The success keys for family firms: A comparison between Lebanese and French systems

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Family business - firm performance – Succession Planning - family networks strategy - financial structure - governance structure - family management practices.

Abstract

This study investigates the success factors that can influence the performance and the continuity of the French and Lebanese family firms. Based on the literature review, the performance of the family firms was found to be linked to effective success keys like the succession planning, networking strategy, financial structure, management practices and finally the governance structure. Effectively, the results of this study indicate that French family firms are linked to four success keys (Planning for Succession, Using of Emotional intelligence, Professional HR management and Long Term Overview) while the Lebanese family firms are linked to five success keys (Financial structure with low leverage, Planning for Succession, Using of Emotional intelligence, professional HR management and Governmental Networking). Due to the non-significant impact of governance structure, an advanced investigation has been applied to detect the impact of this variable on the performance of family firm. The results of this advanced study indicate a negative correlation between the performance of family firms and the board of directors' size. Moreover, a positive correlation has been found between family firm performance and the presence of the outsiders in the board of directors.

1-Introduction

A family business is a business owned, controlled and managed by one or more of the family members who are actively involved in running of the company activities. Family businesses are vital for the economic growth in many countries and constitute a primary source of employment. Actually, family firms receive an ample consideration in the literature. For many researchers, succession is a big issue in family owned business which constitutes the main success element of the company. Without indicating the main failure factors many studies showed that a limited number of family firms survive for the next generation. Accordingly, Ward (1988) found through a study of 200 family firms that only 13 percent complete successfully the succession to the next generation. Birley (1986), suggest that only 30 percent survive into the next generation.

For Bernice et al. (2007) the growth of family firms is less probable than the non-family firms, mainly because their management practices are less formal. For others researchers, the family firm problems begin when the mechanism of succession arises and when the business faces some conflicts between the family members after the first and the second succession level. Most often, ownership becomes increasingly diluted from a single majority owner to a few or several owners. In this stage of family firm life, an important question arises: for how many times the family firms can resist, and what are the success keys that can be used and valued to extend the continuity of the family in the business system?

This study investigates the success factors that can influence the performance and the continuity of the family firm. Consequently, the purpose of this study is to explore the main factors that can contribute to the family business success. After detecting the global success keys for family firms, this study try to compare these factors between two countries with two different cultures (Lebanon and France) in order to identify the interaction between the family success keys and the country culture. In other words, we will try through this paper to test if the family success keys can be generated in two different countries.

To attempt our objectives, the following study will be divided into five sections; section one is a literature review on the success keys of family firms. Sections two and three discuss data selection; sample construction, variables and finally the methodology of the study. The last two sections (four and five) include the descriptive and the multivariate results of the study.

2-Literature Review:

Family firms are the driving force behind economic development. By their continuity, they perform an essential role as providers of employment and innovation opportunities and act as a key player for regional and local development. This continuity was found to be linked to effective success keys like the succession planning, networking strategy, financial structure, management practices and finally the unity of command and control through the convergence between family governance and firm government.

2-1-Family involvement and performance:

Numerous study show a positive impact of family ownership on firm performance (Anderson and Reeb, 2003; Andres, 2008; Ahmad and Amran, 2010). For Anderson and Reeb (2003), the performance of private family firm can be explained by limited agency costs due to high level of ownership concentration. In this context of concentrated ownership structure, the constraints of external shareholders are reduced (Morck et al. 1988), as well as the cost of control (Jensen and Meckeling, 1976).

Other arguments based on psychological dimension arise to explain the family firm performance. For Nahapiet and Ghoshal (1998), the social capital established by the family can explain the positive relation between family ownership and firm performance. The involvement of family owners in the management ensures the development of trust and loyalty with all their stakeholders. Based on these conceptions, Lee (2006) argues that family and non-family employees are improved by implementing the sense of involvement.

Finally, Arregle et al. (2007) indicate that the combination of several inputs in term of capital, trust and culture improve the governance structure and the decision making process. To summarize, family involvement is a positive source for the firm performance and the majority of researches have been showing that family firms outperform the non-family firms by focusing on capital structure, and governance structure. This study is focusing on several factors in order to highlight the dark sides of family firm performance.

