THE RELATIONSHIP BETWEEN OWNERSHIP, MANAGEMENT AND PERFORMANCE IN FAMILY-RUN BUSINESS IN OMAN: CASE OF DHOFAR PROVINCE

Tariq Mohamed SalihAtiya*, Muawya Ahmed Hussein**, Khalid Al Maashani***

*Dhofar University, Dep. of Management & Marketing, Sultanate of Oman
**Dhofar University, Dep. of Accounting and Finance, Sultanate of Oman
***Public Authority for Small and Medium Enterprises Development (Riyada), Sultanate of Oman

Abstract

This paper investigates the extent to which the family businesses ownership is separated from their management in the governorate of Dhofar, in Oman. The objective is to examine the impact of ownership and management separation on the performance of the family businesses. The study uses the descriptive survey method and a sample of 36 family owned businesses for the survey. A questionnaire is used to collect data. The findings of study shows positive relationship between the separation of ownership and customer as well as employees satisfaction also has statistical significance on the different dimensions of the dependent variable (corporate performance).

Keywords: Family Businesses, Corporate Performance, Customer Satisfaction, Employee Satisfaction
JEL Classification: D02, D20, D23, L25, L26, N15, N85

1. INTRODUCTION

It has become common thought amongst the academics, media, government and business community that now a days the family business is not limited to the usual form like; a simple family plant established by the father and mother in order to avail a source for a living and secure future for their children. In recent years, this traditional view has been changed and curved into a new trend in the literature emerged to explore the actual reality and the real role of the family business as the backbone of many of the current economic systems.

2. BACKGROUND OF THE STUDY

The Middle East and North Africa (MENA) region (where Oman is a member) has a steward of family businesses that have been in service in the region for several years and constitute the real pillar (backbone) and leader of the regional economy. Al Kharafi family (Kuwait), Al Ghurair family (UAE), Kanoo family (Bahrain), Al Rajhi family (Saudi Arabia), Al Futtaim family (UAE), the Sawiris family (Egypt), Mohsin Haider Darwish family (Oman) and Bahwan (Oman) are some of the famous and well-known MENA-based family companies.

Most of these businesses are large corporations with different activities and interests in all leading industries. In Middle East 90% of the companies are family-owned businesses which generate approximately 80% of the region's GDP and provides Employability to 70% of the labor force in the Cooperation Council for the Arab States of the Gulf region.

The statistics shows that almost 5,000 medium to large family firms survive in the Middle East, with net assets totaling USD600 billion. These companies constitute 75% of the private sector economy and employ 70% of the labor force in the GCC region (Al Masah Report, 2011). These family businesses go back generations and are closely intertwined with the development of the region, way before oil was discovered; when the region was a sleepy, trading backwater, it was these families that were putting in place roots that form the bedrock of the current economic environment.

Recent studies have shown a higher dominance of family firms in the MENA region viz-a-viz other regions. Two key factors contributed to their growth and subsequent power in the region:

1. Cultural preference (steeped in deep tribal and Arab tradition) to first pursue business within the family and then consider outsiders
2. Solid political connections (an important factor for pursuing business in closed economies).

In general, 48% of the families account for a little more than 60% of the wealth. Saudi Arabia leads the way followed by the UAE, Kuwait and Egypt. In the list of top 65 families based on wealth the average family net worth in Saudi Arabia stood at USD6.0 billion. The MENA average stood at USD4.5 billion.

According to Family Business Review, seven out of ten family-owned businesses fail to make the transition to second generation and just one in ten makes it to the third generation. Most family-owned businesses in the MENA region were founded in the 1950s or later which as a result; a large number of these establishments are being managed by members of the second generation.

3. LITERATURE REVIEW

Despite the fact that family businesses represent most of the business organizations in many countries but they didn't receive the attention they really deserve. In Sultanate of Oman family businesses represent most of the SMEs and a considerable part of the large business organizations. Researchers have found that the retention of family ownership and management of the company, especially when the company reaches a certain size, was one of the determinants and obstacles that stand in front of the company's growth and creating a competitive advantage to enable them to withstand its competitors and sustain in the competitive market. This is particularly true when there arises within the family the problem of the transfer of power from one generation to the second generation (Zidane, 2009).

3.1. Concept of Family Business

Generally, the term family business refers to any commercial organization established and controlled by family members. Historically, family businesses are always attributed to the founder's name or the father of the family. These companies are often closed in their legal classification and fall under several names such as sole company or limited liability or partnership or limited partnership. The main characteristic in all these types is that the management and control of the company are influenced by the family.

Various researchers have reviewed existing definitions, attempted to consolidate the thoughts and conceptualized other definitions of family businesses (Van et al, 2009).Chua, Chrisman and Sharma (1999) reviewed more than 20 definitions for the term family businesses and concluded that there is a total agreement among researchers that a business owned and managed by a nuclear family is called a family business.

However, a part from that agreement on the aspects of ownership pattern and management involvement, researchers hold different definition (Chua, Chrisman, and Sharma, 1999). Another definition was brought by Dubl (2013) stating that the company is a family if more than 50% of the shares are owned by a single family and more than 50% of the (team) administration descended from the family that owns the company.

