An evaluation of the organizational performance of family firms in the Gulf region: Factors impacting sustainable business growth

Master of Business Administration

Dissertation

Assad Liaquat Saeed Malik
Student ID: st20131248
Ethics Number: 2016D5500
February 2018
Abstract

The family firms represent a significant percentage of a country economy both in the developed and emerging nations. In this case, they contribute positively to the countries capital investments and boosting the employment levels. In this context, the present study focuses on evaluating the organizational performance of the family firms in the GCC region. In particular, this study focuses on the factors that impact a significant sustainable growth of the family firms. In this study, the issue of focus has been the increase in the foreign direct investment owing to the recent trends in globalization which have been elicited by the GCC being the preferred destination for foreign investors. Nevertheless, previous research is yet to examine the impact of the FDI in improving the family firm’s organization performance. Data used to achieve the aim of the research was collected through the secondary approach which have been sourced from sources published in the past. The selected sources are from different countries particularly in the western countries. In regard to the changes in the organizational operational efficiencies of the family firms after increase of FDI, they include: strategic decision making, leadership of family firms and being more conservative and risk-averse. The analysis indicates that these factors have impacted positively on the organizational performance of family firms. Similarly, these aspects can be integrated in the GCC firms as a best practice. Lastly, different strategies for enhancing organizational performance in the family firms in GCC have been recommended.
DECLARATION

This work is being submitted in partial fulfilment of the requirements for the degree of MBA and has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed

Date 04-02-2018

STATEMENT 1

This dissertation is the result of my own work and investigations, except where otherwise stated. Where correction services have been used, the extent and nature of the correction is clearly marked in a footnote(s).

Other sources are acknowledged by footnotes giving explicit references. A bibliography is appended.

Signed

Date 04-02-2018

STATEMENT 2

I hereby give consent for my dissertation, if accepted, to be available for photocopying and for inter-library loan, for deposit in Cardiff Metropolitan University’s e-Repository, and that the title and summary may be available to outside organizations.

Signed

Date 04-02-2018
Supervisor Declaration Form

Student Name  Assad Liaquat Saeed Malik

Supervisor’s Name Andrea Steel

I acknowledge that the above-named student has regularly attended the planned meetings and actively engaged in the dissertation supervision process. They have provided regular timely draft chapters of the dissertation and followed given guidance.

Signed  .........................................................

Date  ............................................................
Table of Contents

Chapter 1: Introduction .................................................................................................................. 7
   1.1 Introduction .......................................................................................................................... 7
   1.2 Background of the problem ............................................................................................... 8
   1.3 Statement of the problem .................................................................................................... 8
   1.4 Research question .............................................................................................................. 9
       1.4.1 Purpose/aim of the study ............................................................................................ 9
       1.4.2 Objectives of the study ............................................................................................. 9
   1.5 Significance of the study ................................................................................................... 10
   1.6 Methodology ..................................................................................................................... 10
   1.7 Limitations and delimitations ........................................................................................... 11
   1.8 Conclusion ....................................................................................................................... 11
   1.9 Outline for dissertation ..................................................................................................... 12

Chapter 2: Literature review ........................................................................................................... 14
   2.1. Introduction ...................................................................................................................... 14
   2.2. Historical perspective ...................................................................................................... 15
   2.3. Approaches to FDI theories and impact on family firms ................................................ 18
       2.3.1. Uppsala School Approach ....................................................................................... 19
       2.3.2 Transaction Cost Approach ....................................................................................... 20
       2.3.3. The Oligopolistic Reaction Approach ...................................................................... 21
   2.4. Management of family firms ............................................................................................ 22
   2.5. Conclusion ....................................................................................................................... 24

Chapter 3: Research Methodology ................................................................................................. 25
   3.1 Chapter Overview ............................................................................................................... 25
   3.2 Inclusion Criteria ............................................................................................................... 25
   3.3 Exclusion Criteria .............................................................................................................. 26
   3.4 Research Strategy Suitability in Answering Set Research Questions ................................ 27
   3.5 Data Collection .................................................................................................................. 28
   3.6 Sourced Used in Answering the set Research Questions .................................................. 30
       3.6.1 Cross-Sectional Studies ............................................................................................ 31
   3.7 Limitations of Research ..................................................................................................... 31

Chapter 4: Analysis and Discussion .............................................................................................. 33
4.1 Introduction .......................................................................................................................... 33
4.2 Changes in Organisational Operational Efficiencies of Family Firms after increase of Foreign Direct Investment (FDI) ............................................................. 33
4.3 Organisational Performance of Family Firms in GCC ....................................................... 35
4.5 Conclusion .......................................................................................................................... 41

Chapter 5: Conclusions and Recommendations .................................................................. 42
5.1 Chapter Introduction .......................................................................................................... 42
5.1.1 List of Objectives ....................................................................................................... 42
5.1.2 Research Aims ........................................................................................................ 45
5.1.3 Research Question ................................................................................................... 45
5.2 Conclusions ....................................................................................................................... 46
5.2.1 Changes in organisational, operational efficiencies of family firms after increase of foreign direct investment (FDI) ................................................................. 46
5.2.2 Organisational Performance of Family Firms in GCC ................................................ 47
5.2.3 Impact of Government Policies on Organisational Performance of Family Firms .... 48
5.3 Recommendations ............................................................................................................ 49
5.4 Suggestions for Future Research ...................................................................................... 50
References .............................................................................................................................. 51
Chapter 1: Introduction

1.1 Introduction

Family firms account for 70% of privately owned companies in the GCC (Copeman-Hill and Master, 2016). This, therefore, means that family firms contribute a large influx of income to the respective economies of the countries in the gulf region. Recent trends in globalization have made the gulf a preferred destination for foreign investors owing to the political and economic stability of the countries. Advances in technology have instigated the direct investments from foreign nations to fill the resource gap between targeted and desired investments as well as mobile savings (Abdulrahim, 2015). Khan and Agha (2017) deduce that respective governments in the gulf region have instituted policies and laws that promote direct investments from foreigners towards achieving greater economic and social growth. In this mean, there has been a rapidly increasing population of foreign investors in multiple industries owing to the favorable economic climate, opportunity identification and the availability of immigrant labor in the countries.

Foreign direct investments (FDIs) typically refer to the individual or company investments made on equities and ownership of assets in a foreign country (Amadeo, 2017). Abdulrahim (2015) affirms that FDIs have been deemed a necessary component of economic growth of a country due to the surplus of previously unavailable resources that constitute to positive development in these countries. Majority of the companies in the gulf region are characterized by the investment in oil thus leaving a wider pool of opportunities for investment in other industries (Khan and Agha, 2017). Family firms have been instrumental in providing services in other industries to complement the lifestyles of people living within the gulf region (PricewaterhouseCoopers, 2013). Consequently, the report indicates that family firms are under pressure to adapt to the changes in globalization and formulate ways of coping up with the new forms of organizational structures and development to enhance their organizational performance.
1.2 Background of the problem

The performance of firms in gulf countries has largely been dependent on the input from oil industries which create greater overall country revenue (Abdulrahim, 2015). Changes in globalization have sparked the need for advanced technological industries from western countries thus the implementation of government policies that facilitate Foreign Direct Investment (FDI) (Bolbol, 2012). Consequently, the period after the millennium experienced a vast increase in foreign investments in the gulf with over eighty percent of the foreign firms investing in the technological industry (Mina, 2012). FDIs improve the overall capital formation of countries (Abdulrahim, 2015). This is evident from the creation of employment as well as increased balance of payments in the host countries. Amadeo (2017) further derives that the enhancement of technological and business skills has contributed to an increased competitive dynamic in the host countries that fosters the propagation of businesses. According to Rachdi and Saidi (2011), FDI in developing nations has significantly improved the status of economic growth. This is because of the large volume of foreign capital inflows into the country that facilitates the acquisition of resources needed to develop specified areas in various industries. The ability of the local market to create new opportunities has facilitated a higher investor intake and subsequently a high FDI inflow into the country (Fourne and Zschoche, 2017). Nonetheless, there is very limited research regarding the impact of FDI on the sustainable growth and performance of family firms in the gulf. The development of family firms under the new era of business is critical as they constitute the development of not only the economic growth of the countries, but also the cultural progress of the country as well.

1.3 Statement of the problem

Family firms play a critical role in increasing government tax revenues. This has been the case in the gulf since their independence. Nonetheless, FDI and foreign firms has virtually replaced their role with regards to supplementing the local tax revenues, with the government focusing more on policies that would enhance the propagation of FDI for the purpose of rapid economic growth (Abdulrahim, 2015). In consequence, family firms have been met with various challenges with regards to sustainable development within their respective countries. It is evident that most family
firms only extend to the second and third generations as a result of the imbalance of organizational policies and structure. According to Copeman-Hill and Masters (2016), this has mostly been due to the differences in preserving the standard family way of business operations and incorporating the changing business dynamic into the structure of the firms. As such, there is more pressure by family firms to adapt to the changes in the business process so as to compete in the new industries being set up by foreign investors in their countries (Copeman-Hill and Masters, 2016). Moreover, family firms must consider the impacts of establishing relations with foreign investors on account of the managerial practices in foreign firms as well as the revenues accrued from the companies (PricewaterhouseCoopers, 2013). Therefore, forward and backward linkages between the domains help establish the relative effects of government policies and FDIs on family firms.

1.4 Research question

The major question in the research is:

- What is the impact of increased Foreign Direct Investment and/or government policies on the organizational performance of family owned firms?

1.4.1 Purpose/aim of the study

To critically analyze the challenges encountered by family firms in the GCC and how these challenges affect the organizational performance of the firms.

