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REMARKS FROM EDITORS

We are very pleased to publish a special issue of NUM Research Series 2023, which is aiming to promote the new program of Family Business Management (FAB) and to contribute the skills, knowledge and resources for academic research in the field of family business management in Cambodia.

This special issue brings together of faculty researchers at the School of Graduate Studies of the National University of Management which consists of eight articles including the family business system and education, the challenges of family-owned businesses, the strategic management of family-owned businesses, the servant leadership of entrepreneurial family-owned businesses, the human resource management practices of family-owned businesses, the financing decisions for family-owned businesses, the succession planning of family businesses, and the contribution of family businesses in economic growth. We publish these articles by using different research methodologies which includes many forms of empirical findings, quantitative, qualitative and mix-methodologies of the realm of family business management.

The NUM Research Series on the special issue of family business management will be expected to contribute resources for more understanding of how family-owned businesses are important in socio-economic development in Cambodia and how important of family businesses in education programs. The publication will be also served as the foundations for the new programs of Family Business Management (FAB) and help family-owned businesses more understanding about the challenges and solutions of their business activities.

Sincerely,

H.E. Prof. Hor Peng, Chief Editor
Assoc. Prof. Dr. Ly Sok Heng
Dr. Kang Sovannara

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FAMILY BUSINESS SYSTEM AND EDUCATION IN CAMBODIA

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ABSTRACT

Family businesses represent the majority of organizations all around the world, they play a fundamental role in the economy, significantly contributing to the creation of new jobs and the development of communities and countries. In Cambodia, family-owned businesses are not clearly defined and lack of systematic structure, however, majority of the private businesses are SMEs that are family-owned businesses and the backbone of Cambodia's economy. Family businesses require the next generation to have higher education credentials. Having a strong education in family business matters helps the individual shape and develop a personal vision and identity as a future family business owner. This study is aimed to find out the relationship between family business system and family business education. The study used quantitative method, the data of the study was collected through the survey of questionnaire from the Google form and the sample size of 343 was collected. The SPSS Amos 23 software was used to estimate the Confirmatory Factor Analysis and Structural Equation Model, the reliability, validity, and normality also tested for the data. The results of study show that among three dimensions of family business system, only business system is statistically significant influence on family business education, others such as family system and family ownership are not statistically significant.

Keywords: *Family business, Family Business Education, Family System, Business System, and Ownership System.*

1. INTRODUCTION

1.1 Background

Family Business is seen as significant source for economic growth and development in today's world. Family business is defined as a business in which two or more members of a family are involved and the majority of ownership and control lies within the family, that is the oldest forms of business organization (Osunde, 2017). Family businesses have the potential to outperform any other form of business organization through their inherent synergies between capital and management. Family businesses are essentially people businesses and are the backbone of the world economy. They generate wealth, offer jobs, and exist for longer periods of time. A family business is a commercial organization in which management is a prime concern by multiple generations of a family. It is any type of business operation in which a group of relatives have controlling interest in the organization (Motwani, 2016). Family businesses represent the majority of organizations all around the world (Sharma, 2014), they play a fundamental role in the economy, significantly contributing to the creation of new jobs and the development of communities and countries (Heck and Stafford, 2001). According to studies in the field, 60% to 90% of the businesses worldwide are family owned or family controlled (2014). Family business education has been synonymous with entrepreneurial education and over the past number of years it has evolved into its own legitimate academic discipline (Birdthistle, 2018). Most family businesses require the next generation to have higher education credentials. Broad skill sets—including communication, critical thinking, mathematical reasoning and decision making—are important to help students develop credibility and the potential to succeed in complex family enterprises. Family business clubs round out the academic experience by giving students exposure to the real-world issues facing family firms (Wittmeyer, 2017).

Cambodia's economy is dominated by the private sector. The majority of the private businesses are small and medium enterprises (SMEs), that the backbone of Cambodia's economy (Thy, 2021). In Cambodia, SMEs for 99.8 percent and provide 58 percent of GDP in 2018 (Chhea, 2019). According to the annual report 2018 of

Ministry of Industry, Science, Technology, and Innovation (MISTI), SMEs employed approximately 4 million people, contributed 70 percent of employment in Cambodia (Sok and Poovenraj, 2019). SMEs in Cambodia have been categorized into three important sectors, including the production sector, the service sector, and the trading sector (Open Development Cambodia, 2020). The definition of SME in Cambodia is divided into three sectors, including agriculture, industry, and service and commercial. SME in each sector is defined by two criteria: the number of employees and the turnover or assets (Office of the Council of Ministers, 2021). According to the Cambridge Institute for Family Enterprise's 2018 study on the millennial generation in business families, almost half of millennials from business family want to be entrepreneurs, and many want their families to provide financial support for their ventures. The rising generation of Southeast Asian family business members are shaped by three key factors: modern education, global perspective, and digital technology. It is important for family businesses to invest time and resources to help the next generation discover their talents, interests, and their place within the family enterprise (Young, 2018).

1.2 Problem Statement

According to Ivan Lansberg (2022), argued that business-owning families all too often fail to adequately plan for the continuity of their enterprises, which can have disastrous consequences for all involved when it comes to managing general transactions, and many of inevitable challenges associated with the change process can be managed much more constructively if the owning families are well informed about what they are getting themselves into. So, it is vital to have good preparation from the individual who will lose their position, the person who will accept the authority delegation as a leader, as well as the preparation of employees.

In Cambodia, Small and Medium Enterprises (SMEs) is like the backbone of economic development, and their role contributes significantly to gross domestic products (GDP), and also creates local jobs. Furthermore, it is a main contributor not only to enhancing living standards but also to alleviating poverty in the country. However, lack of human resources is still an issue for Cambodian SMEs (Thy, 2021). According to the statistics of Business Confidence and Digital Capability 2021 report found that 16 percent of

SMEs encountered a shortage of workers to fulfil the operations of their companies. It indicated that the lack of human resources remains a main challenge for Cambodian firms (Thy, 2021). As business families seek ever more effective ways to cultivate their next-generation leaders to meet tomorrow's challenges, many turn to educational institutions to deliver a robust business education and to equip young people with the skills and insights to manage the opportunities and demands facing family enterprises (Family Business Magazine, 2017).

1.3 Research Questions

Each family is different, with unique situations and success factors that often can't be measured, and each generation must understand how to make decisions and communicate effectively with other generations (Jeff, 2020). According to Kenyon-Rouvinez & Glemser (2015), all over the world, families are looking for recipes to well prepare their next generations as potential successors for operational or board roles with business and family organization. Education the next generation on family business matters is complex for both senior and next generation family members. Education can a mix of mandatory, self-imposed or discretionary activities. To ensure a successful journey, families should keep the next generation involved and learn about their needs before designing educational programs and activities. The questions of this study:

1. What are the key components of family business system?
2. What is the significant relationship between family business system and education?
3. What is the appropriated curriculum design for family business system in Cambodia?

1.3 Objectives of Study

Davis (1996) argued that preparation of the next generation is the single most important determinant of a successful generational handoff. Educating the next generation about family business matters can be one of the key ingredients to strengthen the bonds between the family and the business. This helps build a sustainable long-term vision for future generations and creates a platform for sharing experiences within the family. Having a strong education in family business matters helps the individual shape

and develop a personal vision and identity as a future family business owner (Kenyon-Rouvinez and Glemser, 2015). The main objectives of this study are:

1. To review the key components of family business system and its importance for education,
2. To find out the significant relationships between family business system and education in Cambodia,
3. To discuss the appropriated curriculum design for family business system in Cambodia,

1.4 Scope and Limitation of Study

The study focuses on the relationship between the family business system that developed at Harvard Business School by Professors Renato Tagiuri and John A. Davis in the 1970s on the Three-Circle Model of Family Business System, which including family, business, and ownership and the Family Business Education. Due to the lack of information on Cambodian Family-Owned Businesses, as well as the lack of formal definition and family business management research, this study has limited in data collection from family-owned businesses and the study based on the critical literature review, concepts and theories of the previous researchers. However, Executive MBA and alumni of NUM was conducted to collect and analyze the data for their perception on family business education in Cambodia. The sample size used for this study is 343 and collected through google form. There only 20 respondents are the owners of the business, 80 of the respondents are managers, 5 are advisors, and the rest of the respondents are staff and others. Thus, the results of study could be limited in deriving the general conclusion for family business education in Cambodia.