3.2. Advantages of family businesses

The advantages of family businesses are linked to issue such as trust, discipline, and staff motive. It seems that the links and family values constitute the identity of a strong economic and high level of interior convergences which may have positive impact on performance of the company. Dubl (2013) pointed out that the companies which enjoys strong family orientation may record higher confidence and hence a cooperative internal environment. It is often assumed that achieving higher profit in family businesses is more idealistic because the primary goal is to preserve the happiness of the family rather than focusing on the amount of profit, given an acceptable family control over the company.

Some features that are seen to be positive in family business are:

1. ***Friendly and Cooperative Culture*** - Mutual trust between members of the family leads to the creation of a relaxed atmosphere at work, which in turn enhance high level of performance.
2. ***Common Interests*** -The family members spend more time in the workplace and this has social advantage as it increases the family ties, which again is reflected on the economic activity of the company. This may mean combining the profit motive and social dimensions where the company contributes to the strengthening of the family relationship because of the common interests of the members through the company

- ***Great respect for the family*** - This feature is clearly shown in the Arab and Islamic societies, which are characterized by extended families and confidence in the decisions of the family leader.
- ***Inherent Experience*** -Experience inherited from the owners of these projects or the founders. Despite the lack of education or many of the family business founders, many of them showed very good skills in administration and are characterized by vision insightful and this leads to increasing the capacity and skills of employees in the company most of them being from the same family
- ***Higher Risk and Achievements*** -Flexibility, boldness and speed in decision-making process and to prepare for the biggest risk because the owner is the manager (Trade and finance magazine, 2005).

The Economic Importance of Family Businesses:

Family businesses represent a large proportion of economic units in the economies of many countries. In EU countries the proportion of family businesses is between 70-95 % of the total number of companies operating and contributes with 70% of the GNP.

In the United States the number of the family companies registered is nearly 20 million out of the total number of companies operating. In Italy, the registered family companies represent 95% of the total companies operating.

In the Arab countries, the proportion of family businesses accounts for nearly 95% of the number of operating companies. In Gulf countries also the proportion of the family companies is 95% of the total number of companies operating, with almost 40% of the job opportunities provided to the labor force in Kuwait and 80% in Saudi Arabia and 88 % in the Sultanate of Oman.

The above statistics show clearly the important role played by the family companies in the world economy. Some of the largest companies are also family companies as seen in the following table.

3.3. Separation of Ownership from Management and Performance of Family Companies

A number of management experts stressed on the importance of the application of the principle of separation of management from ownership in the family businesses.

Mohamed AL Dighaishim (2007) pointed out that the achievement of independence from each other will help in achieving the satisfactory economic results, continuity and improvement. He argued that the climate that will come from the application of the principle of separation of ownership from management will increase productivity and efficiency the matter which will help our companies to be more flexible in coping with the changes that occurs in the environment. This is because it gives management and administrative agencies the flexibility to make decisions that are in favor of the company and not according to the whims of the owners of capital.

In the same direction about the benefits of separation of ownership from management Al Kathiri pointed out that separating ownership from management helps in attracting qualified professionals/specialists and the ability to employ accountability mechanisms (Alkathiri, 2007). On the other hand some researchers stated that there are some drawbacks arising from the separation process. One of the major drawbacks of separating ownership from management is that there is still a clear and huge lack of qualified professionals specialized in the investment and financing. There is shortage in existing competencies working in the financial sector or the banking and the possibility to attract such workforce may be expensive and do not guarantee the existence of a sufficient number of professionals, engineers and experts in the field of investment and industry.

In the case of separation and the absence of the founder from his position in favor of the current generation may result in a lack of discipline management. Another difficulty that can be seen particularly in Arab countries is the lack of understanding of the culture of the workplace.

A recent empirical study took the position that family firms are theoretically distinctive from other closely related firms due to the influence of altruism on agency relationships (relationships between shareholders and management). Poza and Ernesto (2004) argued that family firms are differentiated by both the active involvement of family in firm management and the intent of family members to retain ownership of the firm. A more recent article highlighted the uniqueness of a family business to the very different influence that family has on ownership, governance, and management participation; the experience reflected in the generation in charge; and the organizational culture embedded in the enterprise (Poza & Ernesto, 2004)

Chrisman, Chua, and Litz (2004) studied the impact of family involvement in ownership, management, and succession and found that family involvement reduced overall agency costs and increased performance, measured by short term sales growth.

The study of family firm performance is becoming increasingly central within the field of family business studies (Sciascia & Mazzola, 2008). However, most of these studies are conducted on large listed companies. Moreover the findings of these studies are mixed and sometimes contradicting. For example; Lee (2006) found that family involvement in management had positive impact on performance measure through profitability, employment and revenue.

On the other hand, Lauterbach and Vaninsky (1999) and Sciascia and Mazzola (2008) found that the involvement of family in management made these companies less efficient. Filatotchev et al (2005) in Salvatore, Sciascia and Mazzola (2008) found a negative relationship between the percentage of directors linked to a family and a number of measures of profitability and firm value. All these studies have been conducted in listed companies.