2-2-Succession Planning:

The owner of the firm is concerned in the continuity of the family firm. By using a succession planning, he has to choose and train a member of his family that should lead successfully the firm continuity. The absence of a succession plan is one reason why most family businesses do not survive to the next generation. A review of the literature suggests that success of family firms are related to the succession planning process as well as to the founder, successor and family harmony.

Succession planning is the explicit process by which management control is transferred from one family member to another. Therefore, an owner can keep a written successor plan that indicates that he has already chosen his successor in order to alleviate anxiety associated with the one who will run the business in the future. This written successor plan is an important element in the case of the sudden death of the ultimate owner, specifically when remaining family members do not know from where to begin. For the founder, a successful succession is to choose firstly the right successor before leaving the control of the family firm. But the selection of a successor is a big issue for the owner, that is why Morris et al. (1997), indicate that 60% of family problems arising after and during the selection process of the successor. Consequently, the owner must be very aware in order to find the right successor who has the potential and the skills to run the business in the future. Once the founder decides the successor, he has to prepare and to train him for a leadership role. In 1968, Davis stated that succession means the transfer of leadership from one generation to the next in order to guarantee the stability of family possession.

Another important factor of success is the willingness of the successor to take over the Business (Chua et al. 1999). It's very important for the successor to join the business as early as possible in order to gain experience, loyalty and emotional preparation through on-job training. If the successor is under-qualified and does not have the needed skills to run the family business, the firm will suffer and its continuity will be threatened. Therefore, succession planning helps in creating a required talent pool of family members for the future organizational needs.

By considering these results, the first hypothesis of the research is defined as follows:
H1: Succession planning is positively correlated with family firm performance.

2-3-The family networks strategy:

In addition to a successful transition, the key defining the characteristics of the family firm implies a successful strategy. In the family firms it's very difficult to separate between the business system and the family system, accordingly personal goals of the owner cannot be separated from the business strategies (Chua et al. 2003). One of the most used strategies inside the family firms is the creation of a solid and enduring social connection between the family and the external environment. Thus social networking relationships developed with the external stakeholders help to build a social capital and enable them to obtain some critical resources in the form of information, knowledge, financial and human capital.

Both political and governmental leaders have a considerable power and control over the allocation of resources. Therefore, the family members create networks with the politics leaders because they are very influential in garnering resources and providing access to valuable needed information and knowledge. At the same time, the family members try to establish a durable links with the leaders at different levels of government in order to have all the authorities and the facilitations which may help the continuity of the family firms. In 2001, Fisman indicates that political connections can provide large benefits for private firms, especially in economies with high levels of corruption. Therefore,

family businesses that develop extensive personal and social networking relationships with political leaders and governmental partners will be more able to get and secure the resources for their activities in order to guide their firms to higher performance.
Based on the above results, the second and the third hypotheses of the research are defined as follows:
H2: Political networks strategy is positively correlated with family firm performance.
H3: Governmental networks strategy is positively correlated with family firm performance.

2-4-The family management practices

In general, family firm members use a conservative management style and react slowly to environmental changes (Daily and Dollinger 1993). The main objective of the family owners is to protect the business and the fortune for the next generation without any level of risk. To achieve their objectives, they prefer, specifically in the cases of SME, to centralize all the decisions and the authorities through the using of informal management practices. In this order, Astrachan and Kolenko (1994) observed that managers in family firms prefer a centralized system and do not use a formal appraisal procedure.

The Human Resources (HR) management and the organizational behavior (OB) practices inside the family firms play another important role in order to help the continuity of family system at the head of business system. The family managers try to reflect their positive emotions about the business future in their HR and OB practices. They treat their employees by using a high level of emotional intelligence in order to increase their level of trust, motivation and satisfaction (EL-Chaarani 2012). For the family managers, the employees are considered as members of the family which can make family membership valuable in ways that may be difficult for non-family firms to imitate (Schulze et al. 2001). Accordingly, in 1995, Allouch and Amann, have found trough many ratios that the levels of HR tenure, stability, wedges and employee fidelity are very high in the family firms which can lead to increase the business performance. In 1994, Astrachan and Kolenko have been found a positive correlation between the HR practices and the family firm performance.