1.5 Significance of Study

The results of study expected to contribute more understanding of how family-owned businesses are important in socio-economic development in Cambodia and how important of family businesses in higher education in Cambodia. The results of study also serve as the foundations for the new studying programs of MBA in Family Business Management (FAB) and help family-owned businesses more understanding about the challenges and solutions of their owned business activities.

2. LITERATURE REVIEW

2.1 Definitions of Family Business

Family business is defined as a business that is controlled by a dominant member of the same family and potentially sustainable across generations (Chua et al., 1999). Family business is the business which is actively owned, operated and managed by two or more members of the single-family, the members may be related by blood, marriage or adoption (<http://businessjargons.com>). Handler (1989) defines Family business as an enterprise that is found in proprietorship, partnership, corporation or any form of business association where voting control is in the hands of a given family. Barnes & Hershon (2009) see it as a business where controlling ownership is vested in the hands of an individual or members of a single family. Kellermans and Eddleston (2004) define family business as a business system which is characterized by: One family (nuclear family or extended family) is the controlling owner; Family and business systems are interacting; and Inter-generational transfers (successions) have previously happened, are happening at present, or are anticipated to happen in the future.

2.2 Family Business Characteristics

Some of the main elements and characteristics of family business are:

- *Members:* Family business management is conducted by a group of individuals who are also the members of a single family is the owner and runs the enterprise.
- *Position of members:* The role and position of the family members in the business enterprise depend upon the relationship between the members.
- *Control:* The family exercises control over the enterprise since the family is the major shareholder in the company.
- *Mutual Interest:* The family members who hold key positions in the business are supposed to influence the business policies as determined by the mutual interest of the firm and the family.
- *Involving Multiple Generations:* The family looks after the business management and operations, and thus the rein is passed from one generation to the next.

- *Mutual Trust*: All family members must have mutual trust in every involved member since they have a mutual origin, the same values, business orientation and ethics.
- *Integrity and Transparency*: These characteristics are built by strong moral principles and determination toward business goals and honesty in transparency in business.

2.3 Family Business System

Family Business System was developed at Harvard Business School by Professors Renato Tagiuri and John A. Davis in the 1970s. It describes and explains the family business system at a single point in time, helping us to understand the important characteristics of the business, family and ownership group and how these groups interact to influence the performance of the business and the family. It is the dominant paradigm for understanding family business systems worldwide. Renato Tagiuri and John Davis famously create the Three-Circle Model of Family Business System in the late 1970s. This Three-Circle Model clarifies the three interdependent and overlapping groups that comprise the family business system: family system, business system, and ownership system.

2.3.1 Family System

Family system is a group of people who make up the same household. However, and most importantly, a family system is characterized by interdependence, a shared history, emotional connections, and a concern for meeting individual and mutual needs (Farland and Boyd, 2022). In family system, members are strongly emotionally connected, that is an emotional unit Drew (2022). Any change in one individual within a family is likely to influence the entire system and may even lead to changes in other members. Family systems theory has been used in psychotherapy, community, problems, health care, and business structures. According to Farland and Boyd (2022), the types of family systems include: (1) the nuclear family, which is composed of an adult couple along with their biological and/or adopted children, the couple may identify as either heterosexual, married or unmarried. (2) the matrifocal family in which the center is a mother, who may or may not have a relationship with the father of her

children, such as an unplanned pregnancy, divorce, or widowhood; out of necessity when a father needs to be away from home to work; or by a single woman's own volition. (3) the extended family which is characterized by consisting of family members representing a number of generations and roles. Grandparents, even uncles, aunts, and cousins may live with parents and their children.

2.3.2 Business System

Business System refers to a combination of policies, personnel, equipment and computer facilities to co-ordinate the activities of a business organization. A business system is designed to connect all of an organization's intricate parts and interrelated steps to work together for the achievement of the business strategy. Creating effective business systems often unifies the problem solving and decision making of the organization. Many common tools and methodologies are universally taught and expected to be utilized by all levels. Several key management structures, such as a full-time Performance Excellence office or systematic maturity assessments, are made a permanent part of the infrastructure. The business system also encompasses how we lead our people and connect them to the operational strategy. A business system focuses on alignment of all activities to the customer perspective, from the strategy to employees' day-to-day work, and installs value-chain-based thinking (Wes Waldo, 2019).

2.3.3 Ownership System

Ownership System can be defined as being family owned in one of three ways: (1) a family member founded the firm; (2) a family member controls the business by holding a majority share of voting rights; or (3) a family member participates in management of the business (Villalonga & Amit, 2006). According to Baron and Lachenauer (2016), it is important to understand the family business ownership through the following ownership models.

1. *Owner-Operator Model*: This is one of the simplest models, which replicates the role of the owner. In this ownership model where in the control is with a single person or the couple, can be successful for generations. Business families need to find a means to find who can become the owner successor on a fair basis.

2. *Partnership Ownership Model:* This model also works well, during the start-up phase. The leaders in the business can be owners and earn dividends from the business. As consensus is required in partnerships, decision-making is delayed, which affects the business. If the partners are not able to reach unanimity, the business can reach a point of sell off, destroying the deep sense of identity and purpose they initially achieved from the business.
3. *Distributed Ownership Model:* To avoid the inevitable in the partnership model, the owners can move to a distributed model, wherein the ownership is passed on to the descendants, whether or not they work in the business. All members of the future generations can become owners, but the compensation policy rewards those who are contributing to the success of the family business. It the default model in almost all family businesses, because the parents want the children to inherit equally. The challenges in this family ownership model are disagreements between family members who are working and those outside the business as regards to compensation and dividend distribution policies.
4. *Nested Ownership Model:* This is another family business model, where the family business owners agree to own some assets jointly as a family and own some assets independently. The family runs the core business as a profit-making entity and distributes the dividends to the family branches, which can use their own money to create their own independent businesses. The internal conflicts are minimized, as the family is a whole as regards to the main business. However, the challenges lie in fund management and maintaining cash flows of the core business as independent businesses may be given priority.
5. *Public Ownership Model:* In this family business ownership model, a portion of the shares are listed and publicly traded, or the family business behaves like a public company, even though it is controlled and managed by the family and privately held. Professionally experienced managers run the business, owners have a minimal role mainly restricted to electing and evaluation the board of directors. This ownership model is successful when there is requirement of outside capital infusion, or the owners are disinterested in active decision-

making, or have aged and are unable to contribute at the speed of the business requirement, or there are several business owners resulting into indecisiveness (Baron & Lachenauer, 2016).

Table 2.1: Comparison of Business, Family and Ownership Systems

Business System	Family System	Ownership System
Results based	Emotional based	Structural based
Mission: Produce profitable goods and services	Mission: Nurture offspring into competent adults	Mission: Extent of influence on the firm
Competency prevails	Equality prevails	Equity prevails
Acceptance is based on performance	Acceptance is unconditional	Acceptance is based on majority control
Relationships are temporary	Relationships are permanent	Relationships are conditional
Power is based on authority	Power is based on largely on generation/birth order	Power is based on Influencing

Source: Adapted from Jim Reger (Reger Group, 2007)

2.3.4 Three-Circle Model of Family Business System

The Three-Circle Model of the Family Business System is represented as diagram below: In this model shows that the first circle indicates ‘*Ownership*’, the second circle represents ‘*Family*’ while the third represents ‘*Business*’. The model describes the family business system as three independents but overlapping subsystem. Any individual in a business family can be placed in one of the seven sectors that is formed by the overlapping circles of the subsystems as figure 2.1 below:

The overlapping circles of subsystems include (Tagiuri & Davis, 1996):

1. *Non-family non-manager owners*: These are an external investor or say outsiders, who own a certain proportion of business but do not work.
2. *Family owners*: This group include those family members who own a part of the business but do not take part in its operations.
3. *Family owner-employees*: As the name specifies, these are the owners of the business, as well as work as an employee in the firm, usually in top managerial positions.

