



**FACTORS INFLUENCING THE SUSTAINABILITY OF
FAMILY OWNED BUSINESS AND THE ROLE OF
ROLE CONFLICT AS A MEDIATOR**

BY

ANSARUTHEEN BIN MOHIADEEN ABDUL KADER

**A dissertation submitted in fulfilment of the requirement for
the degree of Doctor of Business Administration**

**Kulliyyah of Economics and Management Sciences
International Islamic University Malaysia**

MAY 2019

ABSTRACT

This study focuses on the succession of family business in the Klang Valley in Malaysia. It looks into the extent of succession, family relationship, role conflict, and sustainability of these family businesses, and it examines the influence of succession, family relationship and role conflict on the business sustainability. Family businesses comprise 70% of Malaysian businesses, yet the attrition rate from one generation to another is alarming. Only one-third survive the transition to the second generation and only 13% survive to the third generation. The study, therefore, aims at establishing an underlying structure of business sustainability, and thereafter, validated the psychometric properties of the four main factors (succession, family relationship, role conflict, and sustainability) scales and measurement model. A total of 480 business men and women (266 females and 214 males) from Klang valley, Malaysia participated in the survey. An adapted questionnaire with 101 items measured on a 5-point Likert scale was used. The data were then analysed using Exploratory Factor Analysis to explore the underlying dimensions, Confirmatory Factor Analysis to test the measurement models, and Structural Equation Modelling to explore the function of role conflict as an influencer on the sustainability of a family business. The EFA extracted four underlying dimensions for this study, with a variance explained of 65.96% of the variance in the data were finally retained. The CFA confirmed that the four measurement models are valid and reliable provided evidence for the convergent and discriminant validity, and composite reliability of the scales. The SEM results explained a causal relationship between succession and family relationship and sustainability of business mediating by role conflict. The results suggest that role conflict is a likely influencer of sustainability of business. This study has shown that succession plays an important factor in sustainability of family owned businesses. Succession planning should not be stand alone, it should be paired with succession management which focuses on continuing daily efforts to build talent and may include the managerial role in coaching, giving feedback and helping individuals realize their potentials. Family businesses are fertile environment for conflict and conflict stimulates disequilibrium in the organization and if not addressed, can bring about dysfunctional revolutionary change in the family business. The ability to forecast potential areas of conflict in the family business is one of major contributions of a life cycle approach to the growth of the organization. If the family owned businesses managed to reduce tension in their businesses, their revenue would increase by billions annually.