Villalonga and Amit (2006) give explanation to family-owned businesses as company with intensive ownership by individuals who have bigger motivation than mainstream shareholders to keep an eye on managers and who frequently assume management positions themselves. Family-owned businesses' exceptional dynamics bear them a competitive advantage, which permits the companies to do better than their non-family competitors throughout generations (KPMG, 2011; Anderson and Reeb, 2003). On the other hand, there is a vital gap between family-owned companies that attain competent succession (second generation and above) and family-owned companies that experience failure. Ward (2004) pointed out that only a few firms survive beyond the founder's generation. Similarly, Ventner *et al.,* (2003) prove verification of less than 15 % of family-owned companies passing the third generation. previous research has speculated this to an ineffective succession practice, described by poor succession planning, the founder's opposition to change and rigidity, weak next-generation leadership skills and attitudes towards the business, conflicting family goals, family divergence, price pressure from large transnational companies, rising complications within the family energetic, weak corporate governance and restrictive government and institutional mechanisms (e.g. Colli and Rose, 2008; Alleyne *et al.,* 2014).

Nadia *et al., (*2015) examine the succession practice of family-owned businesses working in an emerging framework and the determinants that participate to successful generational shift. Interviews were conducted with the leaders of sixteen 16 family-owned businesses. No official succession planning had been exploited by the companies across generations. Though, family-owned businesses were out looked more likely to go through inter-generational transfers. While generational transfer was greatly inclined by visions of legacy continuity and visions of family lifestyle improvement and firm leaders' generational transfer was driven by need for independence.

Yung *et a*l (2016), investigate how companies under a family-governance structure modified to institutional restructuring over time. In this paper the results of the analysis point out that institutional restructuring minimize firm reliance on family governance and remove the negative effects on performance carried out by a controlling family's hierarchical ownership structure. They also find that institutional improvement promote outside corporate governance by domestic institutional investors. In final, their study illustrate that institutional reforms modify the essence of family firm governance.

4. JUSTIFICATION OF THE STUDY

The conflicting results and the lack of similar studies on non listed companies was the main drive to undertake this study in the context of Sultanate Oman. Despite the significant role of family businesses in national economies has been constrained by a number of difficulties and problems. Among these problems is the separation of ownership from management.

Literature review has shown that there are contradictory and vague evidences for the effect of this principle of separation of ownership from management in the family business.

5. RESEARCH PROBLEM

This research study endeavors to find out the impact of separation of ownership from management in corporate performance in family businesses in Gulf Region.

6. RESEARCH QUESTIONS

This main research problem is subdivided in to the following questions:

- *RQ1:* What is degree of separation of ownership from management in family businesses in Dhofar governorate?
- *RQ2:* What is the corporate performance level among the family businesses in Dhofar governorate?
- *RQ3:* Is there relationship of statistical significance between separation of ownership from management and the corporate performance of the family businesses in Dhofar governorate?

7. HYPOTHESIS DEVELOPMENT

In order to answer these question number of hypothesis were developed as follows:

H1: There is no statistically significant relationship between the separation of ownership and corporate performance in family businesses in the Dhofar Governorate

H1a: There is no statistically significant relationship between the separation of ownership from management and customer satisfaction in family businesses in the Dhofar Governorate

H1b: There is no statistically significant relationship between the separation of ownership and employee satisfaction in family businesses in the Dhofar Governorate

H1c: There is no statistically significant relationship between the separation of ownership from management and the company's reputation in the family business in the province of Dhofar

H2: There is no statistically significant impact of the separation of ownership from management on corporate performance in family businesses in Dhofar Governorate.

H2a: There is no statistically significant impact of the separation of ownership from management on customer satisfaction in family businesses in Dhofar Governorate.

H2b: There is no statistically significant impact of the separation of ownership from management on employee satisfaction in family businesses in Dhofar Governorate

H2c: There is no statistically significant impact of the separation of ownership from management on company reputation in family businesses in Dhofar Governorate

H3: There are no statistical significant differences in the opinions of the respondents concerning the relation between (the separation of ownership from management) and (corporate performance) in family businesses in Dhofar Governorate attributed to the fact that the person from family members or from outside.

8. METHODOLOGY

The research design of the current study follows the positivist paradigm and constitutes the quantitative research approach. The researchers used analytical and descriptive survey method for data collection.

The separation of ownership from management was investigated over various functions of the management (dependent variable). The dimensions of the performance (Independent variable) have been determined form the relevant literature (Auesh, 2008; Badr, 2009). Salvatore Sciascia and Pietro Mazzola (2008) stated that the only way to quickly obtain a multidimensional and relative measurement of performance that can be trusted is to ask the CEO directly how he or she perceives the company performance.

This technique of measurement is based on subjective evaluations and therefore biased, but it allows the researcher to obtain a more meaningful evaluation rather than a mere set of ratios (Salvatore Sciascia and Pietro Mazzola (2008: p. 338)). In line with the above statement the researchers developed a questionnaire consisting of three parts:

Part 1: Personal data of the respondents

Part 2: Six dimensions representing the independent variable (planning, Organizing, Leadership, Decision making, Communication, and Controlling)

Part 3: Three dimensions representing the dependent variable (Customer Satisfaction, Employee Satisfaction, and Company Reputation)

To test the reliability of the research instrument, the research was reviewed by experts in the field from Dhofar University and their recommendation has been incorporated. The reliability was measured through Cronbach's Coefficient Alpha which was 0.947 for the total of all questionnaire fields as it is shown in Table 1 below.