Finally, the enormous success of some prominent family firms has prompted a popular perception that family-controlled firms embrace a longer-term approach to management. The non-family firms, in contrast, are often associated with short-termism and myopia of corporate managers.
Therefore, the following hypotheses can be defined:
H4-1: A centralized organizational structure is positively correlated with family firm performance.
H4-2: A professional HR management is positively correlated with family firm performance.
H4-3: A professional Family Behavior is positively correlated with family firm performance.
H4-4: The Family longer-term approach is positively correlated with family firm performance.

2-5- The governance structure

Agency theory, which originated in economics and finance by Berle and Means (1932), then by Jensen and Meckling (1976), is recognized as one of the theories explaining the corporate governance. Agency theorists argue that there is an unavoidable conflict between the principals (Owner) and the agents (Manager); an individual is self-interested and self-opportunist, rather than altruistic. Based on this, the agent may be driven by his self-interest, and he will try to satisfy his proper interest through a number of activities that could be detrimental to the financial resources of the principal. Different costly mechanisms and incentives methods are proposed to motivate and to monitor the managers in order to align their interests with those of shareholders. Jensen and Meckling (1976) assume that separation of ownership from control is the principal source of agency costs, and therefore related costs are eliminated when the firm is managed by a single owner and when there is no separation between ownership-management as the case of the majority of family firms.

According to the following above, family firms should be exempt from problems of agency. Jensen and Meckling (1976) propose that family firms are qualitatively different enough from non-family firms as to make formal governance unnecessary. Daily and Dollinger (1992) propose that the practical implications of familial altruism and reliability mean that family firms are the least costly and most efficient form of organization. By considering these results, the hypothesis of family governance is defined as follows:
H5: The non-separation between ownership-control and management is positively correlated with family firm performance.

2-6- The financial structure

The family founders have in general a stagnation perspective in order to conserve the continuity of the family at the head of the family system. This conservative conduct can manifest itself by a financial behavior through a specific capital structure. This means that a family is more likely to prefer the free cash-flows rather than other sources to finance their new investments. For this reason, family firms could end up with lower debt-equity ratios compared to non-family firms (Gallo and Vilaseca, 1996). In 2003, Schulze et al., argue that family ownership is likely to become more diffuse with each transition to the next generation. This can lead the family members to reduce the financial leverage in order increase the independence and to reduce the risk of bankruptcy.

Reid et al. (1999), confirm that family firms are more reluctant to use the external sources of capital which can minimize the performance and the dispersion of ownership.
Therefore, the following hypothesis can be defined:
H6: A low debt-equity ratio is positively correlated with family firm performance.

3-Methodology and Variables:

To get all the necessary information, a direct-mail questionnaire was sent to 2347 Family firms during 3 months. The questionnaire was mailed from and returned to a university address, using a self-addressed reply envelope. In addition, the financial information has been collected through two methods: the using of international financial database (In-Financial) for the French family firms and the direct collection of financial data from the Lebanese family firms. Based on the financial and non-financial data, various types of regression were done through dependents and independents variables in order to achieve the objective of this study and to conclude the significant factors of family success. In this study, the dependents variables (success of family business) were measured by focusing on two variables: the Return on Assets (ROA) and the Return on Equity (ROE). To identify the success keys in the family firms, many independents variables have been used:

Firstly, the financial structure (FS) was measured by dividing the long-term debt by the total assets. The governance structure (GS) was measured through a binary variable that equal 1 when the ultimate owner is present in the boards of control and 0 otherwise. The planning for the succession (PS) was studied by a binary variable that equal to 1 if there is used any plan for the succession and 0 otherwise. The political network (PN) and the governmental network (GN) were measured by a seven-point scale, ranging from (1) very low networking to (7) very high networking.

Secondly, to detect the influence of family management practices on firm performance, 4 variables have been used: the degree of centralization (DC), the organizational behavior index (OB)[1], the family term approach (TA) and the human resources management index (HR). These four elements were assessed on a seven point Likert scale (ranging from 1 = very low, to 7 = very high).

Finally, several control variables were introduced into our analysis to control the firm characteristics. Firm size (Fsize) is the natural log of the book value of total assets. Firm age (Fage) is measured as the natural log of the number of years since the firm's inception. Firm sector (Fsector) is defined at the two-digit SIC code level. Some other variables were excluded due to lack of information.