خلاصة البحث

لقد بينت هذه الدراسة مدى التتابع، والعلاقة الأسرية، ودور الصراع، والاستدامة بين الشركات العائلية في وادي كلانغ، ماليزيا، ودرست تأثير التتابع والعلاقة الأسرية ودور الصراع على استدامة الأعمال. كانت الشركات العائلية تشكل ٧٠٪ من الشركات الماليزية، ومع ذلك فإن معدل التناقص لهذه الشركات يثير القلق. هناك فقط ثلث من تلك الشركات بقيت على الانتقال إلى الجيل الثاني و ١٣٪ فقط بقيت على الانتقال إلى الجيل الثالث. وبالتالي، فقد وضعت الدراسة هيكلًا أساسيًا لاستدامة الأعمال، وبعد ذلك، تم التحقق من صحة الخصائص السيكومترية للعوامل الرئيسية الأربعة (التتابع، العلاقة الأسرية، دور الصراع، والاستدامة) للمقاييس ونموذج القياس. وقد شارك في الاستبانة ٤٨٠ من رجال ونساء الأعمال (٢٦٦ من الإناث و ٢١٤ من الذكور) من وادي كلانغ، ماليزيا. وقد تم استخدام استبيان معد من ١٠١ بندًا لقياس البنى الرئيسية الأربعة ذات الاهتمام، وهي التتابع، والعلاقة الأسرية، ودور الصراع، والاستدامة، مع مقياس ليكرت المكون من ٥ نقاط. تم اختبار هذه البنود أولاً لاختبار صدق الاستبيان قبل أن يتم توزيعه للمستجيبين. وقد تم تحليل البيانات أولاً بشكل وصفي لمعرفة مدى التتابع، والعلاقة الأسرية، ودور الصراع، واستدامة الأعمال. ومن ثم، تم تحليل البيانات باستخدام تحليل العوامل الاستكشافية لمعرفة الأبعاد الكامنة، ومن ثم تحليل العوامل التأكيدية لاختبار نماذج القياس و تم قياس المعادلات الهيكلية لاستكشاف وظيفة دور الصراع كمؤثر على استدامة الأعمال العائلية. من حيث التتابع، فإن معظم المستجيبين يهتمون حقًا من الذي يؤثر عليهم للانضمام إلى الأنشطة التجارية، والنطاق المسموح به داخل عملهم أو الإمبراطورية العائلية، ويجري على قدم المساواة مع زملائهم في الفريق، وقدرتهم على المغامرة في أي شيء في مجال الأعمال التجارية ومقدار الوقت الذي يحتاجونها للإنفاق من أجل بناء الأعمال التجارية الناجحة. وفيما يتعلق بالعلاقة الأسرية، فقد شعر معظم المستجيبين بالدفاع عن أعمالهم العائلية؛ وأنهم يعتقدون أيضًا بأن العلاقة بين أفراد الأسرة تميل إلى أن تكون غير شخصية وقيمها مماثلة لتلك التي سبقتها. من حيث دور الصراع، أشارت غالبية المستجيبين إلى أن هناك الكثير من النزاعات فيما بينها من حيث الأعمال التجارية. وفيما يتعلق باستدامة الأعمال التجارية، كانت القضايا الرئيسية التي واجهها المستجيبون هي تأثير الخلافات الأسرية على قضايا الأعمال التجارية، وكذلك أجور الأعضاء النشطين وغير النشطين، في حين أنها لا تزال قابلة للمناقشة المفتوحة للأفكار الجديدة. لقد استخلص تحليل العوامل أربعة أبعاد أساسية لهذه الدراسة، وهي التتابع، العلاقة الأسرية، دور الصراع والاستدامة، بنسبة ٦٥,٩٦٪ من التباين في البيانات تم الاحتفاظ بها أخيرًا. وأكد تحليل عامل التوكيد أن نماذج القياس الأربعة صحيحة وموثوق بها حيث قدمت أدلة على صحة التقارب والتمييز، والموثوقية المركبة من المقاييس. وقد أوضحت نتائج قياس نموذج المعادلات الهيكلية أن هناك علاقة سببية بين التتابع والعلاقة الأسرية واستدامة الوساطة التجارية من خلال دور الصراع. وتشير النتائج إلى أن دور الصراع هو المؤثر المحتمل لاستدامة الأعمال التجارية، والأعمال العائلية هي كائن فريد من نوعه. وفي إطار سلامة البيئة الأسرية، يمكن معالجة النزاعات بين الأسرة ومسؤوليات الشركات. وفي الواقع، إذا لم يسمح لهذه الصراعات بالسطوح، فإن هناك تأثيرًا سلبيًا على استدامة الشركة العائلية.

APPROVAL PAGE

The dissertation of Ansarutheen Bin Mohiadeen Abdul Kader has been approved by the following:

Junaidah Hashim
Supervisor

Suhaimi Mhd. Sarif
Internal Examiner

Mohd. Hassan bin Mohd. Osman
External Examiner

Syed Omar Bin Syed Agil
External Examiner

Fouad Mahmoud Mohammed Rawash
Chairman

DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Ansarutheen Bin Mohiadeen Abdul Kader

Signature

Date

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

**DECLARATION OF COPYRIGHT AND AFFIRMATION
OF FAIR USE OF UNPUBLISHED RESEARCH**

**FACTORS INFLUENCING THE SUSTAINABILITY OF
FAMILY OWNED BUSINESS AND THE ROLE OF ROLE
CONFLICT AS A MEDIATOR**

I declare that the copyright holders of this dissertation are jointly owned by the student and IIUM.

Copyright © 2019 Ansarutheen Bin Mohiadeen Abdul Kader and International Islamic University Malaysia. All rights reserved.

No part of this unpublished research may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below

1. Any material contained in or derived from this unpublished research may be used by others in their writing with due acknowledgement.
2. IIUM or its library will have the right to make and transmit copies (print or electronic) for institutional and academic purposes.
3. The IIUM library will have the right to make, store in a retrieved system and supply copies of this unpublished research if requested by other universities and research libraries.