Table1. Reliability Test

Questionnaire/Dimensions	*No. of Items*	*Cronbach Alpha*
Total Questionnaire	45	0.947
Planning	6	0.647
Organizing	8	0.788
Leadership	4	0.684
Decision Making	3	0.571
Communication	4	0.776
Controlling	5	0.815
Customer Satisfaction	6	0.854
Employee Satisfaction	3	0.723
Company Reputation	6	0.868

The targeted population constituted the employees and executives in the family companies in Dhofar Governorate. The total number (population) of family owned businesses in Dhofar Governorate is not available (no statistics) from any official source as there no official classification of family business as separate category. So convenient sampling method has been used and easy accessible sample of 5 big and old family companies were selected. 50 questionnaires have been distributed and 36 were returned and used for statistical analysis.

Table 2. Demographical Information

Variable	Category	Number	Percentage
Capacity	Family Member/Employee	18	50%
	Non Family member/Employee	18	50%
	Total	36	100%
Age	20 yrs – less 30 yrs	10	
	30 yrs – less 40 yrs	19	27.8%
	40 yrs – less 50 yrs	5	52.8%
	50 yrs – less 60 yrs	2	13.9%
	More than 60 yrs	0	0
	Total	36	100%
Academic Qualifications	Below Diploma	4	11.1%
	Diploma	6	16.7%
	B. Sc.	22	61.1%
	Master	4	11.1%
	PhD	0	0
	Total	36	100%
Work Experience	Less than 1yr	3	8.3%
	1 yr – 4 yrs	11	30.6%
	5 yrs –10 yrs	12	33.3%
	More than 10yrs	10	27.8%
	Total	36	100

Table 2 shows that 50% of the respondents were family members working in the company and 50% were non family members working in the company. This may ensure some degree of objectivity. Furthermore, the table reveals that majority of the respondents are academically qualified and experienced that they can respond easily and objectively to the questionnaire.

9. FINDINGS AND RESULTS

In order to explore the degree to which separation of ownership from management the following tables are meant to show the extent to which the issue is practiced in each single management function and answer research question.

RQ1: What is the degree of separation of ownership from management in family businesses in Dhofar governorate?

Table 3 shows the mean and standard deviation of the responses of a sample search phrases for dimensions measuring the degree of separation of ownership from management in family businesses. The statements in each dimension have displayed in descending order according to their relative importance as shown in the questionnaire by respondents and then summarized in the following table.

Table 3. Descriptive Statistics of the dimensions measuring the degree of separation of ownership from management

Dimension	*Average responses of the respondents (Mean)*	*Standard Deviation*	*Rank*
Planning	3.38	1.258	6
Organizing	3.6	1.195	5
Leadership	3.78	1.082	1
Communication	3.67	1.158	3
Decision Making	3.71	1.126	2
Controlling	3.63	1.082	4

Table 3 shows the following:

a) The average responses of respondents in family businesses to statement of the planning has reached (3.38) with a standard deviation (1.258). This finding suggests that the separation of ownership in planning in family businesses available is medium/averagely important. The rates for individual paragraphs ranged between two values (3.06) and (3.58) and the standard deviations between (1.206) and (1.351). This signifies that the level of separation of ownership from management in planning is high. This ensures the participation of non family members in the process of planning.

b) The average responses of respondents in family businesses to statements for Organizing dimension has reached (3.60) with a standard deviation (1.195). This result suggests that the degree of separation of ownership in organization is high in family businesses. It is clear that employees enjoy authorities commensurate with the size of their responsibilities, regardless of whether they are family members or not of the most prominent features of the organization from the standpoint of the sample. Although, the overall average is high, but this separation is not enough in some areas of organizing. An example is that the statement "the auditor has appropriate degree of independence from the family interventions" was medium.

c) The average responses of respondents in the family business in the leadership had reached (3.78) with a standard deviation (1.082). The results indicated that the pattern of leadership in the surveyed family companies is able to distinguish professional leading of the company and the relationship. The application of the principle of separation of ownership from management in this dimension provides a catalyst working environment for workers from outside the family. Leadership is ranked number 2 among other dimensions due to the classification of respondents.

d) The average responses of respondents in family businesses to statements for communication dimension has reached (3.67) with a standard deviation (1.158), and this result indicates that there is high degree of separation of ownership in the pattern of communication in the family businesses surveyed.

e) The average responses of respondents in family businesses to statements for decisions making dimension reached (3.71) with a standard deviation (1.126). The result suggests that after the there is high degree of separation of ownership in the pattern of decision making in the family businesses surveyed. It is clear from the responses that, the monitoring of the implementation of decisions by the management and follow-up the extent of the commitment by everyone, without distinction is the most prominent features of the decision-making from the viewpoint of the sample with an arithmetic mean of (4.06) and a standard deviation of (0.924).The family businesses in the Dhofar governorate are characterized by broad participation in decision-making between management and employees. This is evidenced from the statement nevertheless, it is natural that the statement number (22) in the questionnaire, which states that (Strategic decisions are not limited to family members) and this is because such strategic decisions are always taken by senior management, which consists mostly of family members or at least family members constitute large proportion of senior management.

f) The average responses of respondents in family businesses to statements for controlling dimension reached (3.63) with a standard deviation (1.082), this result suggests that there is high degree of separation of ownership in the pattern of controlling in the family businesses surveyed.