4-Data construction and descriptive statistics:

The population of this study was the family firms in two countries: Lebanon, and France. The instrument used was a questionnaire in which tapped different measures to detect the success keys for the family businesses.

351 usable questionnaires were returned from 2347 direct-mails that have been sent to Lebanese and French Family firms. Effectively, the percentage of replied questionnaires represents 14.9% based on 351 answers from 2347 e-mailed questionnaires.

Table 1: Replied Questions

	Lebanon	France	Total
Number of Replied Questions	186	165	351
Percentage of Replied Questions	53%	47%	100%

After receiving the answered questions, SPSS was used to generate a descriptive statistics reports for the following variables: Gender of ultimate owner, Industry and Age of the business.

Table 2: Gender of ultimate owner

	Male	**Female**	**Lebanon**		**France**	
			Male	**Female**	**Male**	**Female**
Number per Gender	279	72	171	15	136	29
Percentage per Gender	79%	21%	92%	8%	83%	17%

In our sample, the male owners count 279 over 351 which represent 79%. Female owners count 72 and represent 21% of our sample. In Lebanon, the Female owners represent 15 over 186 (8%), suggesting that mangers-owners of family business consist mainly of male members.

Table 3: Age of the business

	Total		**Lebanon**		**France**	
Age of Business	**Number**	**%**	**Number**	**%**	**Number**	**%**
Less than 5	**89**	**25.36%**	**54**	**29.03%**	**35**	**21.21%**
Between 5 and 8	**135**	**38.46%**	**83**	**44.62%**	**52**	**31.52%**
Between 8 and 10	**80**	**22.79%**	**38**	**20.43%**	**42**	**25.45%**

[1]The organizational behavior was measured through the degree of emotional intelligence of the family manager based on: one's intrapersonal ability to be aware of himself, to understand one's strengths and weaknesses, and to express his feelings and thoughts non-destructively.

More than 10	**47**	**13.39%**	**11**	**5.91%**	**36**	**21.82%**
Total	**351**	**100%**	**186**	**100%**	**165**	**100%**

In Lebanon, 74% of family firms are in the business for Less than 8 year while 47% of family firms in France are in the business for more than 8 years which indicates that family firms in Lebanon are in their development period.

Table 4: Type of business

Industry	Total		Lebanon		France	
	Number	%	Number	%	Number	%
Manufacturing	**61**	**17.38%**	**17**	**9.14%**	**44**	**26.67%**
Construction	**47**	**13.39%**	**23**	**12.37%**	**24**	**14.55%**
Services	**105**	**29.91%**	**76**	**40.86%**	**29**	**17.58%**
Wholesales and retails	**78**	**22.22%**	**42**	**22.58%**	**36**	**21.82%**
Agriculture	**36**	**10.26%**	**12**	**6.45%**	**24**	**14.55%**
Others	**24**	**6.84%**	**16**	**8.60%**	**8**	**4.85%**
Total	**351**	**100%**	**186**	**100%**	**165**	**100%**

The comparison between the Lebanese and the French samples indicate that Lebanese family businesses were strongly represented in wholesale, retail and services sector but the French family firms are mainly based on the manufacturing, wholesale and retails.

Table 5: Dependents and independents variables

The financial structure (FS) was measured by dividing the long-term debt by total assets. The governance structure (GS) was measured through a binary variable that equal 1 when the ultimate owner is present in the control and 0 otherwise. The planning for the succession (PS) was studied by a binary variable that equal to 1 if there is any plan for the succession and 0 otherwise. The political network (PN) and the governmental network (GN), represent the degree of networking between the family and the external environment. The degree of centralization is measured by (DC): level of centralization, the organizational behavior (OB): level of emotional intelligence, the family term approach (TA): orientation to the long or short term, and the human resources management index (HR).