1.4.2 Objectives of the study

The objectives of the study were:

- To critically analyze the changes in organizational operational efficiencies of family firms after increase of foreign direct investment
- To evaluate organizational performance of family firms in GCC.
- To evaluate the impact of government policies on organizational performance of family firms in GCC.
1.5 Significance of the study

This paper provides the various determinants of absorptive capacity by family firms on FDIs. It analyses the business structure of family firms in relation to the current competitive business environment to assess how government policies have affected the development of family firms through favorable taxation policies as well as the access to valuable resources for sustainable growth. In addition, the paper also critically analyses the development activities and internal organization of innovation to evaluate how factors of FDI have influenced the dynamics of the family business structure. As a factor affecting sustainable development, the paper further evaluates the family management style with regards to decision making and the establishment of external relationships to improve the overall organizational performance of family firms.

A deeper understanding of the dynamics of business operations in family firms in the gulf offer insight into their financial requirements and how respective governments could help mitigate their financial challenges even through direct investments from foreign parties (Ramamurti and Hashai, 2011). The paper articulates the relevant effects of mergers and financial equities from foreign investors into the achievement of individual company goals and objectives towards internationalization as part of the sustainable development strategies. Analyzing the impacts of FDIs and government policies instituted in the gulf on family firms could provide valuable theoretical insights into the possible solutions that would allow for efficient organizational performance and sustainable growth for subsequent generations. Further, this study would also confirm theories supporting business structures that would be congruent to the needs of sustainable development as well as the cultural growth of family firms.

1.6 Methodology

The methodology of the research utilizes a phenomenological research design where trends in Foreign Direct Investments in the GCC over past years are studied. The study analyzes 40 scholarly articles, journals, newspaper articles, reports and peer reviewed sources. Pre-set inclusion criteria were used to select the selected articles used in analysis. As such these articles contained the
information relating to sustainable development of family firms, effect of direct foreign investment on local firms and effects of government policy on performance of family firms in the gulf region.

The methodology of the research study is structured as:

- Research question
- Research background
- Sample size/population and sampling techniques
- Data collection procedure
- Quality assurance.

1.7 Limitations and delimitations

The study uses data from secondary data only thus limiting the scope of the research. There is limited primary data regarding the issues underpinning the research with regard to the influence of FDIs to the performance of family firms in the gulf.

1.8 Conclusion

The change in business operations from a quality service and goods provision perspective to enhanced efficiency and efficacy of business process from input through to output has been met with various challenges. In the gulf countries, FDIs have been instrumental in facilitating the change in business dynamics by providing capital inflows and serving as examples through the establishment of businesses in the water, air and electricity industries. The focus of the paper is aimed at critically analyzing the impacts of FDIs and government policies on the organizational performance of family firms in the gulf for sustainable growth and development. As such, the paper uses secondary data and phenomenological approaches and identifies that there has been a great influx of foreign capital inflows into the gulf countries which has facilitated increased economic growth in the region. Further, the paper delineates that there have been rapid changes in the organizational and business structures among local and family firms in the gulf owing to the introduction of new industries and innovative methods of conducting businesses. This paper is
critical to the reconciliation of the elements of sustainable growth of specifically family firms with respect to the influence of FDIs within the respective countries. From an economic perspective, the benefits outweigh the challenges but still inhibit individual progress of family firms with respect to the initial goals and objectives of the firms during startup. Subsequent generations have been forced to create better ways of integrating into the new business spectrum to ascertain their position in the provision of services to their customers and enhance their organizational performance.

1.9 Outline for dissertation

The dissertation is incorporative of five chapters:

*Introduction*

The first chapter introduces the reader to the concept of Foreign Direct Investments and organizational performance of family firms and states research question, aims and objectives of the research. It provides the background of the problem, the statement of the problem as well as the significance of the study to acquit the reader to the issues underpinning sustainable growth of firms in the GCC.

*Literature Review*

The second chapter offers a detailed account of the influence of FDIs in facilitating or constraining sustainable growth of family firms in the GCC as from information and research conduct by other scholars. A thorough evaluation of key topics of our research is analyzed to provide a basis of the research arguments.

*Research Methodology*

Chapter three provides the methodology used in the research and utilizes a phenomenological research design where trends in Foreign Direct Investments in the GCC over past years are studied. The chapter further incorporates the relative data collection process used in the research.
Analysis and Discussion

Chapter four offers the analysis and discussion of the literature with respect to the results found on the evaluation of the organizational performance of family firms in the Gulf region and the factors impacting sustainable business growth.

Conclusions and Recommendations

The final chapter is the conclusion section which provides the main findings and the implications from the analysis made regarding the impacts of FDIs and/or government regulations on the sustainable growth of family firms in the GCC. The conclusions drawn are then used to offer insight into the practices that family firms should engage in to foster sustainable development while minimizing the risks associated with FDIs on their mission and vision statements.
Chapter 2: Literature Review

2.1. Introduction

The United Nations Conference on Trade and Development (UNCTAD) defines Foreign Direct Investment (FDI) as ‘an investment made to acquire a lasting interest in enterprises operating outside of the economy of the investor’ (UNCTAD, 2013). Multinational Corporations (MNC’s) have become the major dominators of the global market taking advantage of globalization and the global value chain as applied in business and academic areas. MNCs have increased their engagement in FDI activities from their typical unilateral markets within their respective market economies to non-traditional markets to achieve greater profitability (Kurtishi-Kastrati, 2013). Even so FDI activities have been met with several conflicts as characterized high degrees of political and geopolitical instability within the host nations where they operate.

As a result, MNCs tend to specifically engage with countries with greater political and economic stability to secure their future interests. Countries within the Gulf Cooperation Council (GCC) have majorly been focused on the oil and gas industries owing to the large endowment of natural resources in the countries. However, recent shift in economic trends have seen the GCC countries indulge in other industries such as the finance, mining and construction industries.

To achieve further economic development, GCC countries have been seeking to diversify economies through the engagement in FDIs. Business organizational structures and business operations has had to change to incorporate the inward FDI potential established in the respective countries because they are prevalent in the new industries where FDIs have had the most impact. This paper critically examines the evidence and impacts of FDIs and government policy to family firms within the Gulf Cooperation Council (GCC) countries. The GCC comprises of six countries: Kingdom of Saudi Arabia, United Arab Emirates, Oman, Qatar, Kuwait and Bahrain. This literature review gives the historical account of direct investments in the GCC to provide insight into the development of trade relative to foreign investments and government policy. Moreover, the literature review expounds on the Uppsala school approach, the Oligopolistic reaction approach and the Transaction Cost approach as the three major theories outlining the propagation and
relevance of foreign direct investments and the GCC, and the resulting impacts of these investments towards the performance of family firms. The paper further measures the viability of the measures adopted by family firms in dealing with factors of globalization in an increased competitive global market while assessing the advantages of attracting foreign capital through encouraging foreign investment in their companies. Finally, the literature review gives further details about the management of family firms which will help provide more information for future research in articulating the best approaches for successful development of family firms within the GCC.

2.2. Historical perspective

Over the past decades, the GCC has experienced significant economic growth due to the high influx of FDIs. Approximately 40% of the GDP in GCC countries can be attributed to exports in oil and natural gas and have resulted in large reserves of capital revenue within the countries (Huett et al., 2014). However, the natural resources in the respective countries have been deemed exhaustible and as such, there has been a need to find other dependable sources of income for future development of the GCC region (Melnyk et al., 2014). Melnyk et al., (2014) stipulate that governments have established initiatives that would attract foreign investors into their countries through the liberalization of the FDI regime.

Uddin (2016) assert that countries have maximized on the impacts of FDIs through acquiring vast technological resources, human resource capital formation as well as an enhanced competitive business environment. This is especially true for local firms as they have been the dominant structures in other industries that contribute to the total revenues in the GCC region. UNCTAD’s (2012) report affirms the direct proportionality between increase in revenue and the market attractiveness within the GCC.
According to Kurtishi-Kastrati (2013), FDI inflows have increased dramatically since the year 2000-2016 as compared to the previous reverse trends during the 1990s. Data from the IMF records an increase of US$ 9 billion (Dh 33 billion) in the FDI inflows from 2000-2004 in the UAE. This increase of FDI index further escalated to US$ 10.3 billion in 2005 as indicated in a report by General Holding Company (GHC). UNCTAD’s (2012) report further supports that these numbers continue to plummet with an average increase of 47.3% annually in the last decade. In fact, by 2013, the recorded FDI inflow into the UAE was at US$ 95 billion (UNCTAD, 2012). The high figures reflect the providence of FDIs in the resulting economic growth of the GCC countries from a holistic perspective. While positive development is achieved, Mina (2012) argues that the boost of FDI inflows has also impacted negatively on the family firms in the country. Government regulations have enabled flexible economic policies that attract a high influx of investors with interests in the development of their own organizations.