RQ2: What is the corporate performance level among the family businesses in Dhofar governorate?

Table 4 shows the means and standard deviation of the responses of a sample search phrases of dimensions measuring the corporate performance level among the family businesses. The statements in each dimension have displayed in descending order according to their relative importance as shown in the questionnaire by respondents and then summarized in the following table.

Table 4. Descriptive Statistics of the dimensions measuring the corporate performance level

Dimension	Average responses of the respondents (Mean)	Standard Deviation	Rank
customer satisfaction	3.38	1.258	6
Employee satisfaction	3.6	1.195	5
Company reputation	3.78	1.082	1

Table 4 shows the following:

a) The average responses of respondents in family businesses to paragraphs for the customer satisfaction dimension have reached (3.97) with a standard deviation (0.907), this result suggests that customer satisfaction is highly available in the family business.

b) Theaverage responses of respondents in family businesses to paragraphs for employee satisfaction dimension has reached (3.97) with a standard deviation (0.907) and this result indicates that the employees are highly satisfied which in turn may enhance the customer's satisfaction of the in the family business. It also indicates from the family companies are successful in creating and providing an ideal working environment for employees through the application of the principle of separation of ownership from management.

c) The average responses of respondents in family businesses to the company reputation dimension have reached (3.97) with a standard deviation (0.907), this result suggests that company's reputation is high.

Table 5. Hypothesis Testing

Dimension	*Title of the Dimension*	*No. of Statements*	*Z-value*	*Significance Level*
1.	Planning	6	1.006	.264
2.	Organizing	8	.474	.978
3.	Leadership	4	1.003	.266
4.	Decision Making	3	1.081	.193
5.	Communication	4	.613	.846
6.	Controlling	5	.701	.710
7.	Customer Satisfaction	6	.661	.774
8.	Employee Satisfaction	3	1.085	.190
9.	Company Reputation	6	.803	.540

9.1. Testing of Hypotheses

Table 5 shows the results of tested hypotheses, where the value of the significance level for each dimension were greater than (0.05) and on the basis of the above results it is concluded that the data follows a normal distribution and therefore parametric tests to examine the hypotheses can be used.

H1: There is no statistically significant relationship between the separation of ownership and corporate performance in family businesses in the Dhofar Governorate

The Sub-Hypotheses states that:

H1a: There is no statistically significant relationship between the separation of ownership from management and customer satisfaction in family businesses in the Dhofar Governorate

To test this hypothesis, Pearson correlation coefficient was used. The following table illustrates the results.

Table 6. Testing normality distribution (Colomgerov-Smirnov)

Dimension	*Title of the Dimension*	*No. of Statements*	*Z-value*	*Significance Level*
First	Planning	6	1.006	.264
Second	Organizing	8	.474	.978
Third	Leadership	4	1.003	.266
Fourth	Decision Making	3	1.081	.193
Fifth	Communication	4	.613	.846
Sixth	Controlling	5	.701	.710
Seven	Customer Satisfaction	6	.661	.774
Eighth	Employee Satisfaction	3	1.085	.190
Ninth	Company Reputation	6	.803	.540

Table 6 shows that the correlation coefficient between separation of ownership and Customer Satisfaction in family businesses in the Dhofar Governorate, equals 0.694 and the (Sig.) equals 0.000*. The (Sig.) is less than 0.05, so the correlation coefficient is statistically significant at $\alpha = 0.05$. Therefore, a significant relationship exists in the separation of ownership and customer satisfaction in family businesses in the Dhofar Governorate. This further explains that the more the family business succeeds in separating ownership from management, the more customers are satisfied.

H1b: There is no statistically significant relationship between the separation of ownership and satisfaction working in family businesses in the province of Dhofar.

There is no statistically significant relationship between the separation of ownership and employee satisfaction in family businesses in the Dhofar Governorate. To test this hypothesis, Pearson correlation coefficient was used. The following table illustrates this.

Table 7. Correlation testing (separation of ownership from management and customer satisfaction)

Variable	**Customer Satisfaction**	
	Pearson correlation coefficient	**Significance level**
Separation of Ownership from Management	**.694****	**.000**

Table 7 shows that the Pearson correlation coefficient of relationship between the separation of ownership and employee satisfaction reached (0.543) and the significance level reached was (0.001) which is less than the significance level of (0.05). In light of the above findings, it can be said there is a positive statistically significant correlation between separation of ownership from management and employee satisfaction in family businesses in the Dhofar Governorate. Resultantly, the null hypothesis cannot be accepted and accept the alternative hypothesis that there is a positive relationship between separation of ownership from management and employee satisfaction.

H1c: There is no statistically significant relationship between the separation of ownership from management and the company's reputation in the family business in the province of Dhofar.

To test this hypothesis, Pearson correlation coefficient was used. The following table illustrates significance level and coefficient of correlation value.

Table 8. Pearson correlation (separation of ownership and customer satisfaction) (36)

Variable	*Employee Satisfaction*	
	Pearson correlation coefficient	*Significance level*
Separation of Ownership from Management	.543**	.001

Table 8 shows that the correlation coefficient between separation of ownership from management and Company reputation, equals 0.616 and the (Sig.) equals 0.000*. The (Sig.) is less than 0.05, so the correlation coefficient is statistically significant at $\alpha = 0.05$.