By signing this form, I acknowledged that I have read and understand the IIUM Intellectual Property Right and Commercialization policy.

Affirmed by Ansarutheen Bin Mohiadeen Abdul Kader

.....

Signature

.....

Date

ACKNOWLEDGEMENTS

In the name of Allah, the Most Gracious and the Most Merciful

All glory is due to Allah, the Almighty, whose Grace and Mercies have been with me throughout the duration of my dissertation. Although, I had to go through trial and tribulation in completing this dissertation and at times I felt like quitting but Allah's Mercies and Blessings on me eased the herculean task of completing this dissertation.

Firstly, it is my utmost pleasure to dedicate this work to my dear father Haji Mohiadeen Abdul Kader and my mother Hajjah Ummul Vathoothia Begam, my wonderful wife Barakath Nisha and my children Farzana, Haseena, Muhammad Muzzammil and Faayiq Aiman, who granted me the gift of their unwavering belief in my ability to accomplish this goal: thank you for your support and patience.

I wish to express my sincere appreciation and thanks to those who provided their time, effort and support for this dissertation especially Asst. Prof. Dr. Sharifah Raihan, Prof. Dr. A.K.M. Ahasanul Haque, Dr. Fuad A A Trayek, Brother Abdurrahman, Dr.Rozailin Hj. Abdul Rahman, Dr.Fazillah Sulaiman and my classmates Lim Ka Bian, Rais Hussain, Masrifan, Raj, Saad, Slamet, Lokman, Sheikh, Halim and Ismet who have given me the encouragement to keep moving forward. To the members of my dissertation committee, thank you for sticking with me.

Finally, a special thanks to Prof. Datin Dr. Junaidah Hashim for her continuous support, encouragement and leadership, for which, I will be forever grateful.

TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page.....	iv
Declaration	v
Copyright Page.....	vi
Acknowledgements	vii
List of Tables	xi
List of Figures	xiii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Family-owned Businesses Management Style.....	2
1.1.2 Degree of Family Involvement	3
1.1.3 Factors Influence the Family Business Survival.....	4
1.1.4 Examples of Successful Family-owned Businesses	5
1.2 Problem Statement.....	7
1.3 Research Questions.....	8
1.4 Research Objectives.....	9
1.5 Significance of the Study.....	9
1.6 Operationalised Definition and Terms.....	12
1.6.1 Small and Medium Enterprises (SME)	12
1.6.2 Family-owned	13
1.6.3 Sustainability.....	13
1.6.4 Family Relationship	14
1.6.5 Demographic Factors	15
1.6.6 Role Conflict.....	16
1.6.7 Succession.....	16
1.6.8 Ethnicity	17
1.7 Summary of the Chapter.....	17
CHAPTER TWO: LITERATURE REVIEW.....	19
2.1 Introduction.....	19
2.2 Overview of Family business	19
2.3 Underlying Theory and Concepts	22
2.4 Related Theories	29
2.5 Sustainability of A Family business	31
2.6 Demographic Characteristics.....	31
2.7 Family Relationship.....	32
2.8 Role Conflict.....	34
2.9 Linkage of Demographic Factors With Role Conflict and Sustainability of A Family business	37
2.9.1 Gender of Business Manager	37
2.9.2 Education of Business Manager.....	39
2.9.3 Ethnicity	40
2.10 Linkage of Succession With Family Business Survival.....	41