The period before 2013 was a significant period for development for family firms within the UAE as the government regulations restricted investors to partnerships where UAE nationals owned at least 51% of the investment (Tülüce and Doğan, 2014). Tülüce and Doğan (2014) further stipulate that most individual and local investors took advantage of this fact and established larger firms within the confines of current business practice and managed to stay ahead in the rising competitive market. However, family firms were at a disadvantage due to their rigid organizational structures that constricted managerial positions to family members only. The family business structure in the gulf is characterized by the management of key roles and positions by family members (Alaya et

### Table 1: Inward FDI Potential 2011 Index

<table>
<thead>
<tr>
<th>Country</th>
<th>Market attractiveness</th>
<th>Availability of low-cost labor and skills</th>
<th>Enabling infrastructure</th>
<th>Presence of natural resources</th>
<th>Overall rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>9</td>
<td>.</td>
<td>28</td>
<td>45</td>
<td>19</td>
</tr>
<tr>
<td>Bahrain</td>
<td>87</td>
<td>.</td>
<td>32</td>
<td>92</td>
<td>61</td>
</tr>
<tr>
<td>Kuwait</td>
<td>3</td>
<td>84</td>
<td>44</td>
<td>83</td>
<td>60</td>
</tr>
<tr>
<td>Oman</td>
<td>27</td>
<td>62</td>
<td>61</td>
<td>64</td>
<td>54</td>
</tr>
<tr>
<td>Qatar</td>
<td>1</td>
<td>71</td>
<td>45</td>
<td>85</td>
<td>48</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>4</td>
<td>14</td>
<td>70</td>
<td>25</td>
<td>15</td>
</tr>
</tbody>
</table>

al., 2017). In fact, Kao and Kuo (2017) concur that family businesses have operated on the premise of cultural continuation of subsequent generations which makes it difficult to acculturate into the new business environment. The construct of ownership regarding to the FDIs in the country could therefore be deemed to have been unsuitable for most family firms on account of their business practices. This is because ownership of the family firms account for a greater majority of approximately four-fifths of the total company value.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share (percent)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture and fisheries</td>
<td>0.3</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Extraction industries</td>
<td>2.6</td>
<td>2.5</td>
<td>3.1</td>
<td>3.1</td>
<td>2.6</td>
</tr>
<tr>
<td>Manufacturing industries</td>
<td>10.0</td>
<td>9.7</td>
<td>8.2</td>
<td>8.2</td>
<td>9.7</td>
</tr>
<tr>
<td>Electricity and water</td>
<td>2.1</td>
<td>2.1</td>
<td>4.8</td>
<td>4.8</td>
<td>2.1</td>
</tr>
<tr>
<td>Construction and building</td>
<td>24.2</td>
<td>22.0</td>
<td>19.3</td>
<td>19.3</td>
<td>21.9</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>14.4</td>
<td>13.8</td>
<td>10.3</td>
<td>10.3</td>
<td>13.7</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>2.1</td>
<td>1.7</td>
<td>1.0</td>
<td>1.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Transportation and communications</td>
<td>4.5</td>
<td>7.2</td>
<td>4.1</td>
<td>4.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>25.8</td>
<td>22.9</td>
<td>20.7</td>
<td>20.7</td>
<td>22.9</td>
</tr>
<tr>
<td>Real estate</td>
<td>13.2</td>
<td>17.2</td>
<td>27.9</td>
<td>27.9</td>
<td>17.2</td>
</tr>
<tr>
<td>Other</td>
<td>0.6</td>
<td>0.7</td>
<td>0.3</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Total (US$ billion)</td>
<td>16.7</td>
<td>20.2</td>
<td>34.6</td>
<td>41.8</td>
<td>52.9</td>
</tr>
</tbody>
</table>


Table 2: Sectorial Distribution of Inward FDI Stock

In addition, Melnyk et al., (2014) depict the major reason for enhancing FDIs in the gulf region as changing reforms in the corporate structure such that businesses would be more profitable while competing in the new business environments. Local individual investors have had an advantage in direct relations with foreign investors on the FDI boost and especially from human capital resources as well as relevant training in the stringent business structures in the finance, construction, mining and real estate industries (Mina, 2016). The rigid nature of family firms, and especially during the period of increased FDI inflow (2000-2015), inhibited family firms from
collaborating with foreign investors due to the fear of the erosion of family values and proponents which made up the family firm (Alaya et al., 2017).

Consequently, family firms are limited to the indirect benefits of FDIs which is mostly through learning from their competitors in the respective industries. However, recent years have seen a higher investor involvement with family firms for two major reasons. Firstly, Huett et al., (2014) argue that increased competition from non-family firms have drowned most of the family firms and thus needing revitalized strategies to elevate their position in the business environment. In this view, family firms have become less rigid and accommodative of foreign investors who are instrumental in changing their business structures for increased efficiency in the delivery of services to the respective customers. Huett et al., (2014) further stipulate that family businesses which have lost traction in their respective industries have realized the need for current human resources and skills training which could be better achieved through partnerships with foreign investors already in the industry.

2.3. Approaches to FDI theories and impact on family firms

The wave of rapid FDI inflows into the GCC region has been orchestrated through sequential processes that allow for proper integration into the host societies (Majumdar and Varadarajan, 2013). Bolbol (2012) proposes various theories regarding the influence of FDIs in the host nation. Various scholars have researched the topic of FDIs to analyze the economic outcomes of its implementation in the global and local markets. Nonetheless, literature is limited to the outcomes of this implementation in a state/government context. While there are several literatures on its impact on host country firms, there is limited research regarding its impacts specifically on family firms. As the research paper is mostly focused on FDIs, the topic approaches the application of different FDI theories in gulf countries and how the application of these theories impacts the developmental progress of these firms. This research focuses on three major theories; the Uppsala school, the transaction cost approach and the oligopolistic reaction.
2.3.1. Uppsala School Approach

The Uppsala School approach proposes that firms internationalize progressively where the firms do not capitalize on export activities at the initial stages of foreign investment (Bolbol, 2012). The firms later engage in sales subsidiary, and manufacturing which improves the output of the firm in the foreign/host nations. By this analogy, family firms in the host countries do not have a direct advantage over internationalized firms as they are subject to further development in skill training and development in order to adapt to the standards set across by the established firms. The major challenge in this approach is that family firms have to adapt to the changes in the business approach and especially in new industries where they have to learn the dynamics of operating in the new industries. The sequential stages in the process model indicate that family firms tend to increase their commitment towards the resources in the market in order to share the same benefits enjoyed by internationalized firms within the region (Johanson and Vahlne, 1977). Literature also indicates that the international experience is divided into two categories; a general international experience and the experience of the host country, (Moosa, 2002). This tends to create competition between the firms where family firms have the advantage of having the experience in their host countries as well as learning from the MNCs in their respective countries thus having accruing the international experience required for development in the specified industry. Consequently, scholars derive a positive correlation between the influx of FDI in a country and the level of investment commitment by the existing family firms in the host country (Head et al., 2002; Randoy and Dibrell 2002).

FDI is then considered an important building block in establishing sustainable and diversified knowledge in business operations within the GCC region; a factor that benefits local family firms within the respective countries. For instance; FDI stocks from FDI inflows in the UAE have experienced an annual growth rate of 45.3 percent over the past decade which constitutes US$ 95 billion (UNCTAD, 2012). Family firms have been subject to these statistics as they comprise a majority of the non-oil and gas companies which constitute to approximately forty percent of the overall GDP in gulf countries. Literature indicates that most FDI stock is concentrated in finance, construction, and real estate; industries that have previously been dominated by family firms (Kurtishi-Kastrati, 2013). On one hand, the lower ratio of family firms to foreign firms in these industries reflects badly on the progress of family firms within the GCC. On the other hand, family
firms operating within these industries have developed to incorporate international standards of business where they accrue a lot of income thus reflecting positive growth with regards to personal development. Further, this has set precedence for aspiring family firms in the same industries where there are vast opportunities of innovative organizational structures that are inclusive of the local and global perspectives for sustainability. In fact, Mina (2012) indicates that recent greenfield FDI is majorly concentrated in construction, with over 50% of mergers and acquisitions (M&A) deals being organized in communications, finance, utilities and transportation.

2.3.2 Transaction Cost Approach

The transaction cost approach infers that firms internalize activities that could be performed at low costs while subcontracting activities that have a higher cost when performed internally as opposed to having external suppliers (Bolbol, 2012). This theory holds true when considering the FDI the GCC region. Foreign investors internalize their operations when engaging in foreign markets for two reasons; to minimize on the overall cost of production and to maintain a close management of their investments in the new markets. For instance; Majority of the financial and non-financial Multinational enterprises (MNEs) operating in the UAE are Fortune 500 companies which acquire resources from the region and conduct their business operations running internal operations which utilize these resources to realize their profits (Mina, 2012). Literature also indicates that there were 113 U.S. MNEs’ affiliates in the UAE with greater asset values of US$ 25 million as of 2010 (UNCTAD, 2012). 95 of all 113 MNEs had were majority owned according to U.S. Bureau of Economic Analysis data, and 95 of them were majority-owned associates which utilized approximately 19,500 employees who worked in scientific, technical, manufacturing, wholesale and mining industries (Zhou et al., 2002). The statistics correspond to one-fifth of the total workforce working in family firms within the same industries. As a result, family firms faced increased competition levels where structural organization changes were required for them to adequately compete in the changing dynamics of the new markets.

The transaction cost approach also considers the degree of control a firm has over its respective processes towards profitability. In this context, the efficiency of the entry model is dependent on the processes and activities that a firm in involved in within the industry (Kao and Kuo, 2017). A firm would have better operational outcomes if it controls most of elements of the value added
chain related to the transactional costs in the inputs and outputs. This approach is applicable to both family and foreign firms. On the premise of the impact of FDIs on family firms, Mina (2012) concurs that the transactional cost approach is disadvantageous to family firms as the foreign firms exercise greater control for specialized products and services because of the complexity of their business structures. As such, foreign firms do not engage the local family firms through subsidiary or sub-contractual basis thereby dominating the markets in the industry while family firms.

2.3.3. The Oligopolistic Reaction Approach

The oligopolistic reaction approach entails the decision by a firm to conduct specific actions because they have been conducted by other firms in the industry (Bolbol, 2012). The theory stipulates that in an industry where there are a few major players, the decisions made by either one of the firms is mutually interdependent and the behavior or one firm in the industry affects the actions taken by other firms within the industry (Knickerbocker, 1973). In the UAE for instance, established family firms have created brands that are synonymous with the industry of practice. In this mean, family firms within the real estate, construction or finance industries operate in move countermove approach where the each of the firms derives their operational and marketing actions from the decision made by other family firms. FDI inflows into the country have changed the dynamics of this relationship with foreign investors becoming more relevant in these industries thus affecting the existing competitive dynamics in the industries (Gulf News, 2016). This is also especially because foreign investor firms run their organizations on different business environment scales as compared to the traditional strategies applied by the family firms. Consequently, family firms have adopted and integrated current business models applied by foreign investor firms in a bid to maintain their positions in the industries.

