to begin their preparation early and to ensure the ensure smooth and successful succession for the following generation.

- Another point of recommendation is specifically targeted towards training and educational institutes; seminar trainings or forums to be held on the topic of family owned business succession to educate family members involved in the business on succession planning, its processes, procedures and challenges and how to tackle them effectively to ensure the successful generational transition towards the upcoming generation. These trainings could be conducted to family owned business in a general sense, while more tailored seminars to the agriculture-farming family owned and controlled business field could be more effective when adapted towards a specific fields.

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Appendix A – Interview Questions for Case Studies

1. Could you please introduce yourself?
2. Your title, educational background and business experience.
3. How long have you been associated with this job?
4. Are you the sole owner of this farm or you have any partners? If yes, family members or non-family members?
5. Do you think Family Owned Businesses (FOBs) in the agriculture sector in Egypt are important for the country's economy? If yes, in what way?
6. Are you following any planning systems for your farm business? If yes, what are they?
7. What are the management processes you are using for the business?
8. How are the decisions made during your absence?
9. Who takes over the farm business after your retirement; your sons and/or daughters, are they interested to follow your steps regarding their careers by working in farming and agriculture? Are they currently working with you? Do you encourage them to do so? why?
10. Are your heirs (if any) interested to take over the farming business? If not, how will you manage/ what happens to the business?
11. How do you see this farm in 10 years? Do you want to expand, sell, rent out...etc.?
12. Are government entities supportive of your business? if yes, which entities?
13. Please state what kind of support the government is offering (if any)?
14. Is the government putting any obstacles for your business? If yes, please explain?
15. Does the government understand and support the sustainability of your farm? If yes, how?
16. Do you have any current interaction with the ministry of agriculture? Please state what kind of support are they offering (if any)?
17. How do you see the current interaction between the government and the agriculture scene?
18. Do you have any recommendations to improve the sustainability of agriculture family businesses?
19. What are the most important elements/factors that are essential for the sustainability of your agriculture business?
20. Overall, what are the challenges that are facing the sustainability of FOBs in the agriculture sector in Egypt?

21. Is the availability of a successor important for the sustainability of an FOB? Please state why
22. What happens to FOBs in agriculture sector if there are no successors to take over the business?
23. Does the gender of the successor affect the sustainable succession of the business?

Appendix B – Interview Questions for Experts

1. Could you please introduce yourself?
2. Your title, educational background and business experience.
3. How long have you been associated with this job?
4. Do you think Family Owned Businesses (FOBs) in the agriculture sector in Egypt are important for the country's economy? If yes, in what way?
5. Do you have any experiences with family owned businesses?
6. What are the planning systems / managements processes (board, weekly meetings, decision making process...etc.) for FOBs in the farming businesses in Egypt that you are familiar with? Are they successful? And why?
7. In your opinion, are FOBs in the farming sector sustainable? And why?
8. What makes an FOB sustainable?
9. What are the reasons that made FOBs fail? If any
10. How do you see the current interaction between the government and the agriculture scene at the moment?
11. Are FOBs in the farming sector sustainable depending on the successor? Male, female or non? And why?
12. Are government entities supportive / non supportive of FOBs in the farming sector? If so, what kind of support/ obstacles?
13. Does the government have any monitoring procedures on FOBs in Farming?
14. Does the government understand the importance of the sustainability of FOBs in Farming sector?
15. Do you have any recommendations to improve the sustainability of agriculture family businesses?
16. What are the most important elements/factors that are essential for the sustainability of agriculture business?
17. Overall, what are the challenges that are facing the sustainability of FOBs in the agriculture sector in Egypt?
18. What happens to FOBs in agriculture sector (in your perspective), if there are no successors to take over the business?
19. Does the gender of the successor affect the sustainable succession of the business?

Appendix C – Case Studies’ Coding and Categorizing

Coding and categorizing (Case – studies)

Codes						Themes /categories
FOB1	FOB2	FOB3	FOB4	FOB5	FOB6	
Agriculture Technical experience and business education background	Lack of Management practices	Full time dedication and commitment are important. Difficult field	No interest from family to manage the farm	Owner has agri. business educational background	Successors have to work in family business	Planning, management and control activities
Industry knowledge and training prior to family business	No Interest of successor	Profitability in Local and international market	One successor Business education background And other Agri business Education background	No succession planning; might sign off to non family members . future undecided	Fobs to include all family members	Successor’s Gender
business profitability	Non formal succession	Centralized decision making	Successor involvement	Non family member as manager	Seeking Education and technical knowhow	Successors’ education, training and external experience

seniors are hard workers	Fobs driven by cultural values not structural	Seniors to put strong foundations for business	Legal heirs of land are not interested in land	field hard for women	Centralized decision making	Successor Traits
success means full time dedication	Successor Ownership vs management	Communication and synergy	Created a technical catalogue to serve as guide to whoever manages it	Reliability on government for water resources future planning	No succession planning	Successor's Interests
difficult field and new generations seek easy	Upbringing, involvement and nurturing of successor is	No formal planning system	Owner has to have technical knowledge for agriculture	Planting according to Profitability of crops	Involvement and upbringing is key for sustainability of business	Successors' involvement and upbringing (nurturing and apprenticeship)
Education and technical expertise	females have other interests and responsibilities	Difficult field for females	No issue for females to run farm, but must have educational and technical background of agri		Gender; harsh working environment for females	Opportunity Cost
Persistence is key for success		Successor's responsibility	Persistence is key		Successors' involvement, upbringing and nurturing	
Gender; difficult field for women		Centralized decision making process. No succession plan	Monitoring and inspection		Lack of interest of successors	

Not solid business foundation		Knowledge, experience and training of successor	Hiring non family members as plan b		No Family counseling	
Successor involvement is important for succession			Succession planning Solution for sustainability		Technical and academic education of successors	
Emotional attachment			Devotion;		Business needs to be more profitable than other work	
					Agriculture as a side business	

**Codes and Themes/categories are color-coded*