2.11	Linkage of Family Relationship With Family Business Survival	42
2.12	Mediating Effect of Role Conflict on Survival a Family business.....	48
2.13	Mediating Effect of Role Conflict on Succession and Survival of a Family business	50
2.14	Mediating Effect of Role Conflict on Family Relationship and Sustainability of a Family business	52
2.15	Conceptual Framework.....	54
2.16	Summary of the Chapter.....	55
CHAPTER THREE: METHODOLOGY.....		56
3.1	Introduction.....	56
3.2	Research Design	56
3.3	Population of the Study	58
3.4	Sampling Procedure and Sample Size	60
3.5	Measurement/Instrument	61
3.5.1	The Dependent Variable	61
3.5.2	Independent Variables	62
3.5.3	The Mediator.....	62
3.6	Data Collection	64
3.7	Pilot Study	65
3.8	Data Analysis.....	66
3.8.1	Descriptive Statistics.....	67
3.8.2	Principal Axis Factoring (PAF)	67
3.8.3	Structural Equation Modelling (SEM).....	67
3.8.4	Normed Chi-square (X^2/df).....	68
3.8.5	Comparative Fit Index (CFI)	69
3.8.6	Root Mean Square Error of Approximation (RMSEA).....	69
3.9	Summary of the Chapter.....	70
CHAPTER FOUR: RESULTS OF THE STUDY.....		71
4.1	Introduction.....	71
4.2	Part One: Data Screening.....	71
4.2.1	Missing Data	72
4.2.2	Outliers.....	72
4.2.3	Data Normality.....	73
4.3	Part Two: Demographic and Descriptive Analysis	78
4.3.1	Sample Demography.....	78
4.4	Level of Succession	86
4.5	Level of Family Relationship	95
4.6	Level of Role Conflict	103
4.7	Level of Sustainability.....	108
4.8	Part Three: Multivariate Analysis.....	117
4.8.1	Underlying Structure of the Study	118
4.8.2	Summary of the EFA Results	124
4.8.3	Analysis and Results of Confirmatory Factor Analysis (CFA)	124
4.8.4	Unidimensionality of Succession.....	126
4.8.5	Unidimensionality of Family Relationship.....	128
4.8.6	Unidimensionality of Role Conflict.....	130
4.8.7	Unidimensionality of Sustainability	132

4.8.8 Internal Consistency Estimates of the Extracted Dimensions	134
4.8.9 Tests of Convergent and Discriminant Validity of the Extracted Dimensions	135
4.9 Testing the Conceptual Model of Family Business Sustainability.....	137
4.9.1 The Relationship between Succession and Family Business Sustainability	139
4.9.2 The Relationship between Succession and Role Conflict.....	139
4.9.3 The Relationship between Role Conflict and Sustainability.	140
4.10 Summary of the Chapter	141

CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDATIONS..... 144

5.1 Introduction.....	144
5.2 Discussion of the Results.....	144
5.2.1 Research Objective One: “To examine the relationship between succession and sustainability”	145
5.2.2 Research Objective Two: “To examine the relationship between succession and sustainability mediated by role of conflict”	146
5.2.3 Research Objective Three: “To Determine the Mediating Effect of Role of Conflict between Family Business and Sustainability”.....	148
5.2.4 Research Objective Four: “To Examine the Relationship between Role of Conflict and Sustainability”	149
5.3 Major Contributions of the Study	150
5.3.1 Theoretical Contributions	150
5.3.2 Methodological Contributions	151
5.3.3 Contributions to Practice.....	152
5.4 Limitations	152
5.5 Recommendations for Business Sustainability.....	153
5.6 Recommendations for Future Studies.....	154
5.7 Conclusion	155

REFERENCES..... 157

APPENDIX A: QUESTIONNAIRE..... 172

LIST OF TABLES

<u>Table No.</u>		<u>Page No.</u>
1.1	SME Definition	13
3.1	Total number of SME in 5 different industries	59
3.2	Distribution of SME by Sector in Klang Valley including Putrajaya	59
3.3	Summary of measurements for dependent and independent variables	63
3.4	Cronbach Alpha of the four main constructs	66
3.5	The Recommended Fit Indices for Assessing Model Fit	69
4.1	Skewness, Kurtosis and Z-Scores of Items (N = 480)	74
4.2	Demographic Characteristics of the Sample (N = 480)	79
4.3	The Distribution of Responses to Succession	93
4.4	The Distribution of Responses to Family Relationship	101
4.5	The Distribution of Responses to the Role Conflict	107
4.6	The Distribution of Responses to Sustainability	115
4.7	KMO and Bartlett's Test	120
4.8	Results of the PAF, Factor Loadings, Eigenvalues, Variance Explained and Communalities (N = 480)	123
4.9	Reliability of the Extracted Dimensions (N = 480)	134
4.10	Convergent and Discriminant Validity Estimates (N = 400)	136
4.11	Correlation Matrix for the Family Business Sustainability	136
4.12	Results on the relationship between Succession and Family Business Sustainability	139
4.13	Results on the relationship between Succession and Role Conflict	139
4.14	Results on the relationship between Family Relationship and Role Conflict	140