Variables / #	Lebanon	France
	#	#
ROA	2.452	**3.431**
ROE	16.203	**18.993**
FS	**34%**	28%
GS	**83%**	69%
PS	34%	**41%**
GN	**4.8**	1.2
PN	**4.2**	0.6
DC	2.9	**3.4**
OB	**4.4**	3.7
TA	5.6	**6.2**
HR	2.1	**3.7**

Table 5 indicates an over-performance of French family firms which may due to the management practices, to governance structure, to financial structure and to networking strategies. In the next section we will try to test the impact of each variable in order to capture the success keys of family business. Then, we will try to compare the success keys between French and Lebanese family firm in order to detect any influence of the country. To complete our descriptive statistics, Chi-square tests are used to detect any significant correlation between family firm performance and success keys.

Table 6: Correlation between Success keys and firms performance

The financial structure (FS) was measured by dividing the long-term debt by total assets. The governance structure (GS) was measured through a binary variable that equal 1 when the ultimate owner is present in the boards of control and 0 otherwise. The planning for the succession (PS) was studied by a binary variable that equal to 1 if there is any plan for the succession and 0 otherwise. The political network (PN) and the governmental network (GN), represent the degree of networking between the family and the external environment. The degree of centralization is measured by (DC): level of centralization, the organizational behavior (OB): level of emotional intelligence, the family term approach (TA): orientation to the long term and (HR) the human resources management Index.

Panel A: Correlation between ROA and factors of success

Factors of success / #	Lebanon	France
	p-value	p-value
FS	(0.143)	(0.104)
GS	0.427	0.324
PS	0.022	0.031
GN	0.094	0.353
PN	0.121	0.331
DC	0.427	0.521
OB	0.048	0.061
TA	0.092	0.102
HR	0.022	0.046

Panel B: Correlation between ROE and factors of success

Factors of success / #	Lebanon	France
	p-value	p-value
FS	(0.127)	(0.115)
GS	0.164	0.142
PS	0.053	0.042
GN	0.177	0.353
PN	0.062	0.321
DC	0.216	0.622
OB	0.124	0.035
TA	0.132	0.244
HR	0.011	0.021

From table 6 (Panel A and Panel B), we can conclude that the performance of family firms is correlated positively with the positive HR practices and the using of any plan for succession. The tests showed the absence of strong evidence to indicate a permanent correlation between the other success keys (TA, DC, GN, PS, GS, and FS) and family firm performance. In the next section we will conduct an appropriate regression analysis to determine the relevant factors that contribute to the success of family business.

5-The Results

To capture the success keys in both French and Lebanese family businesses, a set of 4 regressions have been used on two dependents variables (ROA and ROE), by controlling 3 variables (size, age and sector). The regression output are analyzed to test the various hypothesis and to determine the most relevant factors for each measure of performance. The results in table 5 capture the success keys in family firms and demonstrate some cultural differences between French and Lebanese family firms. For the French family firms the results indicate a positive impact of four main variables: the planning for succession, the using of high level of emotional intelligence by the family-manager, the human resource practices and finally the orientation of the firm to the long term strategies.

Table 7: Regression results

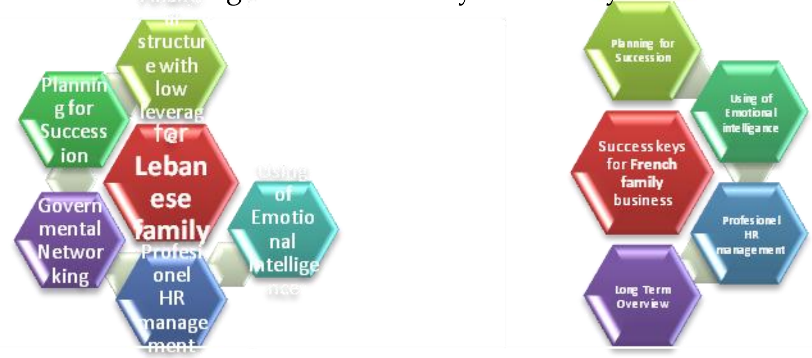
The dependent variables: financial performance was measured by the ROA and ROE. The independent variables were measured by: The financial structure (FS) was measured by dividing the long-term debt by total assets; The governance structure (GS) was measured through a binary variable that equal 1 when the ultimate owner is present in the management and 0 otherwise; The planning for the succession (PS) was studied by a binary variable that equal to 1 if there is any plan for the succession and 0 otherwise; The political network (PN) and the governmental network (GN), represent the degree of networking between the family and the external environment; The degree of centralization is measured by (DC): level of centralization, the organizational behavior (OB): level of emotional intelligence, the family term approach (TA): orientation to the long term, and (HR) the human resources management Index.