The impact of FDIs on family firms is also affected by the establishment of foreign firms in the host nations. The foreign firms change the oligopolistic reaction from the family firms in the respective industries. For instance; foreign firms in Saudi Arabia such as the Gulf International Bank and the Qatar bank have influenced the direction of the finance industry within the country (Mishal and Abulaila, 2007). These large MNCs have dominated most of the customers within the finance industry in Saudi Arabia and thus family firms and other local firms operate within the set standards of these multinational banks (Abdulrahim, 2015). Consequently, FDIs have
revolutionized the overall structure of the Saudi economy into better economic growth. The inflow of FDI into Saudi Arabia is characterized by a host of factors related to privatization, the Gross Domestic Product as well as the imports and exports to and from the country. According to Abdulrahim (2015), foreign firms in Saudi Arabia have increased the competitive business environment among the industries which has propagated the growth of new firms in those industries. Through oligopolistic reactions, family firms in Saudi Arabia have had a positive trend in development as a result of imitation of better performing firms within their respective industries. Studies indicate that there is a positive relationship between net FDI inflow and the growth of local firms in the GCC. Further, there is a negative relationship between the net FDI inflows and privatization of firms. Nonetheless, Khan and Agha (2017) support Bolbol’s statement that increased GDP of a nation, (specifically Saudi Arabia) improves the position of domestic firms which have significantly benefited from new technologies and production techniques as learned from the foreign firms.

2.4. Management of family firms

High FDIs inflows into the GCC have changed the dynamics of family firm management and have called for greater interests with respect to the decision-making processes within the firm. In family businesses, the general direction of the firms is influenced by decisions made by the managers who are typically the family members. (Alaya et al., 2017) argue strongly that family firm owners can either facilitate or constrain the exponent of family businesses depending on the impact of FDIs in the specified region. For starters, domestic firms that in industries that attract a high FDI input have higher productivity as compared to the domestic firms which are in industries with pre-existing high FDI inputs. This creates a challenge in the decision making process by the owners or managers of family firms as the productivity and development of the family firms is dependent on the decisions made regarding the influence of FDIs in the specific industries. Most family firms in the GCC operate within the finance and real estate industries where there has been a cumulative influx of FDIs (Uddin, 2016). Further, the high influx of FDIs is progressive with further increase in the FDI influx expected to rise in future years.
Managers in family firms use the transaction cost economics perspectives to analyze the internal and external uncertainty of the firms with regards to the prevailing business markets (Majumdar and Varadarajan, 2013). Bolbol (2012) adds that most managers choose to engage in wholly-owned subsidiaries as compared to joint ventures due to internal uncertainties in the firm’s operations. Managers have to take into account the behavioral response of the family members who are sensitive to the socio-emotional wealth of the firms (Alaya et al., 2017). In this perspective, family members view the influence of FDIs on the resulting social outcomes of the firms as destructive to the key family values that drive the firms. Literature indicates that the high involvement of family members in the board or in higher management positions influence the decision to be wholly-owned subsidiaries with less involvement with FDIs. On another perspective, the external influences of FDIs can be realized through analyzing the competitive levels of the family firms amongst other firms in the industry.

Managers in family firms also have a significant influence over the internationalization of family firms. According to Bolbol (2012), managers consider the influence of FDIs on the performance of family firms to assess the probabilities of the family firms to engage in joint ventures through FDIs. The decision by family firms to engage in joint ventures is majorly to benefit directly benefiting from the formation of human resources, integration in global markets and increased competition in the global market through partnerships with foreign investors. Majumdar and Varadarajan (2013) derive that joint ventures with foreign investors enable family firms to acquire labor training, transfer of skills from the foreign investors, the transfer of new managerial resources as well as new organizational practices that increase the efficiency and effectiveness of the firms. Further, (Alaya et al., 2017) affirm Majumdar and Varadarajan’s sentiments that family firms could benefit from experienced workforce in the industry as demonstrated by managerial efficiency in operations and entrepreneurial capability in opportunity identification. This set of skills can be acquired through implicit and explicit training with the partners.
2.5. Conclusion

The impact of Foreign Direct Investments (FDIs) on existing local economic infrastructures has been the subject of debate in the recent past. The GCC has undergone a period of immense change in its economic structure due to the shift perspective from capitalizing on oil and natural gas industries to service and care provision. As such, respective governments in the GCC have instituted attractive investor policies to facilitate higher FDI influx that would expand the economic output in the financial, real estate and construction industries. This paper evaluates the impacts of FDIs on the financial performance and operational efficiencies of family firms in the GCC region and how government regulations have directed this change. The paper focuses on three principal approaches in the application of FDIs in gulf countries and how the application of the theories have impacted upon the development of family firms within the region. While the Uppsala school approach determines that FDIs are introduced progressively, the transaction cost approach deduces that firms internalize operations that are more cost effective as compared to outsourcing these operations to subsidiaries and external suppliers. In addition, oligopolistic reaction approaches have also been instrumental in determining the position of family firms on account of the influence of other major firms within the respective industries. The paper also sets out to analyze the role of FDIs in the management of family firms in the GCC. We look at the managerial decisions made by managers in family firms towards establishing joint ventures or wholly-owned subsidiaries with respect to the influence of FDIs.
Chapter 3: Research Methodology

3.1 Chapter Overview

This chapter enumerates on the research methodology, investigative approach and specific methods adopted in this study. It offers a precise definition of the research methods used in carrying out of the study. The researcher enumerates on the extent to which the necessary data and information were collected, presented and later analyzed for addressing all the research objectives and questions. The aim of the overall research was adopting methods that can be demonstrated as being straightforward and practical within the limitations of resources already available in terms of expertise and time. The secondary data was suitably adopted for achieving the ideal level of detail to generate good results.

3.2 Inclusion Criteria

According to Saunders and Lewis (2012), the need for an inclusion criterion is informed by the fact that they are categorized into documentary, surveys, and multiple sources. The inclusion criteria are inclusive of the specifics that are essential for the sake of incorporating different journals and reviews in the current study (Clarkson et al., 2013). It equally offers guidance for understanding the specific parameters which have been taken into account in the study. As aforementioned, this study aims to analyze the challenges encountered by family firms in the GCC and the extent to which these challenges affect the organizational performance of the firms. To attain this aim, the following fundamental inclusion criteria were used in this review. This is in line with Saunders and Lewis (2012) who noted that secondary data enables answering of research questions, enabling research objectives to be achieved, having a great gain than their associated costs and allowing access for research. They include:

- The types of design of the selected study. In the context of the current study, the mixed method, qualitative and quantitative research designs were adopted. Mixed methods studies tend to integrate one or more qualitative and quantitative techniques for the collection of data and subsequent analysis (Östlund et al., 2011)
• The types of participants in the different selected research - Individuals with experience in family firms, both males, and females of any race or ethnic groups.

• Publication year - Articles that had been published from the year 2010 onwards have been included. The rationale for this is that a high number of reviews and researchers on challenges encountered by family firms has significantly been carried out within this period. Majority of the issues had not been evaluated before 2010.

• Language of publication - it is only the English language that was selected for use in the study. As noted by Saunders and Lewis (2012), this is aimed at establishing that the required secondary data is available and locating the precise data required.

• All the selected methods had been peer-reviewed and comprising of grey literature which are technical reports, government publications, and websites which are all approved.

3.3 Exclusion Criteria

The adoption of exclusion criteria enabled the readers and researchers in the identification of the parameters which are not necessarily meant for the study. According to Saunders and Lewis (2012), this should be done to mitigate some of the disadvantages with secondary research. These include purpose of data collection failing to match research needs, difficulties in their access and high costs, aggregations and definitions being unsuitable, lack of control over data quality and initial purposes failing to affect data presentation. The factors include:

• Elimination of articles worth participant’s possession comorbid conditions
• Sources published beyond 2010
• Repetition in different databases for a similar article
• Unavailable PDF documents accompanying the selected study source
3.4 Research Strategy Suitability in Answering Set Research Questions

As demonstrated in chapter 1 of this dissertation, the primary research question would be “What is the impact of increased Foreign Direct Investment and/or government policies on the organizational performance of family-owned firms? As a best practice, this problem was fragmented into different variables subsequently evaluated through the use of systematic analysis (Saunders, 2011). In this case, it was ideal to deduce on the ideal reliability and validity of the selected secondary research and its entire applicability in answering the primary and subset research questions. Also, research strategy suitability is attributed to the overall process capacity to guarantee fragmentation of study concepts (Reiter et al., 2011). This is evident from the small portions sourced from the primary study ideas as shown in figure 1 below.

![Research Strategy Suitability Diagram]

*Figure 1: Research Strategy Suitability*

*Source: Author*
Taking into account of figure 1 above, the secondary research method has a potential of facilitating the identification of plausible capabilities of guiding answering of all the identified research questions. This includes identification of changes in organizational, operational efficiencies of family firms after increasing foreign direct investment, organizational performance of family firms in GCC, and impact of government policies on organizational performance of family firms in GCC. To improve the study relevance, it was necessary to establish an ideal protocol to be adopted systematically to implement the search strategy for the sake of promoting rigorous and subtle systematic analyses. This is in line with Mackey and Gass (2011) who noted that research protocol should be adopted in characterizing different steps used in this specific study.

3.5 Data Collection

In the secondary approach, the stages adopted include topic review selection, searching for the most relevant literature, scrutinizing the selected literature, critical analysis of literature and grouping of the sourced literature thematically (Zikmund et al., 2013). This is a practice adopted to guide the identification of appropriateness of the data collection approach selection. As noted by Cope (2014), the secondary approach of data collection process demands a consideration of the need for identifying an adequate introduction, having a primary discussion of past literature, analysis of the findings and later presentation of conclusions. This is in line with Saunders and Lewis (2012) who argued that the secondary data is a dataset which have already been collected for some other purposes. This is as opposed to the primary data which can be collected particularly for the sake of answering a research question and meeting research objectives.