Resultantly, there exists a significant relationship between separation of ownership from management and company reputation in family businesses in the Dhofar Governorate. This may mean that the more the family business succeeds in separating ownership from management, the more reputation is established.

H2: There is no statistically significant impact of the separation of ownership from management on corporate performance in family businesses in Dhofar Governorate.

The Sub-hypotheses states:

H2a: There is no statistically significant impact of the separation of ownership from management on customer satisfaction in family businesses in Dhofar Governorate.

To test H2a the simple regression method is used, the following table illustrates this.

Table 9. Correlation Test (separation of ownership and customer satisfaction) (36)

Variable	*Company Reputation*	
	Pearson correlation coefficient	*Significance level*
Separation of Ownership from Management	.616**	.000

It is evident from the Table 9 that the coefficient of determination of the relationship between the separation of ownership from management and customer satisfaction has reached (0.467) which indicates that approximately (46.7%) of the variance in customer satisfaction can be predicted through its relationship with the separation of ownership from management.

The Table 10 also shows that the value of (F) for the regression model is equal to (31.621) and the associated statistical significance is (0.000) which is less than (0.05). Therefore it can be argued for validity of this model to examine the influential relationship of separation of ownership from management in customer satisfaction.

Furthermore, it can be seen that there is an impact of the independent variable (the separation of ownership from management) on the dependent variable (customer satisfaction) as the value of the regression coefficient is (0.752) and the associated (T) value is (5.623). The level of statistical significance associated with it is (0.000) which is less than (0.05). It can be said that there is an impact of statistical significance at the level (0.05) for the separation of ownership from management on customer satisfaction amounts to (75.2%).This means that the independent variable (separation of ownership from management) explained approximately 47% of the effect in the dependent variable, "customer satisfaction

H2b: There is no statistically significant impact of the separation of ownership from management on employee satisfaction in family businesses in Dhofar Governorate

To test H2b, simple regression method is used and the following table illustrates this.

Table 10. Simple linear regression analysis of the impact of the separation of ownership on customer satisfaction

	Regression coefficient	*T-value*	*Sig.*	*Corr. Coefficient*	*Coefficient of Determination (R^2)*	*F*	*Sig.*
Constant	1.260	2.574	.015	.694	.467	31.621	.000
Separation of ownership	.752	5.623	.000				

Table 10 reveals that the coefficient of determination of the relationship between the separation of ownership from management and employee satisfaction has reached (0.274) which indicates that approximately (27.4%) of the variance in employee satisfaction can be predicted through its relationship with the separation of ownership from management.

The table also shows that the value of (F) for the regression model is equal to (14.19) and the associated statistical significance is (0.001) which is less than (0.05). Therefore, it can be argued for validity of this model to examine the influential relationship of separation of ownership from management in employee satisfaction.

There is an impact of the independent variable (the separation of ownership from management) on the dependent variable (employee satisfaction) as the value of the regression coefficient is (0.732) and the associated (T) value is (3.767). The level of statistical significance associated with it is (0.001) which is less than (0.05) it can be said that there is an impact of statistical significance at the level (0.05) for the separation of ownership from management on employee satisfaction amounts to (73.2%).

H2c: There is no statistically significant impact of the separation of ownership from management on company reputation in family businesses in Dhofar Governorate

To test H2c the simple regression method is used and the following table illustrates the relationship.

Table 11. Regression Test (separation of ownership on employee satisfaction)

	Regression coefficient	*T-value*	*Sig.*	*Corr. Coefficient*	*Coefficient of Determination (R^2)*	*F*	*Sig.*
Constant	1.148	1.615	.116	.543	.274	14.192	.001
Separation of ownership	.732	3.767	.001				

Table 11 reveals that the coefficient of determination of the relationship between the separation of ownership from management and company reputation has reached (0.361) , which indicates that approximately (36.1%) of the variance in company reputation can be predicted through its relationship with the separation of ownership from management.

The table also shows that the value of (F) for the regression model is equal to (20.8) and the associated statistical significance is (0.000) which is less than (0.05). Therefore, it can be argued for validity of this model to examine the influential relationship of separation of ownership from management on company reputation.

As can be seen from the table there is an impact of the independent variable (the separation of ownership from management) on the dependent variable (company reputation) as the value of the regression coefficient is (0.812) and the associated (T) value is (4.561). The level of statistical significance associated with it is (0.000) which is less than (0.05), it can be said that there is an impact of statistical significance at the level (0.05) for the separation of ownership from management on company reputation amounts to (81.2%).

The above analysis reveals that three dimensions of the independent variable have statistically significant impact on the dependent variable. This analysis indicates that family companies in Dhofar governorate have to pay more attention to the issue of separating ownership from management to improve its performance (Customer satisfaction, employee satisfaction and reputation).

H3: There are no statistical significant differences in the answers of the respondents concerning the relation between (the separation of ownership from management) and (corporate performance) in family businesses in Dhofar Governorate attributed to the fact that the person from family members or from outside.