4.15	Results on the relationship between Role Conflict and Family Business Sustainability	140
4.16	Summary of Findings Supporting the Research Hypotheses	143

LIST OF FIGURES

<u>Figure No.</u>		<u>Page No.</u>
2.1	The Sustainable Family Business Model (Stafford et al., 1999)	28
2.2	Conceptual Framework of Family Business Sustainability	54
4.1	Gender	81
4.2	Age	82
4.3	Ethnicity	82
4.4	Highest Academic Qualification	83
4.5	Generation of Family Business	84
4.6	Years of Experiences	84
4.7	Years of Operation as a Business	84
4.8	Number of Employees	85
4.9	Types of Industry	85
4.10	Scree Plot	121
4.11	The CFA Model for a Unidimensional Succession (N = 480)	127
4.12	Revised CFA Model of Succession (N = 480)	128
4.13	The CFA Model for a Unidimensional Family Relationship (N = 480)	129
4.14	Revised CFA Model of Family Relationship (N = 480)	130
4.15	The CFA Model for a Unidimensional of Role Conflict (N = 480)	131
4.16	The CFA Model for a Unidimensional of Sustainability (N = 480)	132
4.17	Revised CFA Model of Sustainability (N = 480)	133
4.18	The standardized coefficient results for the hypothesized structural model on family business sustainability	138

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The family is, no doubt, the oldest running social unit in our world. Families were formed along with small communities long before massive industrial commerce began. They were also the first existing social units to engage in self-sufficient means to sustain themselves and some of the oldest family businesses in the world are found in Japan and India (Ponzetti, 2003). It has also been reported that the pattern of existence of families and their respective businesses has grown and expanded throughout the years (Gedajlovic, Carney, Chrisman & Kellermans, 2012) due to the economic necessity of earning a living and supporting a family (Berrone, Cruz & Gomez-Mejia, 2012).

The mushrooming of family-owned businesses has sparked a trend among scholars to conduct research on this particular topic from a variety of different angles. Sharma (2004) explained that the predominant justification provided by scholars for conducting research on family-owned business was the increasing dominance these businesses have on the global economic landscape (Yu, Lumpkin, Sorenson & Brigham, 2012). In simpler terms, family-owned businesses, particularly the small to medium sized, are the grassroots of the global economy and are seen to form the majority of businesses worldwide (Sharma, Chrisman & Gersick, 2012). According to Cambieri (2011); family businesses are a key source of private wealth creation in Asia and are the backbone of the region's economies. This realization among scholars has led to an increase in research on family-owned businesses throughout the last two decades.

Although family businesses are the oldest form of business and have been increasingly prevalent throughout the years, there is some ambiguity in defining family businesses. Many scholars have attempted to define family-owned businesses, and have focused primarily on distinguishing family-owned businesses from other businesses through characteristics such as family involvement and family aspirations (Sharma et al., 2012). However, to date, none of these definitions appear to have gained widespread recognition or approval because of the overlap of distinguishing features among different types of business (Yu et al., 2012). The majority of definitions seem to focus on the vital role of family in terms of determining the management and control method used in business. Thus, an approach to define family-owned businesses can be deduced from their management styles.

1.1.1 Family-owned Businesses Management Style

Firstly, entrepreneurs who own and operate family businesses have been found to exhibit specific managerial behaviours and competencies, especially in the years of the business's operation. A study conducted by Kellermans and his colleagues (2012) revealed that the owners of family businesses were characterized by specific traits and that individual businesses themselves possessed a distinctive culture and characteristic ownership structure that facilitated the implementation of innovations. Dawson and Mussolino (2014) also suggested that managerial differences between family and non-family businesses emerge as a result of an entrepreneur's goals for the firm, the attitudes of these entrepreneurs toward management, the strategic choices they make, the changes in their network of contacts, and their reaction to shifts in the local and broader market environment. Thus, based on the studies conducted by past research, it

is definite that family businesses can be distinguished from other businesses by the involvement of the family in their management process.