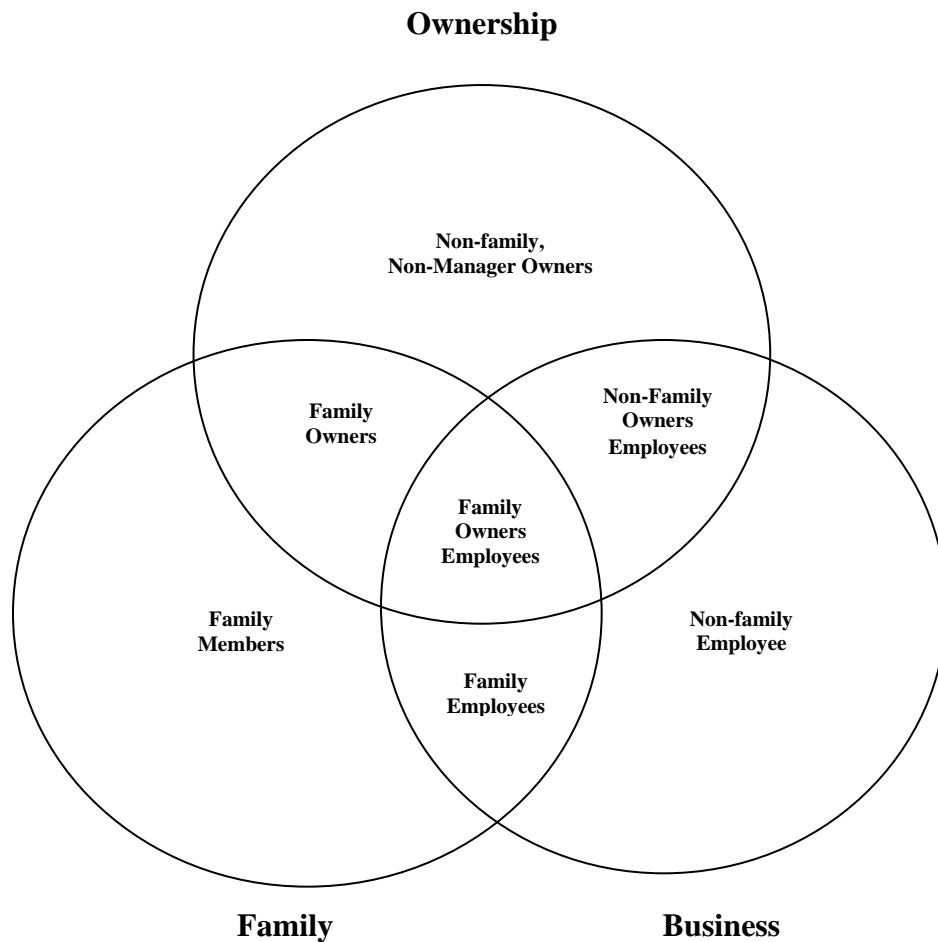


Figure 2.1: The Three-Circle Model of Family Business System
(Adapted from Tagiuri & Davis, 1982)

4. *Non-family owner employees:* This group covers those individuals who are employees of the concern and are not family members, as well as own a certain proportion of the firm's share capital.
5. *Family members:* This group includes all those family members who neither own shares in the company nor they are actively involved in the family business.
6. *Family Employees:* In this group, all those members of the family are covered who work for the company, but they do not own part of the company's share capital.

7. *Non-family employees:* These are the employees of the company, who work for the company under an employment contract, and are not family members. They also don't own shares in the company.

Each of the seven interest groups identified by the model has its own viewpoints, goals, concerns and dynamics. The model reminds us that each sector has legitimate views that deserve to be respected, but these views also must be integrated to set future direction for the family business system. The long-term success of a family business system depends on the functioning and mutual support of each of these groups (JohnDavis.com). The three-circle model has met widespread acceptance because it is a very useful tool for understanding the cause of interpersonal conflicts, role dilemmas, priorities and boundaries in family firms. The model helps to break down the complex interactions within a family business and makes it easier to understand what is actually happening and why.

Tagiuri and Davis (1996) suggest some attributes for family business including simultaneous roles, shared identity, lifelong common history, emotional involvement, private language, mutual awareness, and privacy, the meaning of family company that can have positive consequences for the family business. Family members working in the family firm can have three simultaneous roles: as relatives, as owners, and as managers. As family members they are concerned primarily with the welfare and the unity of the family; as owners, they are interested in return on investment and in the viability of the firm; as managers, they work toward the firm's operational effectiveness.

2.4 Family Business Education

Education can be directed at the general public, young people, employees and members. Simply put, education is succession planning. Education brings awareness, builds reputations and highlights areas of interest or growth, thereby making it easier for co-operatives to attract talented individuals that share the same values and ideals as co-operatives. When people, of any age, have a better understanding of what a co-operative is and what the foundational elements of co-operatives are, they are able to make better-informed decisions about the organizations they look to for goods, services or employment (Ontario Cooperative Association, 2018).

Schools and Universities nowadays are becoming more aware of the impact of entrepreneurship education. Several countries are trying to increase the number of entrepreneurs by adding entrepreneurial education as a subject in universities. Entrepreneurial education has two goals to achieve: improving student intention to become an entrepreneur and providing them with entrepreneurship skills. There are several approaches to achieve those goals such as: adding entrepreneurship subjects to the curriculum, improving the quality of lecturers, making student entrepreneurship development programs, and providing students with loan to establish business (Risca, 2018). Current undergraduate business education only prepares family business students with business system education, thereby leaving the student with a misconception of the environment in which they will work. Business education must change to provide these students with an integrated curriculum that allows them to make connections across disciplines, and provides the additional soft skills and hard skills needed to accomplish the task (Burch et al., 2015).

Family Business Education is so critical for Family Business System (Nichols, 2017):

1. It is a uniting factor for the family and strengthens connections across family members to their shared history as business owners. This becomes more critical as the family moves into the third generation and beyond. Later-generation family members likely didn't all grow up together, and some feel less connected with the business.
2. It ensures all family members have a strong foundation of knowledge about the family and the business.
3. It provides a meaningful way of physically bringing the family members together for the purpose of learning.
4. It keeps enthusiasm for the family business strong and encourages direct family participation with the business (whether that means employment, board participation, committee participation, etc.).
5. It provides a platform for the family to move forward together and is a means of being deliberate about the family's future as business owners.

According to Henderson and Robertson (2000), the educational needs of family firms could include characteristics such as the following:

1. Next generation commitment and joining the family business management,
2. Succession planning and management,
3. Internationalization strategy and growth management challenges,
4. Human resource management questions, such as recruiting and educating competent non-family employees and managers,
5. Entrepreneurial thinking and innovating in family business.

According to Nichols (2017), many family consultants have helped families to create employment policies that frequently require higher education as a condition of joining the family enterprise.

2.5 Family Business System and Education

The three circles represent the major stakeholders in the family business. First are family members who may or may not have shares and business involvement. Second are the executives involved in the business, who may again vary in their family connections and share ownership. Last but not the least are owners, with or without family connections or business involvement. The ownership circle was the last one contributed by Tagiuri and Davis in their seminal work (Sharma 2018). Family business ownership can lead the firm to sustainable performance (Samara & Berbegal-Mirabent, 2018). Many researchers argue that family members with large, concentrated ownership have more incentives to maximize a firm's performance and that they also have the power to do so, unlike diverse investors in a nonfamily firm. Given their ownership, founding family members are also more likely to participate in firm management (Lee, 2006). The relationship between ownership structure and firm performance in a family business is positive; it also can be mediated by family leadership (Chung & Chan, 2012). According to Lansberg (2020) found that family business education makes a huge difference because: it heightens awareness of the fundamental issues, which leads to a better understanding of what might happen if nothing is done; education gives family-business stakeholders the language to frame their reality and solve problems in a collaborative effort; and education breeds hope by

helping the family to see unrealized possibilities that are within their reach. Nichols (2017) also argued that there is typically wide variation in educational needs across the family; not everyone requires the same level or depth of information on the different issues and topics. As the family looks to build out more formal programming, it can be helpful to determine what information is necessary for all owners. Individual family members with direct roles in the enterprise, of course, will need education and training related to those roles. Getting an education program started and creating enthusiasm and interest across the family for it to continue involves more than selecting a date, time and topic. There are many ways to make programs more enticing and exciting for family members and thus increase the chances of long-term participation and success.