Also, as part of the selected data collection method, the research process thoroughness for achieving the identified research objectives was remarkable for this study. As demonstrated by Gelman et al., (2014), unless the data collection approach is thorough and sufficiently inclusive, it would be a critical challenge attaining the set research strategy objectives. This is in line with Saunders and Lewis (2012) who noted that the overall suitability of secondary research can be achieved through excluding unwanted data, enhancing sufficiency of data and analysis of costs and benefits. This was achieved by capitalizing on the available databased for this study. However, not all the databases were accessible for this research since they demand subscriptions to be better
positioned to locate the published articles. In the context of the current study, the selected databases included Elsevier Science Direct, ProQuest, CINAHL, and PubMed. The search terms chosen for this study included family firms FDIs, the organizational performance of family-owned firms, family firms operational efficient and family firm’s performance government policies. The choice for the key terms was influenced by the desire of ensuring the selected sources were highly reliable, relevant and accessible having been published in the last 7 years.

The use of Boolean operators was ideal for this study as it guided a successful integration of identified search terms and searching strategies in databases (Jukna and Sergeev, 2013). In this case, the Boolean operators included selected terms such as “or” & “while.” These were strategically used to segment the different search terms and research content ideal for the study. At the end of the review of the study, the databases adopted were segmented on the basis of information relevance and suitability in answering the all posed research questions (In'Nami and Koizumi, 2010).

In this case, the challenges encountered by family firms in the GCC and the extent in which the challenges impact on the organizational performance of firms successfully identified. Similarly, the adoption of the wildcards and truncation such as “*” and “?” were instrumentally ideal for ensuring that the secondary data collection was successful. In the end, the data and information sourced were in line with the overall best practice and formation of a plausible background for extending into future research. This is in line with Lew (2013) who noted that Boolean operator’s integration, truncations, and wildcards are a representation of a phenomenological relevance which is more efficient in informing the overall suitability of research methodology.
3.6 Sourced Used in Answering the set Research Questions

As aforestated, the research questions incorporated a broad array of topics collaborated in family firm’s organizational performance in GCC. As a consequence, the sources selection was carried out through a coordinated process as demonstrated in figure 2 below.

![Figure 2: Sources used in answering set research questions](image)

Source: Author

As shown in figure 2 above, the multiple steps used are based on focusing on aspects of inclusivity and exclusivity of the most and ideal sources and those that fail to meet the defined criteria in that order. The initial step focused on accessing the databases and utilizing the critical terms in searching all sources which are relevant to the study objectives. From this step, approximately 50 titles were sourced from CINAHL database, 10 sourced from PubMed, 100 titles from Elsevier science direct database and 100 from ProQuest databases. In this case, a total of 260 sources were used which is informed by the secondary research global analysis best practice. Additionally, it is
not all the sources which were identified as being fit to be successfully integrated into secondary research analysis. In this case, a comprehensive consideration of the importance of all sources is implemented starting the process with the abstract selection. In this context, the majority of the sources were excluded as they failed to meet the overall exquisite qualifications as demonstrated by the inclusion and exclusion process. In overall 260 sources selected for this study, only 15 sources were noted to be ideal to inform on the systematic analysis.

3.6.1 Cross-Sectional Studies

Ideally, the cross-sectional studies are adopted for ensuring that they are directly associated with the observations that are in most instances sourced from different groups. According to Birkinshaw et al., (2011), this is an indication that this research did not achieve in adopting any relevant experimental procedure and as hence there was no variables manipulation. Instead of carrying out the real experimentation process, this study focused on the adoption of the information recording and synthesizing of different themes. This ought to be implemented through targeting on the different sources already available on the basis of the set research questions ideal for this study. This is in line with Gelman et al., (2014) who argued that the thematic sources synthesis plays a critical role in informing on the best practice in research and validation of the sourced findings.

3.7 Limitations of Research

Apart from the merits associated with the study approach, there exist limitations that hinder the best practice of the strategy and obtaining relevant findings. Majority of the limitations are linked to the steps taken in research such as searching, screening, and synthesis. As noted by Birkinshaw et al., (2011), secondary research approach necessitates accessing of a wide range of databases and peer-reviewed journals which can on some occasions be perceived as being challenging or problematic. This is moreso the case due to the costs accrued in subscribing to the databases and the peer-reviewed sources (Saunders and Lewis, 2012).

Also, the arbitrary decision in focusing on the only available sources have a direct implication to study validity. The number of gray literature and websites opted for in this study were very limited hence acting as a bias to this study. According to Mackey and Gass (2011), it is possible to discard
potentially essential literature sources consequently affecting the credibility of the research findings. Thirdly, to attain research objectivity, the need for harmonizing inclusion and exclusion criteria was essential (Saunders, 2011). This is despite the presence of inevitable subjectivity in the screening process particularly in an event where a significant number of research workers are actively involved. This choice could be attributed to the fact that all the search team members represent different ways of interpreting criteria for inclusion and exclusion. It is essential to mitigate the occurrences of these inconsistencies in screening, piloting, and screening process. This is in line with Jukna and Sergeev (2013) who noted that in a secondary research review, the pilot study ensures that the researcher is in a position of screening all the selected sources in a more consistent approach irrespective of the subjectivity level identified. Also, in regard to time and resources constraints, a research focus can gravitate towards self-proclaimed research design as a practice of mitigating the different research biases.
Chapter 4: Analysis and Discussion

4.1 Introduction

This chapter of dissertation presents a critical evaluation and a comprehensive integration of the obtained results from the selected sources. The results have majorly focused on the available literature instead of collected data due to insufficiency in the number of authors who have quantitatively focused on the area of family firms and their organizational performance. As aforementioned in Chapter 3 of this dissertation, information and literature from the selected sources have been used in informing the analysis section of this dissertation. Through referencing to the selected sources, this analysis section establishes the extent to which the specific issues of general statements formulation and the overmatching conceptualisations have been determined. As aforementioned, the primary aim of this study is to provide a critical analysis of the challenges encountered by family firms in the GCC and the extent in which the challenges faced have implications on the overall organisational performance of the firms. This section is segmented into three main sections. The first section offers a critical analysis of the literature sources that have focused on evaluating the changes in organisational, operational efficiencies of family firms after an increase in the foreign direct investment. The second section offers an evaluation of the organizational performance of the family firms in GCC. Lastly, this study evaluates the impacts of the government policies on organisational performance of the family firms in GCC. As noted earlier in the introduction chapter, there are limited studies in GCC that have focused on family firms in UAE. In this case, this study would majorly focus on the available literature globally and adopt it in formulating findings that can be adopted in context of GCC. The analysis section will focus on these issues respectively.

4.2 Changes in Organizational Operational Efficiencies of Family Firms after increase of Foreign Direct Investment (FDI)

In a general perspective, the reviewed sources have evidenced the fact that family firms are normally differing from non-family firms in their strategic decision-making particularly in the FDI decisions (Bhaumik et al., 2010; Lu et al., 2011; Liang et al., 2014). Particularly, Villalonga and
Amit (2006) study on how family ownership, control and management affect a firm value using proxy data on all Fortune-500 firms in 1994-2000 generated interesting insights. The study noted that family ownership creates value only in an event where the founder plays the role of a CEO of a family firm or as a chairman with a hired CEO. Often, making economic profit is not the sole purpose of running a business but also establishing and operating companies in maintaining the socioemotional wealth which include personal attachment, commitment, and the identification with the firms (Berrone et al., 2012; Sciascia et al., 2013; Kotlar and De Massis, 2013). Hence, due to these characteristics, it is evident that the family firm’s characteristic of risk aversion is a reflection of their prudence in resource commitment. For instance, it is unlikely for the family firms to significantly invest in the research and development areas (R&D) and innovativeness (Block, 2010). A similar tendency is evident in the family firms FDI decisions. In an event the FDI increases in a host country, the family firms, when compared to non-family firms, will tend to neglect resource commitment and attempt to assume a lower equity stake in their overseas affiliates after undertaking the FDI activities. Hence, it is evident from this literature that any increase in FDI can contribute to an organisational, operational efficiencies changes of the family firms.

A study by Dabla-Norris et al., (2010) on global levels of FDI noted that FDI had been rapidly increasing in different countries with the USA remaining as the single most significant host country. In particular, the global flows of the FDI has currently been ranked to stand at $1.3 trillion in 2000 with $143 billion being located in the developing Asian countries. To appreciate the role of FDI in the organisational, operational efficiencies of family firms, it is ideal to focus on Kraus et al., (2012) study. This study noted that the FDI paradigm is based on the fact that a firm is likely to actively engage in FDI when it has abundant resources. However, this study used the measures of corporate success, product innovation intensity, managerial innovation and organizational innovation in evaluating the organization success. In spite of the fact that this premise is only in existence in the developed nations, its adoption in the emerging economies remains significantly unclear; most studies have supported this notion. This is since the international family firms tend to target their investments to the neighbouring nations at an early stage of development. Innovation is a significant aspect that contributes to the family firm’s operational efficiencies. This is evident from Kraus et al., (2012) study which focused on 533 companies from Finland where family firms
were found to leverage more on managerial and organizational innovation. The level of innovativeness however increased based on the level of FDI.

In the context of family firms, Gomez-Mejia et al., (2010) argued that family proprietors perceive their entities as a family patrimony or a mechanism for provision of employment and financial security for their families. As such, they tend to make attempts in preserving their firm’s familiness through recruitment of family members and relatives or handing over their business to their offspring’s. This phenomenon tends to delineate competent non-family members from such firms (Gomez-Mejia et al., 2010). Consequently, the managers in the family firms end up suffering from lack of diversities often leading to them being less responsiveness to the changes in their environment (Boubakari and Feudjo, 2010). FDI has a significant effect on the manner in which these entities continue to strengthen their ventures in different markets. This is evident from the family firms being affected by lack of diversity often leading to less responsiveness to changes in their environment which is an aspect that changes based on FDI (Parada et al., 2010). Past studies (Gaudecker and Von, 2015; Abreu and Mendes, 2010) have equally supported the fact that family equity holdings are normally more concentrated, leading to a relative lack of financial portfolio diversification and limited liquidity ratios. As such, their operational efficiencies are affected as they are limitedly tolerable to the existing risks. In an event the family businesses encounter uncertainties such as increasing FDI in their countries, they end up being more conservative and risk-averse as opposed to the non-family entities.