Another approach to defining family businesses is by examining their ability to recognize and exploit opportunities, assess risks, and reconfigure resources to create competitive advantages as well as enhance the quality of life within the business. Aldrich (2003a) studied business start-ups and entrepreneurial patterns for over two decades. His studies revealed that entrepreneurial teams formed by “strong ties”, such as those among family members, assisted in stabilizing the entrepreneurial endeavour (Aldrich, Carter & Ruef, 2004).

1.1.2 Degree of Family Involvement

Other than that, past and current empirical research supports the assumption that businesses are only rarely an either-or scenario between no family influence and complete family influence and control. In fact, most businesses appear to vary in terms of the degree of family involvement (Chrisman, Sharma, Steier & Chua, 2013). Astrachan and Shanker (2003) have developed three operational definitions of a family business. The first is that in which the family has voting control over the business. The mid-range definition encompasses businesses that have direct family involvement in the everyday business procedures. The most conservative definition classifies family business according to the multiple generations that are involved in everyday business procedures. Hence, it can be concluded that the degree of control and involvement in a family-owned business is also another way to uniquely define the family enterprise.

In addition, another unique feature of the family firm is the duration or timespan of maintaining business operations. It is found that the average lifespan of family firms is 24 years, a time period that approximately coincides with the time the founder either passes away or needs to retire from managing the firm (Alcorn, 1982). Despite a reasonably stable lifespan, it is also suggested that business survival is a problem for all firms, including those that are family-owned. Family businesses have additional factors that influence their survival. These factors are related to the connection of these firms to the families that operate or control them. For example, 81% of family firms employ at least two family members, mainly spouses or sons, many of whom hold managerial positions (Mass Mutual, 1993). Thus, the survival of a family enterprise or the maintenance of its business depends on a number of factors.

1.1.3 Factors Influence the Family Business Survival

One of the dominant factors that influence the survival and sustainability of family businesses is the human factor (Sharma, Chrisman & Chua, 2003; Miller, Steier & Breton-Miller, 2003; Zellweger & Steier, 2012). As the corporate world becomes increasingly sophisticated, managers must have more than intelligence and expertise. They must also possess personal qualities that enable them to manage themselves and handle relationships (Sigmar, Hynes & Hill, 2012). In other words, they must also possess high emotional intelligence, the capacity to recognize their own feelings and those of others, to motivate themselves, and to manage their emotions for greater corporate success (Sigmar et al., 2012). This means successful business executives must be emotionally aware, have self-confidence, and self-control, handle relationship well, take initiative and be empathic, persuasive and optimistic (Colfax, Rivera & Perez,

2012) as well as be adaptable to change. It is therefore evident that the survival of a family enterprise depends on the qualities possessed by its working members.

Another factor that influences business success is profit margin industries. Many family businesses are of considerable size and many are publicly traded in high-profit margin industries such as branded foods (e.g., Cadbury from the U.K.), fashion (e.g., Ermenegildo Zegna from Italy), and publishing (e.g., Washington Post from the U.S.). As such, these publicly traded, family-founded firms are major contributors to global economies. It is also evident that family businesses form an essential part of the Malaysian economy and it is estimated that family companies contribute more than half of Malaysia's Gross Domestic Product (Peng & Jiang, 2010). One study claims that the majority of family companies in Malaysia evolved from traditional family-owned companies. (Amran & Ahmad, 2010). This is also supported by a survey conducted by Jasani (2002) which revealed that the majority of Malaysian family firms are small-scale enterprises in which the founders manage the firms with help from their children and relatives.

1.1.4 Examples of Successful Family-owned Businesses

The number of family-owned businesses in Malaysia has been dramatically increasing annually due to positive economic growth (Soederberg, 2003; Tehseen & Ramayah, 2015). It is estimated that 70% of the businesses in Malaysia are family-owned (Amran & Ahmad, 2010). Some of the prominent Malaysian family companies like Sapura, Melewar Group, Genting, YTL, Tan Chong, Oriental and Berjaya Group have ventured into diverse economic sectors while other smaller companies like Habib and Kamdar have limited their businesses to remain within their original sectors. An example of business success in Malaysia is the story of the Genting Group. The late

Tan Sri Lim Goh Tong appointed a successor to ensure his huge business empire would continue. Lim passed the baton to his second son, Tan Sri Lim Kok Thay, in December 2003. The Genting Group is involved in gaming, power generation, plantations, and oil and gas. Based on the group's swift expansion abroad in recent years, it seems that 55-year-old tycoon, Tan Sri Lim Kok Thay, has inherited his father's ability to seize and exploit fleeting opportunities (Gomez-Meija, Nunez-Nikel & Gutierrez, 2001). Thus, it is clear that family businesses in Malaysia have the potential for success and sustainability.