2.6 Universities Offering Family Business Program

Family firms have been recognized in the small, medium, and large business categories. The wisdom of experts stressed the value of higher education for the next generation, they specified that anyone wishing to enter the family business must have a college degree and an MBA, and must have worked at least two years outside the family company. Many advisers recommend working outside the family business for two to five years. Others declare that it is best to have received a promotion at another company prior to joining the family business. The promotion can provide much needed self-confidence and helps establish credibility with the rest of the family and senior management (Wittmeyer, 2017). In addition to established MBA programs all over the world, many U.S. universities now offer programs specifically geared toward family business. Take, for example, the well-respected family business curricula at Northwestern's Kellogg School, Kennesaw State University, UNC Chapel Hill, the University of St. Thomas, Loyola University Chicago and the University of Vermont. Stetson University (Family Business Magazine, 2015). Harvard Business School's executive education division and the University of Chicago's Booth School of Business offer weeklong sessions for family businesses to bring multiple family members together for a dive deep into the critical issues. All of these programs, according to the education director, Peter Begalla, "emphasize family leadership, social intelligence and the character that it takes to lead and steward a family enterprise." EDHEC, an

international business school in Paris, has developed a Family Business Global Executive MBA. Designed for next-generation leaders, this program covers family business strategy, financial engineering and governance, and it culminates in a boot camp at the Royal Military Academy at Sandhurst. While not all families require military training, this exceptional program helps develop the next set of family business leaders. Kennesaw State's Coles College of Business offers an 18-month Executive MBA for Families in Business in which students meet for a six-day residency every other month. The University of Pennsylvania's Wharton School and Oregon State University were the first academic institutions to provide outreach to family firms. Today the University of Wisconsin-Madison, St. Joseph's University, University of the Pacific's Eberhardt School, Grand Valley State University's Family-Owned Business Institute and Cornell's Smith Family Business Initiative, among many others, offer educational programming for family business owners. These programs help prepare the next generation for leadership in the family company. As long as the effort is made and the work is done, the value from higher education is priceless (Family Business Magazine, 2015). Zeidler & Norton (2017) found that family owners who have had the most success have invested in their family education that focused on areas of (1) family system, (2) business system, and (3) ownership system.

Based on the critical literature review of the relationships between family business system and family business education, we can propose the statements of hypotheses and conceptual framework as follow:

H₁: Family system has a significant relationship with family business education

H₂: Business system has a significant relationship with family business education

H₃: Ownership system has a significant relationship with family business education

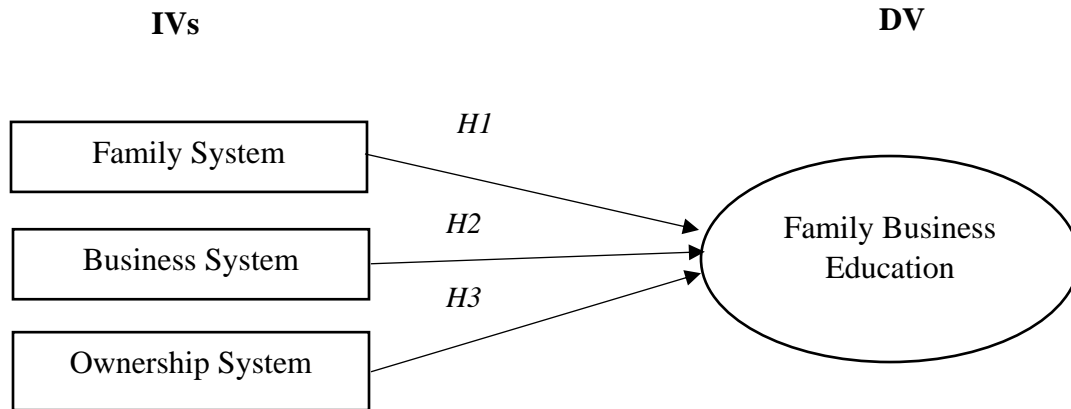


Figure 2.2: Conceptual Model of Family Business Education

3. METHODOLOGY

3.1 Research Design

This study uses quantitative approach to analyze the significant relationship between the family business system as categorized independent variables which including family system, business system, and ownership system and the dependent variable as the family business education. The study uses the statistical tools to test the significant relationship between family system and education, business system and education, and ownership system and education. The conclusion of data analysis based on the perceptions of executive master students who are experiencing in business owners, managers, advisors and staff of private and public organizations.

3.2 Data Collection

The data was collected through the survey of questionnaire from the Google form and the questionnaire was designed based on the key variables such as family business education, family system, business system, and ownership system of the theoretical framework. There are 400 questionnaires were distributed through google form and only 343 were received for analysis of this study. The secondary data was collected through website, google scholar, library journals, handbooks, and other relevant documents.

3.3 Sampling Method and Sample Size

The target population of the study is focused on the perceptions of executive MBA students and well as alumni and also some BBA students in Management Program. The sample size of study is 343, based on Roscoe (1975), proposed the rules of thumb for determining sample size that appropriate for most research is larger than 30 and less than 500.

3.4 Measure Variables and Research Instruments

- Dependent Variable (DV): *Family Business Education* is viewed as an ongoing capacity-building process that ought to be designed strategically so as to continuously anticipate the needs of both the business and the family (Langberg & Gersick, 2020). Family Business Education (Fam_Edu) is measured by 6 items, adapted from Linan, et al. (2011), using 5-point Likert scale ranging from 1: not important at all to 5 is extremely important. The 6 items include the importance of family business education, knowledge about the family business environment, greater recognition of the family business's figure, the preference to be an entrepreneurial family, the necessary ability to be an entrepreneur, and the intention to be an entrepreneur.
- Independent Variable (IV₁): *Family System* is a group of people who make up the same household. Family system identify four stages: young business family, entering the business, working together in the same business, and passing the baton (Roszko-Wojtowicz & Miarka, 2017). Family System (Fam_Sys) is measured by 4 items, adapted from Davis et al. (1996), using 5-point Likert scale ranging from 1: not agree at all to 5: very strongly agree. The 4 items include: young family business, entering the business, working together in the same business, and passing the baton.
- Independent Variable (IV₂): *Business System* is drawing on the work of business life cycle, start-up, expansion or formulization, and maturity (Wes Waldo, 2019). Business System (Bus_Sys) is measured by 3 items, adapted from Davis et al. (1996), using 5-point Likert scale ranging from 1: not agree at all to 5: very strongly agree. The 3 items include: business startup, business expansion or formulation, and business maturity.

- Independent Variable (IV₃): *Ownership System* is the ownership of the company from being in the hands of a single, controlling owner to becoming sibling partnership and cousin consortia (Gersick, et al. 1997). Ownership System (Own_Sys) is measured by 3 items, adapted from Davis et al. (1996), using 5-point Likert scale ranging from 1: not agree at all to 5: very strongly agree. The 3 items including: controlling owner, sibling partnership, and cousin consortium.

3.5 Statistical Tools for Analysis

The SPSS Amos-23 software was used to estimate the Confirmatory Factor Analysis (CFA) and Structural Equation Model (SEM) Analysis to find out the significant correlation between family system, business system, and ownership system with family business education. The pilot study also used to test the reliability and validity of the and normality for goodness of data. The Model fit also test for CMIN/DF, GFI, CFI, and RMSEA.

3.6 Pilot Test for Reliability Cronbach's Alpha and Validity

3.6.1 Reliability Test

The first step of this study is conducted the pilot test of 30 sample size to calculate reliability of Cronbach's alpha. The most common reliability is internal consistency of the scale (Hair et al., 2006) and according to the rule of thumb for reliability estimation, if Cronbach's alpha is 0.70 or higher suggests good reliability. If the Cronbach's alpha is 0.60 to 0.70 is considered acceptable reliability. The results shown as table below.

Variable	Cronbach's alpha	No. of Items	Comment
Family Business Education (FBE)	0.893	6	Good
Family System (FS)	0.769	4	Good
Business System (BS)	0.709	3	Good
Ownership System (OS)	0.829	3	Good

All variables are considered good reliability, Cronbach's alpha is higher than 0.70.

3.6.2 Validity Test

Validity is a measure of the research instruments. A test for the validity of the questionnaire is conducted by using Person correlation that is done by correlating each

item score with the total item scores. The validity decision is based on the significant value less than 0.05.