	Dependent variable : ROA												
	Panel A: France												
Variable	FS	GS	PS	GN	PN	DC	OB	TA	HR	Fsize	Fage	Fsector	F
Coefficient	0.320	0.448	0.562**	0.103	0.148	0.301	0.411*	0.211*	0.522**	0.533*	0.441	Yes	9.62**
	Panel B: Lebanon												
Variable	FS	GS	PS	GN	PN	DC	OB	TA	HR	Fsize	Fage	Fsector	F
Coefficient	-0.211***	0.281	0.262*	0.433*	0.248*	0.421	0.384*	0.222	0.403*	0.489**	0.542	Yes	10.52***
	Dependent variable : ROE												
	Panel C: France												
Variable	FS	GS	PS	GN	PN	DC	OB	TA	HR	Fsize	Fage	Fsector	F
Coefficient	0.212	0.541	0.132*	0.155	0.138	0.324	0.141*	0.301*	0.201**	0.319*	0.231	Yes	11.231***
	Panel D: Lebanon												
Variable	FS	GS	PS	GN	PN	DC	OB	TA	HR	Fsize	Fage	Fsector	F
Coefficient	-0.114*	0.345*	0.231**	0.123*	0.151*	0.211	0.265*	0.231	0.298**	0.401*	0.303	Yes	10.928***

Significance levels: + *p < 0.10; * p < 0.05; ** p < 0.01; *** p < 0.001*

For the Lebanese family firms, the number of factors is more developed. Effectively, five factors are considered as valuable keys for the family firms' performance: the using of planning for succession, the professional HR practices, the using of network strategy and the high level of emotional intelligence. It seems that a high leverage level decreases the family firm performance; consequently, the Lebanese family firms must drop-off their levels of firm leverage.

Figure 1: Success keys for family business



After detecting a non-significant impact of the governance structure on both French and Lebanese family firms, and due to the complexity of this variable, we decide to study the multi-dimensions of the governance structure by dividing it to many sub-variables: GS-OUT: is the number of independent members over the total number of members in board of directors; GS-FM: is a binary variable that equal to one if the executive director is a family member; GS-Size: is the number of members in the board of directors; and GS-FB: is a binary variable that equal to one if there is any family board.

After defining the sub-variables of the governance structure, we regress the variable: GS-OUT, GS-FM, GS-NUM and GS-FB on the family firm performance (measured by ROE and ROA). In these regressions the company size and the industry sector have been used as controllable variables.

Table 8: GS regression

The dependent variables: financial performance was measured by ROA and ROE. The independent variables were measured by: GS-OUT: the number of independent members over the total number of members in board of directors; GS-FM: a binary variable that equal to one if the executive director is a family member; GS-Size: the number of members in the board of directors; and GS-FB: is a binary variable that equal to one if there is any family board.

Panel A: regression on ROA

French family firms						
Independent variables	GS-OUT	GS-FM	GS-Size	GS-FB	Controllable variables	F
Values	0.311*	-0.095	-0.271**	0.112	Yes	8.42**
Lebanese family firms						
Independent variables	GS-OUT	GS-FM	GS-Size	GS-FB	Controllable variables	F
Values	0.276*	-0.135	-0.149*	0.346	Yes	9.01***

Panel B: regression on ROE

French family firms						
Independent variables	GS-OUT	GS-FM	GS-Size	GS-FB	Controllable variables	F
Values	0.423*	-0.274	-0.207**	0.334	Yes	9.33***
Lebanese family firms						
Independent variables	GS-OUT	GS-FM	GS-Size	GS-FB	Controllable variables	F
Values	0.353**	-0.332	-0.190*	0.323	Yes	9.64***

Significance levels: + $p < 0.10$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

The results presented in table 8 indicate a positive impact of the outsiders in the board of directors for both Lebanese and French family firms. Based on the agency theory, the outsiders may improve the performance of the board as they felt that their roles are separate though complementary to executive directors.

The negative and significant link between board size and performance in table 8 is consistent with earlier evidence that small groups are more efficient than large (Jensen 1993)[2]. Our findings are consistent with Eisenberg, Sundgren and Wells (1998), which report a negative relationship between board size and firm value, for large and small firms, respectively.