Other examples of the businesses successes among Bumiputera companies of the notable Malay families in today's market are the Melewar Group founded by Tunku Abdullah Tuanku Abdul Rahman and Sapura Holdings Bhd started by Tan Sri Shamsuddin Abdul Kadir. Both families are now in their second-generation of business operations (Ngu, 2002). For smaller business, Habib Jewel Bhd is one of the relatively unknown success stories. This company was founded by Habib Mohammad in Penang in 1953. In 1988, the father (founder) passed the business to his son, Meer Sadik, who has been leading it ever since. There are also several successful northern Indian textile companies operating in Malaysia such as KAJ Chortimall, Globe Silk Store and P Lal Store. These companies are currently managed by third-generation family members. Unlike the Chinese and Bumiputera companies, the Indian companies have remained basically one-store operations, with little expansion or diversification. The Indian entrepreneurs remained conservative and largely cautious of firm expansion due to the highly competitive industry (Gomez et al., 2001). Based on these examples, it can be concluded that family businesses, although possessing differing styles have contributed to economic growth in Malaysia due to their business success.

1.2 PROBLEM STATEMENT

The increasing growth of family-owned businesses in our economy and society has sparked a renewed interest to conduct more empirical research on family enterprises. It is clearly observed that the volume of published articles, research and studies being conducted on family-owned business has been significantly and stably increasing since the 1980s (Benavides-Velasco, Quintana-García & Guzman-Parra, 2013). According to Sharma (2004), there were only 33 articles written on the subject in 1989, compared to 110 by 1999, and 195 by 2003. Recently, Sharma added that there were 217 scientific articles published between 1989 and 2003 (Litz, Pearson & Litchfield, 2011). Whereas Benavides-Velasco and his colleagues (2013) revealed that, there is an ever-increasing database which contains 703 articles in 75 journals published based on the topics ‘family business’ and ‘family firms’ from 1961 to 2008. Although family business research has increased, many researchers considered it an understudied field (Benavides-Velasco et al., 2013). He explained that the research that has been conducted is narrowly focused on certain aspects of family-owned businesses such as succession issues (17.4%), management and organizational theory (11.5%), governance (9.9%), interpersonal family dynamics (7.8%), strategic management and organizational change (7.8%), and financial management (7.2%). Thus, there are many aspects of family-owned businesses, such as family business success and profitability issues, that are yet to be given attention.

Past research has shown that the survival of family businesses only last to the first generation. Even if a family business beats the odds and survives beyond the first years, only 30% of family businesses continue beyond the first generation, and 15% make it to the third generation or beyond (Miller et al., 2003). Other research also showed that success in business is dependent upon the accumulated profits (Wallace,

2010). Unfortunately, not many entrepreneurs know the guidelines to be successful and profitable in business. In order to help family business owners and managers better understand business issues related to success and profitability, and to help them to succeed in their businesses, more research should be conducted to determine the factors associated with business success and business profitability.

Another important factor of family business success is the competence and personal qualities of working members (Tehseen & Ramayah, 2015; Sharma, 2004; Sarwoko, Surachman & Hadiwidjojo, 2013). When founders die, their kin inherit the businesses, and some of these do not possess the required competencies or commitment. Some of the inheritors also do not have interest in doing business while others are not mature enough to carry on the business. This is one reason why many family businesses fail after the first generation. (Stalk & Foley, 2012). To counter this, it is imperative that business owners train their successors and provide them with the necessary education and skills essential for carrying on the business. The successor should also show some interest in the business as the key to success is being committed to working in the business (Stalk & Foley, 2012). The author's grandfather established his business in 1945 and then passed it on to the author's father, who has continued running the business until this date

1.3 RESEARCH QUESTIONS

The following questions were posed in this study to address the stated research objectives:

1. What is the relationship between level of succession and sustainability?
2. Is there any significant relationship between succession and sustainability mediated by role of conflict?