DV: Family Business Education (FBE)	N	Pearson Correlation	Sig. (2-tailed)	Comment
FBE1: Importance of family business management education	30	.878	.000	Valid
FBE2: Knowledge about the family business environment	30	.886	.000	Valid
FBE3: Ability to analyze the family business' s figure	30	.842	.000	Valid
FBE4: Attitude to promote family-owned business	30	.778	.000	Valid
FBE5: Ability to be an entrepreneurial self-efficacy for family	30	.843	.000	Valid
FBE6: Creative and innovative of family-owned business	30	.614	.000	Valid
IV₁: Family System (FS)	N	Pearson Correlation	Sig. (2-tailed)	Comment
FS1: Young family business	30	.743	.000	Valid
FS2: Entering the business	30	.762	.000	Valid
FS3: Working together in the same business	30	.780	.000	Valid
FS4: Passing the baton	30	.802	.000	Valid
IV₂: Business System (BS)	N	Pearson Correlation	Sig. (2-tailed)	Comment
BS1: Business Start-up	30	.829	.000	Valid
BS2: Business Expansion	30	.832	.000	Valid
BS3: Business Maturity	30	.774	.000	Valid
IV₃: Ownership System (OS)	N	Pearson Correlation	Sig. (2-tailed)	Comment
OS1: Controlling Owner	30	.765	.000	Valid
OS2: Sibling Partnership	30	.906	.000	Valid
OS3: Cousin Consortium	30	.912	.000	Valid

The results of validity test showed that all items of Family Business Education, Family System, Business System, and Ownership System are significantly valid at 0.01.

3.6.3 Normality Test

According to Hair et al. (2010), the data is considered to be normal if skewness is in between -2 to +2 and kurtosis is in between -7 to +7. The results of normality test in this study shows that all values of Skewness are in between -2 to +2 and all values of Kurtosis are in between -7 to +7, so this study the data is considered to be normal.

Table: Assessment of normality (Group number 1)

DV: Family Business Education	Skewness	C.R.	Kurtosis	C.R.
FBE6	-.871	-6.585	1.087	4.109
FBE5	-.583	-4.406	.263	.994

DV: Family Business Education	Skewness	C.R.	Kurtosis	C.R.
FBE4	-.462	-3.495	.096	.363
FBE3	-.394	-2.976	-.275	-1.039
FBE2	-.362	-2.734	-.155	-.586
FBE1	-.450	-3.401	.257	.973
IV1: Ownership System	Skewness	C.R.	Kurtosis	C.R.
OS1	-.407	-3.080	.113	.427
OS2	-.336	-2.537	-.079	-.297
OS3	-.290	-2.193	-.361	-1.364
IV2: Business System	Skewness	C.R.	Kurtosis	C.R.
BS1	-.391	-2.958	-.045	-.170
BS2	-.472	-3.568	.041	.155
BS3	-.328	-2.483	-.347	-1.313
IV3: Family System	Skewness	C.R.	Kurtosis	C.R.
FS1	-.124	-.934	-.530	-2.003
FS2	-.173	-1.307	-.332	-1.256
FS3	-.369	-2.794	-.104	-.393
FS4	-.157	-1.188	-.723	-2.733

4. DISCUSSION OF FINDINGS

4.1 General Information about the Respondents

Table 4.1 presents the gender of the respondents, the results show that among 343 of the respondents, there are 209 (60.9%) male and 134 (39.1%) female.

Table 4.1 Gender of the respondents

Gender of Respondents	Number	Percentage
Male	209	60.9%
Female	134	39.1%
Total	343	100%

Table 4.2 presents the degree of study of the respondents, the results show that among 343 of the respondents, there are 239 (69.7%) studying Master degree, 101 (29.4%) studying Bachelor degree, and only 3 (0.9%) have Doctorate degree.

Table 4.2 Degree of Study

Degree of Study	Number	Percentage
Bachelor degree	101	29.4%
Master degree	239	69.7%
Doctoral degree	3	0.9%
Total	343	100%

Table 4.3 presents the organization of the respondents, the results show that among 343 of the respondents, there are 21 (6.1%) have their own company, 210 (61.2%) work in private companies, 75 (21.8%) work in public organizations, and other is 37 (10.9%).

Table 4.3 Organization of the respondent

Organization	Number	Percentage
My owned company	21	6.1%
Private company	210	61.2%
Public organization	75	21.8%
Other	37	10.9%
Total	343	100%

Table 4.4 presents the position of the respondents, the results of study show that among 343 of the respondents, there are 20 (5.8%) the owners of the company, 5 (1.5%) advisors, 80 (23.3%) managers, 210 (61.2%) staff, and 28 (8.2%) other.

Table 4.4 Position of the Respondent

Position in Organization	Number	Percentage
Owner	20	5.8%
Advisor	5	1.5%
Manager	80	23.3%
Staff	210	61.2%
Other	28	8.2%
Total	343	100%

Table 4.5 presents the needs of education for family-owned businesses, the results show that 333 (97.1%) agreed on the needs of family business education, and 10 (2.9%) do not agree on the needs of family business education.

Table 4.5 The Needs of Education for Family-Owned Businesses

Need Education	Number	Percentage
Yes	333	97.1%
No	10	2.9%
Total	343	100%

4.2 Discussion of the Relationship between Family Business System and Education

4.2.1 Discussion of Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis (CFA) is a statistical method used to validate the aspect structure of fixed of observed variables. In CFA, the loading scale items on factors are tested and removed if the regression weight is lower than 0.5. Confirmatory

factor analysis helps to determine the efficiency of the construct. It is a key step and analysis in an SEM model. Since the model is proven to be effective, each of the selected factors has a positive contribution in measuring the main construct. Model fitness refers to the model's ability to reproduce the existing linkage with other data tested under similar conditions. A well-fitted model ensures consistency and prevents re-working. Thus, it is essential to examine model fitness before assessing the linkage between variables (Kenny, 2020; Shi & Lee, 2019).

To evaluate the criterion of the model fitness, CFA uses maximum likelihood p-value > 0.05 (Joreskog & Sörbom, 1996); Chi-Squared Value divided by the Degree of Freedom (CMIN/DF) < 5 (Kline, 1998; Marsh & Hocevar, 1985); Goodness of Fit Index (GFI) > 0.90 (Kline, 1998; Marsh & Hocevar, 1985); Comparative Fit Index (CFI) > 0.90 (Tabachnick & Fidell, 2007); and Root Mean Squared Error of Approximation (RMSEA) < 0.10 .

For this study, the results of checking of initial model (Figure 1) show that CMIN/DF ($8.943 > 5$), GFI ($0.829 < 0.90$), CFI ($0.882 < 0.90$), and RMSEA ($0.152 > 0.10$), show that the adequate fit criteria for the above model are not getting satisfied for the indices. Thus, modification needs to be done in the model (Figure 2). Modification of the second model by checking the covariance value for the unobserved variables and then select those unobserved variables whose MI value is high in linkage with other unobserved variables (Figure 2). After refined the 2nd Model, we obtain that Chi-Square (CMIN/DF) = $3.096 \leq 5$, GFI = $0.935 > 0.90$, CFI = $0.960 > 0.95$, and RMSEA = $0.078 < 0.10$. Thus, we can state that the model is fit and acceptable.

Table 4.2.2: The Model Fitness

Model	CMIN/DF	GFI	CFI	REMSEA	Model Status
Initial Model	8.943 > 5	0.829 < 0.95	0.882 < 0.95	0.152 > 0.10	Unacceptable
Refined Model	3.096 ≤ 5	0.935 ≥ 0.90	0.960 ≥ 0.90	0.078 < 0.10	Acceptable