Finally, the regressions in table 8 indicate a non-significant impact if the family member is an executive directors. Moreover, our results show a non-significant impact of the family board. By taking into account the results and the values obtained in table 6, we cannot confirm all the hypotheses. Only a few numbers of hypotheses was confirmed as follow:

Table 9: the global results

Hypothesis number	Hypothesis definition	Lebanese Family Firms	French Family Firms
H1	*Succession planning is positively correlated with family firm performance*	*Confirm*	*Confirm*
H2	*Political networks strategy is positively correlated with family firm performance*	*Confirm*	Cannot confirm
H3	*Governmental networks strategy is positively correlated with family firm performance.*	*Confirm*	Cannot confirm
H4-1	*A centralized organizational structure is positively correlated with family firm performance.*	Cannot confirm	Cannot confirm
H4-2	*A professional HR management is positively correlated with family firm performance*	*Confirm*	*Confirm*
H4-3	*A professional Family Behavior is positively correlated with family firm performance*	*Confirm*	*Confirm*
H4-4	*The Family longer-term approach is positively correlated with family firm performance*	Cannot Confirm	*Confirm*
H5	*The no separation between ownership-control and management is positively correlated with family firm performance*	Cannot confirm*	Cannot confirm*
H6	*A low debt-equity ratio is positively correlated with family firm performance*	*Confirm*	Cannot confirm

(*) An advanced test based on this hypothesis demonstrates a positive impact of the independent members in the board of directors and a negative impact of board's size.

The differences between French and Lebanese firms are due to cultural, legal protection and economic situation. Firstly, the poor legal protection, the social system and the governmental networks in Lebanon are strongly influential in decision-making. The results demonstrate that the social networks (governmental and politic) with the family business facilitate the access to resources and information in order to refer the services to the communities. For the French family firms we didn't found any correlation between the social networks (governmental and politic) and the

[2]Because groups communicate less effectively beyond a certain size, there is pressure from self-serving managers or entrenched owners to expand board size beyond its value-maximizing level.

performance. Consequently, the family managers are not interested to build this kind of network specifically in countries that are characterized by strong level of legal protection.

Secondly, the high rate of interests used in financial sector and the economical crises may are the second element that lead the Lebanese family firms to minimize the using of debt. In the Lebanese family businesses, the using of debt is considered as a negative key that should be reduced. This result was confirmed in 1999 by Majumdar and Chhibber. Adopting an accounting measure of profitability to evaluate performance, they observed a significant negative link between leverage and corporate performance.

6-Discussion and Conclusion

In this research, we have studied the success keys in both French and Lebanese family firms. From literature review we derived nine hypotheses in order to test them by using direct and indirect data on our two samples: the Lebanese and the French family firms.

The empirical evidence obtained let us corroborate and generate three hypotheses (H1, H4-2 and H4-3). Hence, in order to sustain its success the family owned company must combine 4 basic international approaches which are:

1-Applying a professional HR management by improving the productivity of employees through a motivational techniques (Promotions, job enrichment, job rotation and Wedges);
2-Being emotionally intelligent by increasing some employee's feelings (specifically: Organizational Citizenship Behavior and job satisfaction);
3-Using a succession plan through the selection of the right successor in order to train him for a leadership role;
4- Creating a professional board of directors characterized: by a limited size and high level of independence.

But, in the development countries such as Lebanon, the family firms must consider other factors (Low debt ratio and social networks) in order to ensure a high level of firm performance. The findings suggest that in countries with poor legal protections, political and governmental are more likely to be important for the family firm performance. Moreover, we cannot isolate the family business from the external environment. Therefore, the managers of family businesses must consider the economic situation when their decisions concern the financial policies.

Several limitations constrain the interpretation and application of the study's findings. The first limit of this research is the exploration of the success factors inside the family firms without studying the non-family firms. The second limit of the study is the subjective basis of variables measurements. The results could not be generalized across the whole population of the family firms. Further studies should include larger and broader samples from different countries that are more representative of the family firms' population. Employees at different levels in the organization should be included in the future, and the upcoming studies should not include just the accounting variables to measure the firms' performance.

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