3. Does role conflict exert a statistically significant influence on family business owners' sustainability?
4. Does role conflict mediate the influence of succession, family relationship on family business owners' sustainability?

1.4 RESEARCH OBJECTIVES

The main objective of this study is to collect the empirical evidence to what extent of family business owners' level of succession, family relationship, role conflict, and sustainability has relationship each other. In order to achieve the main objective, the current research study aims to achieve the following sub-objectives:

1. To examine the relationship between succession and sustainability.
2. To examine the relationship between succession and sustainability mediated by role of conflict.
3. To determine the mediating effect of role of conflict between family relationship and sustainability.
4. To examine the relationship between role of conflict and sustainability.

1.5 SIGNIFICANCE OF THE STUDY

Family businesses have had a strong historical presence and are quite prevalent in our society; they have made vital economic and social contributions, both locally and around the globe (Heck & Stafford, 2001). Family businesses make up one third of Fortune 500 companies and almost two thirds of all the companies traded on the New York Stock Exchange (Fleming, 2000). However, despite their increasing prevalence, research into family businesses is still emerging and evolving as a major research topic. A new, broader and more comprehensive view or approach, based on the

concept of family entrepreneurship and the family business is needed to accurately describe family businesses throughout the world (Danes, Lee, Stafford & Heck, 2008). There is a knowledge gap in family business literature in terms of the number of published works and the depth and scope of the studies. Thus, exploration of the family business is beneficial to a significant number of individuals, family members, business partners, employees, communities and scholars (Bjornberg & Nicholson, 2007; Oswald Muse & Rutherford, 2009; Solomon, Srikrishnan, Celentano, Johnson, Vasudevan, Murugavel & Mehta, 2011).

One of the dominant significances of this current study is the prevalence of family firms as the most prevalent business structure in today's world (Bosma, Jones, Autio & Levie, 2008; Morck & Yeung, 2004). This ongoing mushrooming of family firms has lead scholars to begin to recognize the importance of family businesses and their connection to entrepreneurship (Zachary & Mishra, 2011). Thus, this study will be useful for young entrepreneurs who wish to delve into family business and to avoid the common pitfalls that will be highlighted in this study.

Another significance of this study is that it contributes to the existing body of knowledge of family business research in an attempt to provide a further understanding of the sustainability of family firms. This is due to the claim that for a new family business venture to be successful, learning from the experiences of other existing family businesses is essential to understand the factors related to success and failure to ensure optimum business survival as postulated by the experiential learning theory that states that past experiences of oneself and others leads to a pattern of systematic behaviour that can enhance one's positive reinforcement (Kolb & Kolb, 2012). In addition, the systems theory perspective states that it is reasonable to assume that if family business owners/managers could benefit from the information provided

in this (e.g., business problems that lead to a perception of less business success and profitability), then the individuals, families, and communities associated with the businesses might be able to experience positive influence or change as well. Thus, not only does this study lead to a greater understanding of family businesses but it also has a positive impact on the beginners of, and novices, in family businesses.

On the other hand, this study also may serve as a guide for the current and future family business owners in achieving their family goals of having a successful business. Thus, this study can perpetuate knowledge and criteria needed for a successful business through qualitatively reviewing existing literature as well as quantitatively analysing data from the questionnaires distributed to the business owners.

Besides serving as a guide to achieve a successful business, this study also sheds light on a clear understanding on business performance as recommended by Benavides-Velasco and his colleagues (2013). Achieving strategic competitiveness is difficult in today's turbulent and complex market place (Melin, Nordqvist & Sharma, 2013). These difficulties are compounded when firms do not have a clear understanding of what affects their performance. Recognizing the antecedents of a firm's positive performance allows leaders to exploit their organizational resources and capabilities and to make the requisite strategic choices to pursue future opportunities (Benavides-Velasco et al., 2013).

Lastly, family business research is also a complex research topic to investigate (Melin et al., 2013). This is may be due to the fact that the importance of entrepreneurial and family enterprises is often unrated because privately owned companies are not always easy to study. Many family enterprises are quite secretive, jealously guarding their privacy, and wary of communication with outsiders. Because