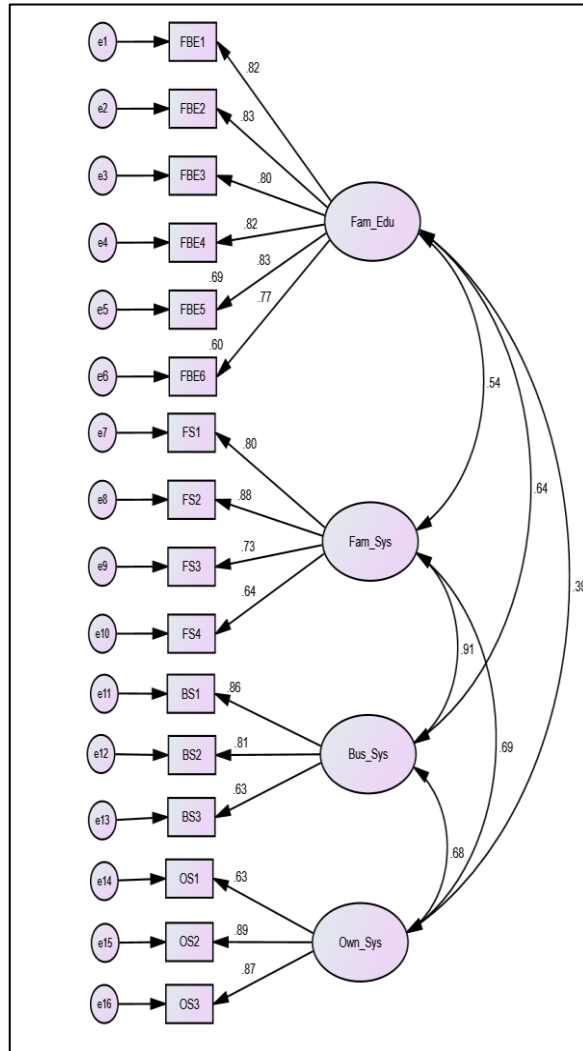


Figure 1: Initial Model

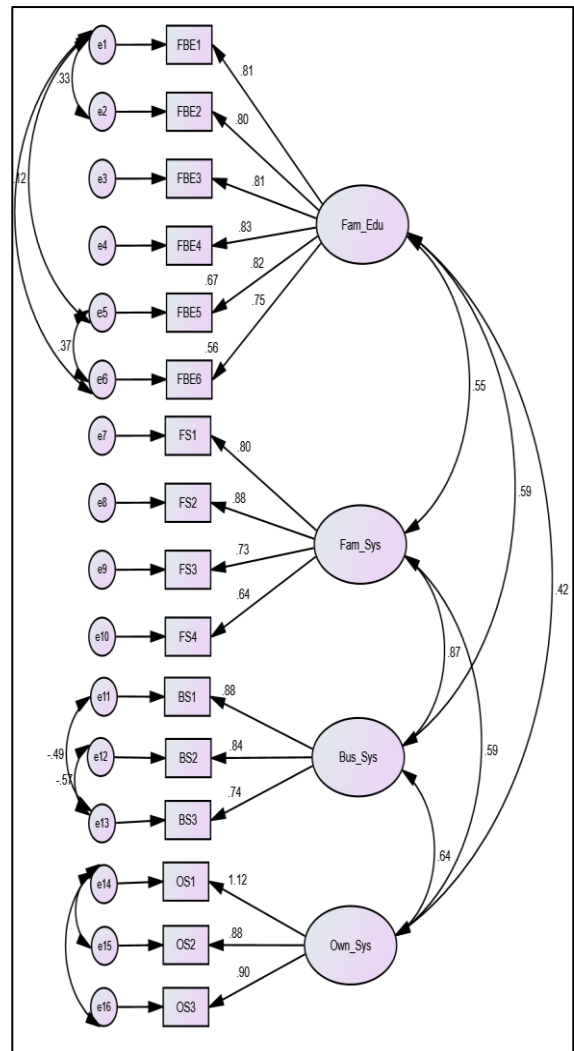


Figure 2: Refined Model

4.2.2 Discussion of Structural Equation Model (SEM)

A structural equation model generated through AMOS was used to test the relationships between independent variables and dependent variable. A good fitting model is accepted if the value of the CMIN/DF is <5, the goodness-of-fit (GFI) is >

0.90; the confirmatory fit index (CFI) is >0.90 ; RMSEA is between <0.10 (Hair et al., 2010). The fit indices for this study shown in Table 4.2.2 fell within the acceptance range: $CMIN/DF = 4.183 < 5$; $GFI = 0.935 > 0.90$; $CFI = 0.960 > 0.95$; and $REMSEA = 0.096 < 0.10$. The Squared Multiple Correlation was 0.42 for Family Business Education, this shows that 42% variance in Family Business Education (Fam_Edu) is accounted by Family System (Fam_Sys), Business System (Bus_Sys), and Ownership System (Own_Sys).

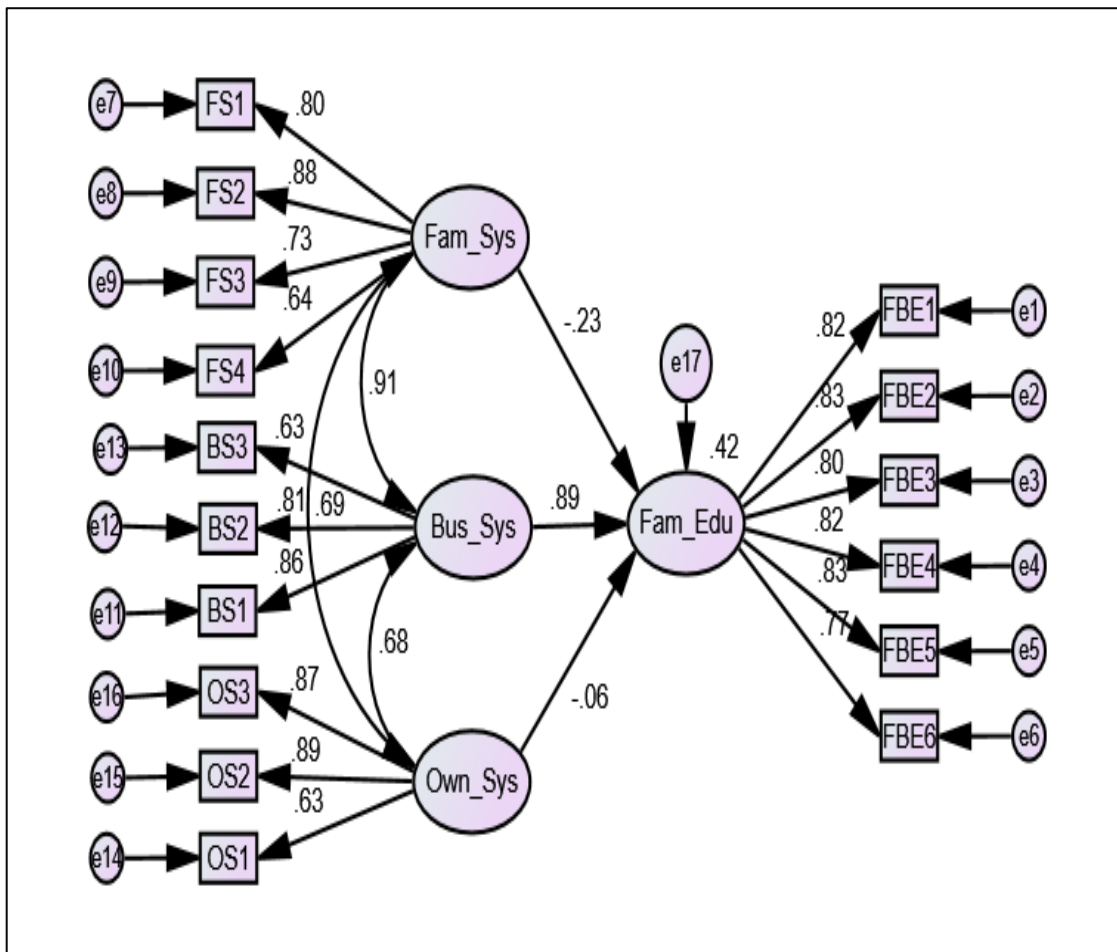


Figure 3: Estimating Structural Equation Model of Family Business System and Education

The SEM Analysis of the relationship between the independent variables and dependent variable show that the relationship between Family System (Fam_Sys) and Family Business Education (Fam_Edu) was negative statistically insignificant ($b = -0.209$, $t = -1.044$, $p = 0.296 > 0.05$), H_1 was not supported. The estimation of the

relationship between Business System (Bus_Sys) and Family Business Education (Fam_Edu) was positive statically significant at ($b = 0.878$, $t = 3.825$, $p = 0.000 < 0.05$), H_2 was supported. The estimation of the relationship between Ownership System (Own_Sys) and Family Business Education (Fam_Edu) was negative statically insignificant at ($b = -0.045$, $t = -0.763$, $p = 0.446 > 0.05$), H_3 was not supported. Table 4.2.3 Presented the summary of Model fit and the results of hypotheses.