4.3 Organizational Performance of Family Firms in GCC

Majority of the reviewed studies generated critical insights on the issue of organisational performance of family firms. In one of the reviewed studies (Naldi et al., 2007) that had used a sample of Swedish SMEs to evaluate risk taking as an element of entrepreneurial orientation in family firms, the best practice in organisational performance was identified. The authors noted that the issues of entrepreneurial orientation and risk-taking strategies represent the best practice of establishing organizational performance of the family firms. Additionally, the study hypothesised that even in an event the family firms fail in taking risks but are engaged in entrepreneurial activities, they take the risk to a lesser extent as opposed to the nonfamily firms. In particular, the
study found out that family firms take statistically significantly less risk as opposed to non-family firms (mean difference=0.15 on a seven-point scale; t= 2.04, p< 0.05). To support these findings, Gomez-Mejia et al., (2010) study which focused on a sample of 360 firms, 160 being family controlled with the rest (200) being non-family firms, it noted that the risk-taking in family firms is negatively related to organisational performance. In a different study by (Habbershon and Williams, 1999) demonstrated on the extent in which a resource-based framework can be used in the provision of a theoretical framework from the area of strategic management to assess the competitive advantages of family firms. Through the use of the framework, this study identified that the organisational performance of a family firm is an element of complex, intangible and dynamism which represents behavioural and social phenomena within an entity providing a competitive advantage. The study was in line with Zahra et al., (2004) who noted that the family firms tend to have a unique working environment fostering a family-oriented workplace and inspiring greater employee care and loyalties. Also, their sufficient performance can be evidenced by the extent to which they pay their employees greater wages and having the capacity of bringing out the best in their workers. Also, Kraus et al., (2012) argued that family firms tend to have more flexible work practices for their employees, having lower recruitment costs, lowering the human resources costs and more efficient as opposed to other companies in labor-intensive businesses.

From the reviewed studies, it is evident that family firms face significant challenges and opportunities which characterise their performance. Apart from the factors that characterize the best performance of the family companies, some challenges affects their best practice in different markets of their venture. For instance, family firms in GCC have been characterized by success and factors limiting their progress forming the challenges. Davis et al., (2000) evaluated on the challenges facing family companies in the Gulf Region. In this study, they first focused on the central roles of family companies in the economies of the Gulf Region and the reviews of the new economic era characterising the emerging countries. Lastly, the key challenges that face the family companies in GCC have equally been evaluated. The study established the challenges facing the GCC family firms as including the competitive challenges (20%), the challenge in maintaining ownership control of the firms by the families (60%), coping with the increasing family complexities (10%) and ensuring an overall family continuity in the ownership and management of the company (10%). As part of mitigating these challenges, Scholes et al., (2016) study focusing
on GCC firms noted that they tend to dominate the market niches they serve. This study had a different point of view from Davis et al., (2000) since it noted that whereas the Gulf family businesses focuses extensively on what they can do best, the majority of the GCC family firms are still optimistic about the scope of their performance. In a general perspective, companies venture into a new line of business for enhancing their image or keeping a competitor out of business instead of complementing already existing businesses and strengthening the entity financial positioning. Taking this into account, in a similar phenomenon in a global arena, family firms in the GCC region tend to hand on businesses characterised by declining profits. This could potentially be an attribute of lack of financial analysis and emphasis on productivity by these companies (Davis et al., 2000).

As part of the organizational performance, Scholes et al., (2016) noted that the extent in which resources are valued are 70% dependent on the family ownership. In the study evaluation of the extent of linking resources, strategic planning, and technological opportunities to organisational performance, critical findings were obtained. In this study, the authors adopted the resource-based view of the firm to evaluate how family specific resource (reciprocal altruism) and a firm-specific resource (innovative capacity) contributes to family firm performance. Later, the study examined the extent to which the impact of the resources could be moderated through the adoption of strategic planning and technological opportunities. The findings from the study postulated that 90% of the evaluated family firms could significantly gain from making emphasis on positive elements of kinship and from developing innovative capacities. From this point, the authors demonstrated that not only do the particular firm resources leads to contributions on family firm performance; family relationships can equally be a source of competitive advantage for the different family firms. Additionally, the study found a heightened criticality of reciprocal altruism in environments characterized by opportunities in technological scope, and to the fact that strategic planning is more essential for the family firms lacking the innovative capacities. The study findings were different from Carney (2005) study which hypothesised that families could be a source of competitive advantage to the family firms. This means that innovation and strategic planning had limited role to play in operations of the family firms. This calls for a need for more studies in considering the extent in which families can make contributions to family firms competitive advantage. Also, in a different perspective, Abdullah and Valentine (2009) noted that the
stewardship theory is a promising perspective in taking into account of the extent in which family interactions can offer contributions to the family firm success. Particularly, the reciprocal altruism described by (Chrisman et al., 2011) is ideal in socially-complexed resources differentiating the extent to which family’s acts as stewards of the form from those constraining and diminishing their overall form performance. This can be regarded as the stark contrasting feature to a vast amount of agency theory-oriented studies focusing on conflicts and dysfunctional behaviors of the family members operating in different family firms which have majorly been an issue of consideration in the other studies previously described.

Another aspect that determines the family firm’s performance is the relationship between the families and individuals recruited by the firms. For instance, Anderson and Reeb (2003) study focused on investigating the relationship between the founding-family ownerships and firm performance. From the findings of this study, it can be argued that the family ownership is both prevalent and substantial with the family companies accounting for approximately 18% of the overall equity. Additionally, the study analysis equally found that the family firms with good relations tend to perform best as opposed to the nonfamily firms. Also, the analysis revealed that there is a direct relation between the family holdings and the firm performance and as such when the family members play the roles of a CEO in the family organisations, the performance is better as opposed to the external CEOs. This is however contrary to Dyer (2006) study findings which noted that the available research has failed in elaborately describing the family effects on the organisational performance. This means that there is no way Anderson and Reeb (2003) study could have generated the identified findings. Dyer (2006) however identified four different types of families determining the firm’s performance which included closed, random, open and synchronous paradigms. This is best explored by Sirmon and Hitt (2003) study that evaluated on the process of resources management. In this study, the concepts of linking unique resources, management, and wealth creation in family firms are all critical factors that determine an organisation performance. In this study, a framework termed as resource management process model has been recommended which is comprised of components such as resource inventory, resource bundling, and resource leveraging can all be adopted in the GCC context to enhance the growth of their family firms.
4.4 Impact of Government Policies on Organizational Performance of Family Firms

In any organization globally, the existing policies and corporate governance represents one of the fundamental factors establishing the health of the system and capacity of the organizations surviving in different economic shocks (Carney, 2005). This is asserted by Akhtaruddin et al. (2009) study, that noted that the corporate governance has significantly dominated the area of policy agenda particularly in the already developed market economies. Additionally, the concept is increasingly being considered as a top policy agenda in the African continent and GCC region. This is significantly prompted by the financial crisis and the relatively poor performance in the corporate sector in this region which have contributed to the need of focusing on the area of corporate governance and the need of integrating it in the countries policies agenda. In family firms globally, there are no specific government policies that characterize their operations, but their practice is an attribute of corporate governance (Ibrahim and Samad, 2011). In a study by Sarbah and Xiao (2015) which focused on good corporate governance structures, it noted that corporate governance identifies the structures and processes used in directing and controlling business and the relationships between the management, board of directors, control of shareholders, minority shareholders among other stakeholders. The study hypothesised that since appropriate corporate governance offers positive contributions to sustainable economic development through enhancement of company performances. It is imperative for the family businesses to adopt ideal corporate governance structures for enhancing their overall growth. This is in line with Mankani (2013) study which noted that for the family businesses to succeed, they must adopt efficient and effective corporate governance practices, engage in skillful navigation through the existing market changes.

The impact of government policies or organizational performance of family firms can be described from the perspective of Sraer and Thesmar (2007) study. This study focused on the performance and behaviour of family firms through evidence collected from the French Stock Market. This research empirically documented the performance and bahaviour of the family firms which had been listed on the French Stock Exchange between year 1994 to 2000. From this study, it was noted that 30% of the overall firms are widely held, while the remaining 70% are family firms.
this case, any government policy in the stock exchange market directly influences the scope of the operations of the organizations. This is more complicated by the perception that family firms tend to outperform significantly on the held corporations. The study findings from the research informed on the need of efficient adoption of labor in heir-managed firms. Ideally, government policies must focus on setting the ideal wages for the family firms, managing the industrial shocks in the financial sector and honoring the labor contracts. This is affirmed by (Gulzar and Wang, 2010) report that noted that family-owned firms must be characterized by a specific degree of formalization if they are to function effectively. This is since families tend to adopt policies on the family’s approach to the business and on the business governance. Ultimately, the family leaders of these organizations would be in a position of formalizing their efforts, align their organizational performance with the government requirements and leverage from the government provided opportunities. The family firms with clear stipulated policies tend to be highly profitable, operating through less bankruptcy risks, lower valuations and paying less remunerations to their shareholders.

On the other hand, presence of weak corporate government and policy framework could contribute to poor firm performance and risky financing patterns and are equally macroeconomic crises. Additionally, (Wei et al., 2014) evaluated on the motives for outward FDI of Chinese private firms. The author focused on the factors such as firm resources, industry dynamics and government policies. Taking into account of this study, the author noted that presence of supportive government policies are critical motivators for both the strategic asset –seeking and market-seeking outward the FDI.

Additionally, Chen et al. (2010) study noted that government support in terms of policies have a direct and indirect implication through their interactions with internal factors. Also, the roles of the institutional framework established by the government in the internationalization strategies of family firms ought to be taken into account when evaluating the determinants of outward FDI at the firm levels. This can be affirmed by Le Breton-Miller et al. (2011) literature that focused on the organizational performance of family businesses in different government policies. The policies must be at play to ensure that issues of mix of personal family dynamics, business strategies and ownership criteria ends up creating an emotionally charged environment. This ensures that the
decision-making process, day-to-day management are not challenging. Ultimately, the family businesses would act in a high level integrity, equality, transparency, professional recognition, corporate governance and sustainable development issues.