Table 12. Regression Test (Separation of ownership on company reputation)

	Regression coefficient	*T-value*	*Sig.*	*Corr. Coefficient*	*Coefficient of Determination (R^2)*	*F*	*Sig.*
Constant	.878	1.348	.187	.616	.361	20.800	.000
Separation of ownership	.812	4.561	.000				

Table 12 shows that the level of statistical significance associated with the values of (T) calculated for the research variables were greater than the level of significance (0.05). Therefore, we can say that there are no statistically significant differences at the level of less than 0.05 between the views of respondents about corporate performance due to the fact that a respondent is member of the family or from outside. Table - 14 shows T test for the differences in the answers of the respondents concerning corporate performance attributed to the fact that the person from family members or from outside.

Table 13. T- Test

Dimension	*Employee nature*	*Number*	*Mean*	*SD*	*T-value*	*Sig. Level*
Customer Satisfaction	Owner/ employee	18	4.03	.642	.476	.703
	Employee/ non owner	18	3.92	.755		
Employee Satisfaction	Owner/ employee	18	3.89	.723	.703	.082
	Employee/ non owner	18	3.69	.993		
Company Reputation	Owner/ employee	18	3.73	.863	-.522-	.812
	Employee/ non owner	18	3.88	.840		
Corporate Performance	Owner/ employee	18	3.88	.688	.106	.603
	Employee/ non owner	18	3.86	.772		

Table 13 shows that the level of statistical significance associated with the values of (T) calculated for the research variables were greater than the level of significance (0.05). Therefore, we can say that there are no statistically significant differences at the level of less than 0.05 between the views of respondents about separation of ownership from management due to the fact that a respondent is member of the family or from outside.

10. DISCUSSION

The goal of this research was to investigate the impact of separation of ownership from management on corporate performance in family businesses in Dhofar governorate. The research found the following results:

Generally, results showed that the degree of separation of ownership from management was high in all dimension of the independent variable. The dimensions of the dependent variables were high indicating that the family businesses are performing very well in terms customer satisfaction, employee satisfaction and company's reputation.

- The results showed a positive relationship of statistical significance (0.694) between the separation of ownership and customer satisfaction.
- The results showed a positive relationship of statistical significance (0.543) between the separation of ownership and satisfaction of the employees.
- The results showed a positive relationship of statistical significance (0.616) between the separation of ownership and the company's reputation.
- The results showed that there is an impact of statistical significance at the level (0.05) of separation of ownership on customer satisfaction (75.2%).
- The results showed that there is an impact of statistical significance at the level (0.05) of separation of ownership on the satisfaction of the employees (73.2%).
- The results showed that there is an impact of statistical significance at the level (0.05) of separation of ownership on the company's reputation (81.2%).

The abovementioned findings are supported by the findings of other studies Dubl (2013), Mohamed AL Dighaishim (2007), Chrisman, Chua and Litz (2004). In the mean time the results are in contradict with the findings of Lauterbach and Vaninsky (1999) and Filatotchev et al. (2005). The current study also showed that there are no statistically significant differences at the level of less than 0.05 in the answers of the respondents concerning the relation between (the separation of ownership from management) and (corporate performance) in family businesses in Dhofar Governorate attributed to the fact that the person from family members or from outside.

Table 14 shows T test for the differences in the answers of the respondents concerning the dimensions of the separation of ownership from management attributed to the fact that the person is from family members or from outside.

Table 14. T test (Difference Between Responses)

Dimension	*Employee nature*	*Number*	*Mean*	*SD*	*T-value*	*Sig. Level*
Planning	Owner/ employee	18	3.29	.889	-.766	.106
	Employee/ non owner	18	3.48	.607		
Organizing	Owner/ employee	18	3.60	.810	.054	.832
	Employee/ non owner	18	3.59	.742		
Leading	Owner/ employee	18	3.89	.828	.848	.631
	Employee/ non owner	18	3.67	.743		
Decision Making	Owner/ employee	18	3.80	.785	.912	.740
	Employee/ non owner	18	3.54	.916		
Communication	Owner/ employee	18	3.43	.882	-1.967-	.742
	Employee/ non owner	18	3.99	.811		
Controlling	Owner/ employee	18	3.76	.825	.917	.875
	Employee/ non owner	18	3.50	.846		
Separation of Ownership from Management	Owner/ employee	18	3.60	.705	-.051-	.421
	Employee/ non owner	18	3.61	.587		

11. CONCLUSION

We think that family-owned businesses in the Oman would keep on playing a significant role in the economy. Nevertheless, their achievement going onward counts on their ability to deal with the challenges being encountered by them at present. First, there are challenges of globalization that only few family-owned businesses are capable of managing. Today, globalization has raised competitive stress on all firms. According to Samuelson and Nordhaus (2001) competitiveness means the degree to which a nation's goods and services can compete in the market position, which mostly rely on the comparative prices and quality of domestic vis-à-vis foreign goods and services. That is, a firm's products and services must have an edge over other competitors for continued survival in the marketplace.

Second, is the progression issue, since three-quarters of family-owned businesses in Oman are likely to shift from the second generation to the third? Previous studies point out a poor path record of success – nine of the ten family-owned businesses fail to make the transition to third generation.

Third, a large family base (size) could result in future clash or disagreement between the family members that could affect the business. Fourth, transparency is very weak for several family-owned businesses. Consequently, credit availability on easy terms has become difficult.