Table 4.2.3 Summary of Model fit and the results of Hypotheses

Hypothesized Relationship	Standardized Estimates	t-value	p-value	Decision
H₁: Fam_Sys-- > Fam_Edu	-0.209	-1.044	0.296	Not Supported
H₂: Bus_Sys-- > Fam_Edu	0.878	3.825	0.000	Supported
H₃: Own_Sys-- > Fam_Edu	-0.045	-0.763	0.446	Not Supported
R-Square				
Family Business Education: 0.42 (42%)				
Model Fit				
CMIN/DF = 3.096 < 5; GFI = 0.935 > 0.90; CFI = 0.960 > 0.95; REMSEA = 0.078 < 0.10				

Based on the results of analysis and reflecting to the real situation in Cambodia, most of the respondents believed that business system education is extremely important for family-owned businesses if compare to family system and ownership system education. The results showed that business system and education is strongly positive correlated at value of 0.878, meaning that family business owners as well as students in Cambodia are focusing on developing knowledge and skills of business management rather than skills and knowledge in family system and ownership system. The knowledge and skills in business management such as marketing, operations, finance, human resource, innovation, digitalization, business start-up, business expansion, and business maturity, etc. The results of study also showed that there is a negatively correlated between family system and education at the value of -0.209, and negative correlated between ownership and education at the value of -0.045. Meaning that most of people in Cambodia are still not understanding and interesting in higher level of education in family and ownership systems, they believed that young family business, entering the business, working together with the same business, passing the baton,

controlling owner, sibling partnership, and cousin consortium are not necessarily to have higher degree of education for family business system.

5. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

The study of the relationship between the family business system and family business education in Cambodia, found that the key components of family business system include family, business, and ownership. Family is a group of people who make up the same household, and characterized by interdependence, shared history, and emotional connected. Business is a combination of policies, personnel, equipment and computer facilities to co-ordinate the activities of business organization. Ownership is founder of the firm, control the business, and participate in management of the business. The results of study show that 42% variation in family business education was accounted by family, business and ownership, however, among key components of family business system, the family system was negative statically insignificant at p-value higher than 0.05, the business system was positive statistically significant at p-value less than 0.05, and the ownership system was negative statically significant at p-value higher than 0.05. The results of study showed that business system has positive significant relation with family business education in Cambodia. Thus, the appropriate curriculum development for family business management in Cambodia should be emphasized more on business management or entrepreneurship. The role of family business education has been to promote new business start-ups or entrepreneurial thinking. Business idea competitions and business planning, as well as intrapreneurship, have dominated the field of entrepreneurship education. Promoting self-efficacy, feeling that one can succeed through one's own abilities, has been one of the goals of family business education.

5.2 Recommendations

Family business education is rooted in multidisciplinary thinking between business, social, educational, and human sciences. Multidisciplinary collaboration between universities and university departments is needed for contributions on how families can generate new business operations. At the same time, in order to keep the

quality standards high, family business education could be rooted in active interaction and communication between practitioners and scholars. Practices and theories, in harmony, cover educational needs of university students. To find the right fit, students and families seeking family business programming should begin by targeting a few institutions and inquiring about all family business academic opportunities, including executive education; identifying and meeting with faculty who have family business experience; and investigating whether the institutions fund students' family business activities. Based on the results of study showed that only business system has strong positively relationship with education, meaning that more family-owned businesses are interested in knowledge and skills of business system education rather than just focusing on family and ownership systems. However, business, family and ownership are overlapped components of family business system which is interdependent and connected to each other. Thus, the appropriate curriculum design for Family Business Management Education in Cambodia should be considering on:

- (1) Reflect academic and practical experience and expertise, to foster family business teaching and learning that are still in their infancy; interaction of local networks to produce unique family business programs, based on the characteristics of the local area and its economics, to find out the local demands of economies and cultures; and active mentors from family businesses to develop the field of family business together with practitioners and academics.
- (2) Start with topics that are universal, what that all family members have in common. One example is the shared history of the family and the business. This could incorporate storytelling from the older generations and pictures of the family and business. It's important that family members' initial experiences be positive, that will boost enthusiasm for the family program and encourage future participation.
- (3) Get buy-in early and often, because family members feel a sense of ownership of a multigenerational business, they also feel ownership of the family education initiatives. Family members will be more inclined to participate in family business education if we clearly define and communicate what we hop the program will achieve. Provide family members a clear purpose and how they play a role in the

- family success. Family members get excited about things they have had a hand in developing. Measure and take feedback on a regular basis. Survey family members on what they've enjoyed so, what they want to learn next and their suggestions for change.
- (4) Look for opportunities to support the family business education initiatives beyond direct meetings. Skype calls on special topics, postings of family videos, family newsletters, a private family website, announcements about special classes at university programs, all these things keep the interest and energy going.
 - (5) Pair learning with family outings that a tour of the factory followed by bowling and pizza, a session to meet with family trustee followed by a campfire's mores party. Also memorialize the family meeting with T-shirts, hats, beach towels, etc. These items build a sense of community and are a fun, low-cost way to generate ongoing good feelings about the family gathering every time someone uses that item in the future.
 - (6) Develop academic collaboration with international partners for increasing the quality and the quantity of family business education to conduct cross cultural studies on family business, and to benchmark practices between international communities. Networks of researchers to produce education based on the latest research results to keep the family entrepreneurship education high standards.

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CHALLENGES OF FAMILY BUSINESSES IN CAMBODIA

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ABSTRACT

Family businesses have contributed a lot to the economy of every country. However, they have faced many different challenges, particularly in the present turbulent environment. Thus, the researchers were interested in exploring the challenges faced by family business firms in Cambodia. To explore the challenges, the researchers developed two research questions: (1) what are the challenges of family businesses in Cambodia? And (2) What are the solutions to the challenges? Also, two research objectives were set in this study: the first one is to explore the challenges of family businesses in Cambodia, and the second is to develop solutions for the challenges. In this research, qualitative study was conducted with 13 participants joining the interview, and the interview data was analyzed by using content analysis. As the results, the researchers found some challenges faced by family businesses. They are human resource problems, more competitors, lack of capital and cash flow problem, family interference and not follow the structure, accounting problem, limited innovation and lack of will for the next generation, and others. Overall, family business firms have had different challenges, but the most common and top one is human resource problems.

Keywords: Challenge and Family Business

1. INTRODUCTION

1.1 Background

Family business plays an important role in economic development of all countries. The largest 500 family enterprises generate US\$8.02 trillion in revenue – up 10% from 2021. Europe has a strong tradition of family enterprises, driven by Germany, the second-largest contributor to the Index in relation to number of companies (78), combined revenues of US\$1.13 trillion and number of employees (3.35 million). Germany continues to be the base for nearly a third (31%) of the largest family businesses in EMEIA. Given its dominance as the world's largest economy, it is no surprise that the US contributed nearly one quarter (23.6%) of featured companies and more than one-third (34%) of collectively generated revenue. The US alone contributed 80.2% (US\$2.72 trillion) of the combined revenue generated by the Americas on the 2023 Index. Seven out of the 10 biggest family enterprises globally are based in the US., (Helena Robertsson, 2023).

As cited by Morten Bennedsen, Yi-Chun Lu & Vikas Mehrotra (2022), family firms are the most typical organizational form in the Asian business landscape and in most countries (excluding China) they are often the oldest as well. They represent more than 80% of all (private and public) corporations across a vast swath of industries and a third of the value of listed firms in Asian economies (EY, 2017). Today more than a third of listed companies, and around 90% of private firms, classify as family firms in China. Family firms in China are on a high growth trajectory, with some surveys showing that they have been growing faster than their counterparts in the rest of Asia, and have stronger expectations about future growth (PwC, 2021). In addition, family firms are the biggest contribution to wealth creation in the Hong Kong economy (Huang and Yeung, 2018). The wealth and business are indeed concentrated in Hong Kong today—the 15 wealthiest families in Hong Kong control assets worth 84% of Hong Kong's GDP (Ho and Chalam, 2017). In India, the role of family firms is significant in nation building, wealth creation, employment generation and contribution to the exchequer. Family firms comprise 85% of all Indian firms and account for around 70% of the GDP. What is more, family firms have existed in Japan for more than a

millennium, with the 10 oldest surviving family firms in the world being Japanese (Goto, 2014, 2021). In the South Korean economy, large family-run business groups called Chaebols have been the decisive engine for the economic growth. Furthermore, family firms represent 65% of the total number of Taiwanese firms and 55% of total market value in the Taiwanese economy (TWIOD, 2018; PwC, 2020). In 2019, about 56% of family firms were founder-led, 35% were led by the second generation, and only 9% were passed on to the third generation (PwC, 2019).