4.5 Conclusion

In summary, this chapter has provided an evaluation of the information and findings obtained after a successful evaluation of selected literature sources. This is particularly the research in the area of challenges encountered by family firms in the GCC and how the challenges impact on the organizational performance of the firms. In particular, the evaluated literature has focused on the changes in organizational operational efficiencies of family firms after increasing the FDI. Also, the organizational performance of the family firms has been evaluated based on the selected sources. Lastly, an evaluation of the impacts of government policies on organizational performance of family firms has been provided. From the evaluated literature sources, it can be noted that FDI and government policies in GCC and globally elicits a direct implication on the family firm’s organizational performance. They equally generate plausible recommendations on the possible solutions that would facilitate efficient organizational performance and sustainable growth for the future generations. All these should be integrated with the aspects of cultural growth of the different family firms. This is since the family firm’s development in the new era of business is essential as they constitute the development of economy of the countries and cultural progress of the countries.
Chapter 5: Conclusions and Recommendations

5.1 Chapter Introduction

This study sought to undertake a critical investigation pertaining organisational performance of family firms through a focus on the factors that impact sustainable business growth. The study was undertaken in the context of Gulf region family firms. Following the collection and analysis of the secondary data sources, this final chapter offers the conclusions and recommendations. This section is informed by the information and literature reviewed. The rationale for this is the insufficiency of studies done in this field hence not be ideal to focus on case studies and datasets in the analysis and subsequent conclusions and recommendations section. Based on their relevance, the conclusions are discussed in line with the literature reviewed in the second chapter. Towards the end of this chapter, plausible suggestions for future research have been appropriately provided.

5.1.1 List of Objectives

In regard to the objectives, this study intended to achieve the following objectives;

1. To critically analyze the changes in organizational operational efficiencies of family firms after increase of foreign direct investment
2. To evaluate organizational performance of family firms in GCC.
3. To evaluate the impact of government policies on organizational performance of family firms in GCC.

Below table demonstrates how the objectives have been achieved in this study;

<table>
<thead>
<tr>
<th>Objective Number</th>
<th>Achieved (yes/no)</th>
<th>Studies reviewed</th>
<th>Findings Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>Bhaumik et al., 2010 Lu et al., 2011 Liang et al., 2014</td>
<td>• Family firms differing from non-family firms in terms of strategic decision making</td>
</tr>
</tbody>
</table>
| 2 | Yes | Naldi et al., 2007  
Gomez-Mejia et al., 2010  
Habbershon and Williams, 1999  
Zahra et al., 2004  
Kraus et al., 2012  
Davis et al., 2000  
Scholes et al., 2016  
Carney 2005  
Abdullah and Valentine 2009 | • The leadership of family firms is critical to their efficiencies  
• Unlikely for family firms to invest in research and development areas and innovativeness which are critical aspects in increasing FDI  
• Increase in FDI contribute to an organisational, operational efficiencies changes of the family firms  
• Abundancy of resources which is part of an entity success determined by FDI levels  
• FDI uncertainties such as increase leads to family firms becoming more conservative and risk-averse  
• Entrepreneurial orientation and risk taking strategies represents best practice in family firm’s organisational performance  
• Family firm’s performance is significantly successful as opposed to non-family firms  
• Organisation firms faced by challenges such as maintaining ownership, family complexities, enhancing continuity in ownership and management |
<table>
<thead>
<tr>
<th>Family firms in the GCC region tend to hand on businesses characterised by declining profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation and strategic planning limitedly impact the family firms competitive advantage</td>
</tr>
<tr>
<td>The type of family firm (closed, random, open and synchronous) determines the level of their performance</td>
</tr>
<tr>
<td>Leadership of the family firms either headed by a hired CEO or a family member play critical role for the success of the organizations</td>
</tr>
</tbody>
</table>

| Appropriate government policies offer positive contributions to sustainable economic development through improvement of performance of family firms |
| Family firms must operate within facets of set policies and engage through skilful navigation of existing market changes |
| Family firms with a clearly stipulated policies tend to be highly profitable, operating through less bankruptcy risks, lower valuations and paying less remunerations to their shareholders |

Policies must be at play to ensure that issues of mix of personal family dynamics, business strategies and ownership criteria ends up creating an emotionally charged environment

5.1.2 Research Aims

The aim of this research was to critically analyze the challenges encountered by the family firms in the GCC and how these challenges affect the organizational performance of the firms. This has been achieved by evaluating the literature on the operational efficiencies of family firms due to FDI increase, family firms organizational performance in GCC and impact of government policies on organizational performances. All these factors have been identified have been identified as being a challenge or a positivity to the family firms operations in different dimensions. In this case, the aim of this research has been achieved. The provided literature can equally be used in context of GCC to identify the best practice that can be adopted to guarantee the success of the family firms.

5.1.3 Research Question

In context of the current study, the research question was; What is the impact of increased Foreign Direct Investment and/or government policies on the organizational performance of family owned firms?

From the study, it has been noted that based on the market of venture by a family firm, FDI can have a positive or a negative implication to its efficiency and organizational performance. This is since the level of FDI has an implication to innovativeness, research and development and human resources engaged in the organizations operations. Also, the level of diversity of the entity human resources in the family firms is established by the level of FDI. This is a similar case with the government policies set in different jurisdictions.
5.2 Conclusions

The obtained conclusions and recommendations are based on the attained objectives, fulfilled aims of the research and a successful answer of the identified research question. The conclusions are structured based on the identified objectives.

5.2.1 Changes in organisational, operational efficiencies of family firms after increase of foreign direct investment (FDI)

As part of the study’s first objective, the researcher sought to understand how the operational efficiencies of the family firms are affected by an increase in FDI. Based on the study analysis of findings, several conclusions pertaining to this objective can be put forward. To begin with, the study concludes that family firms usually are differing from non-family firms in their strategic decision-making specifically their FDI decisions. This is evident from the indicators such as the purposes of establishing the family firms which is not profit driven but to maintain socioemotional wealth such as personal attachment, commitment, and identification with the firms. Also, the family firm’s characteristic of risk aversion represents a prudence resource commitment. Such indicators are consistent with the reviewed literature. For instance, Kraus et al., (2012) study reviewed in this study indicated that family firms tend to increase their commitment towards the resources in the market in order to share the same benefits enjoyed by internationalised forms in their region. Randoy and Dibrell (2002) and Head, et al., (2002) on the other hand hold that the nature of risk aversion by family businesses identifies how they efficiently operate in different FDIs since it is a critical building block in establishing sustainable and diversified knowledge in business operations. These are factors that are beneficial to the local family firms within their respective countries (UNCTAD, 2012)

Second, the study concludes that any increase in FDI can contribute to a subsequent operational efficiencies changes of the family entities. Notably, an increase in the FDI in a host nation leads to the family firms neglecting the resource commitment and assume a lower equity stake in their overseas affiliates after an undertaking of FDI activities. Based on the research by Kao and Kuo (2017), a family firm would leverage from a better operational outcome if it controls the majority
of the elements of the value-added chain related to the transactional costs of the inputs and outputs. This is what determines the resource commitment and need for assuming a lower equity stake.

Third, the study concludes based on the findings that the increase in FDI have a significant influence on the manner in which the family firms continue in strengthening their ventures in the targeted foreign markets. From the findings, it is evident that the scope of the family firms is affected by the fact that they lack diversity which often leads to limited responsiveness to changes in their operating environment. This is since a majority of the family firms are concentrated to a single financial background leading to lack of financial portfolio and limited liquidity rations. Mina (2012) underscored that increasing FDI in host nations leads to increased control for specialised products and services because of the complexity of their business structure. In this case, the foreign firms fail in engaging their local firms through subsidiaries or sub-contractual basis hence dominating the markets. In any event, the FDI are favorable, the family firms leverage on the capacity of exploiting new technologies and production techniques in host nations. This is particularly the case since this study has found out that international family firms target investments in their host nations at an early stage of development where they lack international experience and location advantages.

5.2.2 Organizational Performance of Family Firms in GCC

This study equally sought to evaluate the level or approach of the organisational performance of the family firms in GCC. One of the main findings in this context is that in the developed countries such as Sweden and Finland the family firms have been able to implement their entrepreneurial orientation and risk-taking strategies. This is despite the organizational performance of the family firms being regarded as a complex, intangible and dynamism representing behavioral and social phenomena within an organization leading to competitive advantage. In GCC, the reviewed studies which have focused on the countries have noted that the family businesses tend to dominate the market niches they serve. Despite their immense progress, the majority of the family firms are still optimistic regarding their performance scope.
Second, this study has concluded that due to the uncertainties that characterize different host countries for the family firms FDI, the type of the family firm (either closed, random, open or synchronous) will determine their organisational performance. This is in line with the reviewed literature from Sirmon and Hitt (2003) who noted that unique resources, management, and wealth creation in the family firms represent the critical factors characterising an entity performance. Nevertheless, it is the managers of the family firms who have the last word in terms of their venture in international business markets.

Lastly, this study has concluded that family firms can use joint ventures with other local firms as a strategy for improving their performance. Through this strategy, the family firms would be in a position of capitalising on resources, strategic planning, and technological opportunities which all leads to an increased organisational performance. This view is supported by the reviewed studies by (Alaya et al., 2017) affirm Majumdar and Varadarajan’s (2013) where both studies underscored that family firms could benefit from the experienced workforce in the industry they venture by partnering with local companies. This has been noted to be a plausible avenue for increasing their managerial efficiency in operations and entrepreneurial capability in the identification of available opportunities. These set of skills could be sourced from implicit and explicit training with their partners. This can also be an excellent opportunity for mitigating the issue of family dominance in the family entities by having the families as CEOs as opposed to external CEOs.