In addition, some family firms have taken an initiative to draft a formal policy framework for effective governance; some have become open to the idea of hiring non-family managers; some have even gone to the extent of forming audit committees and independent advisory boards, suggesting that the family firms are bracing themselves to face the challenges of globalization, bolt-on. Due to the results obtained from this study separation of ownership from management on corporate performance in family businesses in Dhofar governorate must be given priority in order for these companies to be more competitive locally, regionally or internationally.

REFERENCES

1. Ahmed Kordy. (2011). What are the Family Companies (Online): Available at http://kenanaonline.com/users/ahmedkordy/posts/277477 accessed 20/5/2014 at 1:22a,m
2. Al Dabel, Randah, 2013 The Evaluation of Family Companies Al YazoriPublishing, Amman, Jordon.
3. Al Kathiri, Mohamed Hamad. (2007). Separation of Ownership from Management: A New Strategic Requirement for Family Companies: Al Riyadh 14189 (on line) available at www.alriyadh.com accessed 19/5/2014
4. Alleyne , P., Weekes-Marshall , D., and Broome , T. (2014). Accountants' perceptions of corporate governance in public limited liability companies in an emerging economy: Evidence from Barbados: Meditari Accountancy Research, Vol. 22 No. 2, and pp.186 – 210.
5. Al Masah Capital Management Limited. (2011). MENA Family Businesses: The Real Power Brokers
6. Anderson, R.C. and Reeb, D. M. (2003). Founding-family ownership and firm performance: evidence from the S&P 500: The Journal of Finance, Vol. 58 No. 3, pp. 1301–1327.
7. Auesh, Shadi Ata Mohamed. (2008).The impact of TQM Aapplication on corporate Performance: Empirical Study on the Islamic Banks in Ghaza Strip
8. Badr, Rashad Mohamed. (2009).The relation between some of Total Quality
9. Chrisman, James J., Chua, Jess H., and Litz, Reginald A. (2004).Comparing the Agency Costs of Family and Non-Family Firms: Conceptual Issues and Exploratory Evidence: Entrepreneurship Theory and Practice, 28 (4): 335-354
10. Colli, A. and Rose, M. (2008). Family business: in Jones, G. and Zeitlin, J. (Eds.):The Oxford Handbook of Business History, Oxford University Press, UK, pp. 194-2
11. Chua, J. H., Chrisman, J. J., & Sharm, P. (1999).Defining the Family Business by Behavior: Entrepreneurship Theory and Practice, 23 (4): 19-39 Family Business Review 2016, Vol. 29(2) 151–158
12. Filatotchev, I., Lien, Y., & Piesse, J. (2005). Corporate governance and performance in publicly listed, family-controlled firms: Evidence from Taiwan: Asia Pacific Journal of Management, 22, 257–283.

13. KPMG. (2011). Family Business Succession: Managing the All-Important Family Component available at: https://www.kpmg.com/ca/en/services/kpmgenterprise/ centre-for-family-business/documents/3468_succession.pdf (accessed 6 September 2014).
14. Lauterbach, B., and Vaninsky, A. (1999). Ownership structure and firm performance: Evidence from Israel: Journal of Management and Governance, 3, 189–201.
15. Lee, J. (2006). Family firm performance: Further evidence: Family Business Review,19(2), 103–114.Management (TQM) dimensions and the organization performance in foreign NGOs in Gaza strip
16. Mohamed AL Dighaishim. (2007). Separation of Ownership from Management: A New Strategic Requirement for Family Companies: Al Riyadh 14189 (on line) available at www.alriyadh.com accessed 19/5/2014
17. Nadia S. W, Philmore A., Khadija H and Amanda P. (2015).Family Business Succession Among Entrepreneurs: Evidence from Prominent Family Businesses in Barbados: The Journal of Public Sector Policy Analysis, Vol8 , pp. 24-52
18. Poza and Ernesto, Family Business, Thomson/Southwest Publishing, (2004). Mason, Ohio.
19. Salvatore Sciascia and Pietro Mazzola. (2008). Family Involvement in Ownership and Management: Exploring Nonlinear Effects on Performance: Family Business Review, vol. XXI, no. (4): 322-324
20. Samuelson, P A. and W. D. Nordaus (2001).Economics. New Delhi: Tata McGraw Hill.
21. Van der Merwe, S., Venter, E., & Ellis, S. M. (2009).An exploratory study of some of the determinants of management succession planning in family businesses: Management Dynamics, 18(4), 2-17. doi: 10.1111/j.1741-6248.1996.00171.x
22. Ventner, E., Boshoff, C. and Maas, G. (2003). The Influence of Relational Factors on Successful Succession in Family Businesses: A Comparative Study of Owner- Managers and Successors: South African Journal of Business Management, Vol. 34 No. 4, pp. 1-13.
23. Villalonga, B. and Amit, R. (2006). How do Family Ownership, Control and Management affect Firm Value? : Journal of Financial Economics, Vol. 80 No. 2, pp. 385-417.
24. Ward, J. L. (2004).Perpetuating the Family Business: 50 Lessons learned from Long-Lasting Success: Palgrave Macmillan, New York, NY.
25. Yung, C. L., Chia, C. T., and Shaomin L. (2016).Institutional Reforms and the Effects of Family Control on Corporate Governance: Sage Family Business Review 2016, Vol. 29(2), pp. 174–188
26. Zaidan (2009). Family Businesses Management: Five contemporary strategic issues, the Arab Organization for Administrative Development. Cairo 2009