5.2.3 Impact of Government Policies on Organizational Performance of Family Firms

The last objectives evaluated on how government policies impact on the organisational performance of the family firms. First, this study has found that policies and corporate governance issues represent the fundamental factors that characterize the suitability of a venture and possibility of survival in different economic shocks. One of the government policy that has been factored in this study is FDI. FDI policies include regulations on the family firms level of working ethics, equality, transparency, professional recognition, and sustainable development issues. For instance, one of the reviewed studies by Wei et al., (2014) which evaluated on the FDI and its impact on Chinese private firms had critical insights. From this study, it was noted that the presence of supportive government policies represents the critical motivators for both the strategic assets-seeking and market-seeking strategies. This has also been reiterated by Sraer and Thesmar (2007).
study which focused on the French Stock Market and noted that 30% of the firms are widely held with 70% representing the family firms. In this case, any government policy in the stock exchange market directly influences the scope of operations of the family firms.

5.3 Recommendations

From the analysis of the study findings, it is evident that GCC family firms have had significant efforts to improve their organisational performance (Davis et al., 2000; Scholes et al., 2016). Also, similar to the family firms from the developed jurisdictions, the role of FDI and its implication towards the performance of the family firms play critical roles. Nevertheless, there is a clear distinction between the organisational performance of GCC family firms and developed countries such as Sweden and Finland. However, a number of measures could still be undertaken to improve their organisational performance to lead to their sustainable business growth.

First, GCC family firms can integrate a resource management process model in their operations. This model should be used as a resource inventory, resource bundling, and resource leveraging which all can be adopted in the GCC context for enhancing a sustainable growth of the family firms. The relevance of this recommendation is anchored in the findings of the study which noted that a rigorous adaptability of the host countries market should be conducted prior making any decision to venture into these countries. The potential outcome of this recommendation is an increased organisational performance, effective risk averse and accommodating reliable partners in their operations.

Second, the study recommends that the GCC family firms should be proactive in demonstrating the strategies undertaken to ensure that they perform well even in FDI uncertainties. This is attributed to the findings that family firms can be able to perform well and manage possible risks in different FDI provided there are adequate structures in their operations. This is also a valid recommendation in light of the finding that a significant number of family firms are directly affected by regulations that characterize FDI in host nations.

Third, it can be recommended that the GCC and global family firms ought to focus on specific areas of specialism and differentiate their value-added services from the nonfamily firms. The
rationale of market specialism by the family firms could be to gain knowledge and expertise which was found in the findings of this study as lacking compared to non-family firms and as such have a boosted preference by partners interested in sourcing their offered services. For instance, a reviewed study noted that 90% of family firms could significantly gain from making emphasis on positive elements of kinship and from developing innovative capacities. One of this strategy can be specialism which can be based on the kinship experiences and skills.

In the context of the challenges faced by family firms due to unfavorable government policies and regulations in GCC and globally, it can be recommended that family firms should receive local markets operations and government policy formulation training from different experts. This form of training would be ideal in guiding development of an improved understanding the best practices of operations in markets characterised by different government policies regarding FDI. Taking into account of the obtained research findings, one of the main characteristic of government policies is to facilitate the organizations in exhibiting their knowledge to clients in particular areas of operations. In the same context, this can include receiving accreditation from different relevant bodies to assist in increasing trust and market credibility.

5.4 Suggestions for Future Research

Different limitations were encountered in the present study that future studies can focus on overcoming. From research objectives perspective, the study only made use of secondary research. While the use of secondary data approaches assists in the provision of rich insights on the issue under evaluation, its findings cannot be generalised adequately. Future research can enhance generalisation by carrying out a qualitative and quantitative study which incorporate a real sample of respondents. It is not also possible to establish the validity of findings as highlighted in the secondary sources. An approach that exploits real data could boost the reliability and validity of research findings. Second, the findings for this area of research can be enhanced by carrying out a comparative study. As an example, future researchers can focus on comparing the current progress in the family business relative to already developed markets in the United States. All these would be ideal for boosting the available studies on GCC family businesses performance as compared to the established nations.
References


Appendix A – Application for Ethics Approval

CARDIFF METROPOLITAN UNIVERSITY
APPLICATION FOR ETHICS APPROVAL

When undertaking a research or enterprise project, Cardiff Met staff and students are obliged to complete this form in order that the ethics implications of that project may be considered.

If the project requires ethics approval from an external agency (e.g., NHS), you will not need to seek additional ethics approval from Cardiff Met. You should however complete Part One of this form and attach a copy of your ethics letter(s) of approval in order that your School has a record of the project.

The document Ethics application guidance notes will help you complete this form. It is available from the Cardiff Met website. The School or Unit in which you are based may also have produced some guidance documents, please consult your supervisor or School Ethics Coordinator.

Once you have completed the form, sign the declaration and forward to the appropriate person(s) in your School or Unit.

PLEASE NOTE:
Participant recruitment or data collection MUST NOT commence until ethics approval has been obtained.

PART ONE

Name of applicant: Assad Liaquat Saeed Malik

Supervisor (if student project): Andrea Steel

School / Unit: CSM

Student number (if applicable): ST20131248

Programme enrolled on (if applicable): MBA

Project Title: An evaluation of the organizational performance of family firms in the Gulf region: Factors impacting sustainable business growth.

Expected start date of data collection: 15/11/2017

Approximate duration of data collection: 15 days

Funding Body (if applicable): None

Other researcher(s) working on the project: None
Will the study involve NHS patients or staff? No

Will the study involve human samples and/or human cell lines? No

Does your project fall entirely within one of the following categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper based, involving only documents in the public domain</td>
<td>Yes</td>
</tr>
<tr>
<td>Laboratory based, not involving human participants or human samples</td>
<td>No</td>
</tr>
<tr>
<td>Practice based not involving human participants (e.g., curatorial, practice audit)</td>
<td>No</td>
</tr>
<tr>
<td>Compulsory projects in professional practice (e.g., Initial Teacher Education)</td>
<td>No</td>
</tr>
<tr>
<td>A project for which external approval has been obtained (e.g., NHS)</td>
<td>No</td>
</tr>
</tbody>
</table>

If you have answered YES to any of these questions, expand on your answer in the non-technical summary. No further information regarding your project is required.

If you have answered NO to all of these questions, you must complete Part 2 of this form.

In no more than 150 words, give a non-technical summary of the project

Family firms contribute to a higher income index in the Gulf Countries. However, there are many challenges associated with sustainable growth of businesses in these countries owing to the rapid technological and social lifestyles prevalent among majority of the population today. This dissertation aims to critically analyse the challenges in the organizational performance of family firms towards sustainable business growth with respect to the government policies in Gulf countries. Further, the research will also analyse the implications of Foreign Direct Investment in family firms on the sustainable growth and organizational performance of the companies. The relation between the government policies and FDIs as well as their operational efficiencies are critically analysed to determine challenges involved in attaining an optimal organizational performance among family firms within Gulf countries. Nonetheless, **the research is constrained to the use of secondary sources only** thus limiting the research to theoretical implications of the challenges associated with the sustainable growth of the businesses.
DECLARATION:
I confirm that this project conforms with the Cardiff Met Research Governance Framework

I confirm that I will abide by the Cardiff Met requirements regarding confidentiality and anonymity when conducting this project.

STUDENTS: I confirm that I will not disclose any information about this project without the prior approval of my supervisor.

<table>
<thead>
<tr>
<th>Signature of the applicant:</th>
<th>Date: 12-11-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Signature]</td>
<td></td>
</tr>
</tbody>
</table>

FOR STUDENT PROJECTS ONLY

<table>
<thead>
<tr>
<th>Name of supervisor: Andrea Steel</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature of supervisor:</td>
<td></td>
</tr>
</tbody>
</table>

Research Ethics Committee use only

<table>
<thead>
<tr>
<th>Decision reached:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project approved</td>
</tr>
<tr>
<td>Project approved in principle</td>
</tr>
<tr>
<td>Decision deferred</td>
</tr>
<tr>
<td>Project not approved</td>
</tr>
<tr>
<td>Project rejected</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project reference number:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Signatures:

Details of any conditions upon which approval is dependant:
Appendix B – Devolved Ethics Approval Application

DEVELOVED ETHICS APPROVAL APPLICATION SUMMARY

<table>
<thead>
<tr>
<th>Student Name: Assad Liaquat Saeed Malik</th>
<th>Student Number: ST20131248</th>
</tr>
</thead>
<tbody>
<tr>
<td>Module Name: MBA Advanced Entry</td>
<td>Module Number: 10698_17</td>
</tr>
<tr>
<td>Programme Name: MBA</td>
<td>Supervisor Name: Andrea Steel</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>To be completed by student and supervisor before submission to Ethics Approval Panel</th>
<th>Student Signature:</th>
<th>Supervisor Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application for ethics approval</td>
<td>[ ] Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Participant information sheet</td>
<td>[ ]</td>
<td>[ ] Yes</td>
</tr>
<tr>
<td>Participant consent form</td>
<td>[ ] Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Pilot interview/s</td>
<td>[ ] Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Pilot questionnaire/s</td>
<td>[ ] Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Letter/s to participating organisation/s</td>
<td>[ ] Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Confirmation of interviewee participation</td>
<td>[ ] Yes</td>
<td>N/A</td>
</tr>
</tbody>
</table>

First Submission [X] Resubmission [ ]

Date: 12-11-2017

For use by the devolved ethics approval panel:

<table>
<thead>
<tr>
<th>Panel Members</th>
<th>Name</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Module leader, Chair:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisor:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSM Ethics Committee Representative:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date: ___________________ Date of Reassessment: ___________________

Outcome:

Project Approved [ ] Reference number issued: ___________________

Chair’s Action [ ]

Application not approved [ ]

Comments for projects not fully approved:

The original to be retained by the supervisor and a copy given to the student and module leader. In the case of a resubmission being required, this original form should be submitted with the resubmission not a new, blank one.