According to Ho and Chalam (2017), more than 75% of businesses in Southeast Asia are family businesses. In Malaysia, family businesses control almost 75% of the country's economic assets, while in Indonesia, family businesses are growing more than the global average. Family companies in Indonesia reach 40% of market capitalization and contribute more than 80% of the gross domestic product, cited by Sukamdani, N. (2023). As cited by Morten Bennedsen, Yi-Chun Lu & Vikas Mehrotra (2022), family firms compose around 96% of the 165 000 firms in Indonesia (Kumar and Prameswari, 2018). In addition, family firms play a key role in Singapore's economy, making up the majority (52%) of companies listed on the Singapore Exchange and representing 33.1% of total market capitalization.

As cited by Thy Sambath (2021), Cambodia's economy is dominated by the private sector. Small firms, many of which are family-owned, make up the majority of private businesses. They are the backbone of Cambodia's economy. While SMEs account for 99.8 percent of Cambodian businesses and provide 58 percent of GDP in 2018, according to the Ministry of Industry, Science, Technology and Innovation, previously known as Ministry of Industry and Handicrafts (Chhea, 2019). Based on the data of the World Bank, Cambodia's GDP was around 24.6 billion US dollars in 2018, so with a contribution of 58 percent to GDP, SMEs have generated roughly 14.2 billion US dollars of the country's GDP. This value reflects the fact that SMEs have played a key role in Cambodian economic development (World Bank, 2021)

1.2 Problem Statement

Although family business have grown rapidly, there are challenges for them around the world. The challenges faced by today's family businesses are perhaps greater

than ever: competing in a more turbulent environment dominated by pluralistic social values, intensified competition, a global economy and rapidly changing politics and regulation. Compounding such challenges are the complex relationships that exist between family members and the delicate balancing act required to combine family and work relationships. Moreover, there is no one rule that governs all – every family business is unique, deriving its personality from generations of family and business heritage (Deloitte, 2012).

As cited by Thy Sambath (2021), the majority of SMEs can be seen in Phnom Penh (23 percent), Siem Reap (19 percent), Battambang (9 percent), and Kampong Cham (8 percent) (International Finance Corporation, 2019). Based on data from the Asian Development Bank (ADB), in 2014, the total number of enterprises in Cambodia was 513,759, while 512,870 were MSMEs, and another 889 were large enterprises. The number of MSME represents 99.8 percent of total enterprises in Cambodia, while its growth rate was 10.9 percent in 2014 (ADB, 2020). According to Mr. Sokong, Secretary of State at the Ministry of Industry, Science, Technology, and Innovation, stated that the number of SMEs in Cambodia was about 520,000 in 2019. He also mentioned that it's critical to inform SMEs about the advantages of registering with the government. Since there are only about 150,000 SMEs registered, they are all producers. (Khmer Times, 2019). According to the National Institute of Statistics (NIS), around 72 percent of Cambodian enterprises are family-run businesses with one to three employees (2009), cited by Open Development Cambodia (2013).

Although there have been many studies on small and medium enterprises (SMEs) in Cambodia, not many studies have been conducted on family businesses, particularly their challenges. Therefore, the researchers are interested in exploring the challenges of family businesses in Cambodia.

1.3 Research Questions

In to explore the challenges of the family business in Cambodia, the researchers developed 2 research questions as follows:

- What are the challenges of family business in Cambodia?
- What are the solutions to the challenges?

1.4 Research Objectives

In this research, the researchers have set 2 objectives as following:

- To explore the challenges of family business in Cambodia
- To develop solutions for the challenges

1.5 Significance of Research

This study has many contributions. Firstly, family business owners can use these findings to solve their challenges. Secondly, students will learn from these findings to improve their knowledge. Thirdly, researchers can refer to these findings for their future research.

1.6 Limitations

In this study, the researchers focused on small to medium family businesses, and conducted it in Phnom Penh only.

2. LITERATURE REVIEW

2.1 Definition of Family Business

A family business is defined as a company where the voting majority is in the hands of the controlling family; including the founder(s) who plan to pass the business on to their successors Gulzar, M. & Wang, Z. (2010). Recently, multi-criteria definitions have also been offered. Such as, Smyrnios, Romano, and Tanewski (1997) stated that a business needs to meet at least one of the following four criteria for it to be regarded as a family business: Over 50% of ownership is held by a single family. Over 50% of ownership is held by more than one family. A single family group successfully maintains the business. The majority of senior management is taken from the identical family. Family firms are the most common form of organisation around the world, existing in different sizes, sectors, and locations (Basco & Bartkevičiūtė, 2016)

2.2 Challenges of Family Business

As cited by Morten Bennedsen, Yi-Chun Lu & Vikas Mehrotra (2022), there are challenges of family business in Asia. Succession challenge is found in many Chinese, Hong Kong, Taiwan, Indonesian, Singaporean, Korean, and Indian family firms.

Sharmila Kavediya (2017) found that there were major challenges faced by Indian family businesses, such as lack of succession planning, sibling rivalry, women

of the family joining the family businesses, attracting and retaining non family employees, internal family conflicts, no separations of Emotions and business, biased decision making, raising capital, lack of training to family members, lacks of talent, lack of communication, and absence of written document.

One of the most significant challenges facing family businesses is how to successfully manage succession from one generation to the next. It enable a better understanding of the challenges, the role the new generation plays, the probate process, the preparation of the successor and the importance of family harmony in family business successions. It also points to the importance to develop new generation leaders as well as the need to carefully consider when to begin with the succession process. It also highlights that preparing the successor is an evolutionary process and that family harmony is critical to succeed in the process, Juan Corona (2021).

As cited by Mandic, A. & Mandic, V. (2020), the challenges for family businesses in Europe can be divided into three categories (Austrian Institute for SME Research, 2008). (1) challenges all businesses are confronted with in a similar way, e.g., the general economic climate, developments on the demand side such as demographic an sociodemographic changes (2) general business challenges which, however, are more severe for family rather than non-family businesses due to their specific characteristics, e.g., accruing financial means for growth or competing in globalizing markets (3) challenges that occur for family businesses only, e.g., coping with family business conflicts, realizing a successful business transfer to the next generation.

Lack of communication, lack of appropriateness and preparedness of succession candidates, dysfunctional conflicts in families and the monolithic primogeniture were chief among challenges that surround succession planning in family businesses (Emmanuel Dumbu, 2018).

European family businesses made innovation category at the top of their priorities and they are more focused on it. There is a rapid growth of changes and new technologies which can cause disruption in different industries. Many companies in Europe are actually forced to take drastic changes in order for them to adapt to new market conditions and compete with new business models (KPMG, 2018).

Jessica Hastenteufel & Mareike Staub (2019) found the the specific challenges faced by family businesses are to position their business models in a field of conflict between a generally strong sense of tradition on the one hand and growing innovative developments on the other hand, so that their values are preserved and at the same time remain future oriented. Besides, the leadership of the company by family members who tend to act in appropriate positions over a longer period plays an important role and is a major factor in securing long-term success.

In most Breeder chicken growers, Feed producers, and Equipment suppliers (B.F.E.) family firms, over 80% were run by first-generation with high job satisfaction and 30 years of experience. However, since most managers were the first generation, aware of strategic change management necessities, and have the flexibility to make decisions, we expect they innovatively challenge the business environment issues. Also, this study showed that an inefficient human resources recruitment and training policy were significant barriers to success and survival. Further, the B.F.E. companies could not effectively use the information of the business environment in their strategic change planning because of the general conditions prevailing in the creation and circulation mechanism inside the industry. As a result, the Boards of directors were not adequately capable of constantly evaluating the business environment changes to choose alternative strategies to grow sustainably to live longer, Hassan Rahnema (2022).

Key challenges to family firms in Asia often relate to a lack of long-term planning. Unfortunately, many Asian family business leaders ignore long-term planning at the risk of destroying families and businesses, Morten Bennedsen, Yi-Chun Lu & Vikas Mehrotra (2022).

Lloyd P. Steier, James J. Chrisman & Jess H. Chua (2015) discussed the governance challenges of family business. Governance Challenges for Complex Families and Firms Zellweger and Kammerlander's (2015) work identifies two sources of agency costs in family firms that have not received much attention in the literature to date. As they suggest, how to manage the governance challenges inherent in blockholder conflicts is difficult in a family business setting. However, these challenges can become even more difficult and costly to resolve in a business family where the structure, goals, and

prospects of the family are more diverse and the sources of the family's wealth are more complex. On the other hand, business families also have more options to address the challenges since the assets under their control may be easier to divide or divest. Clearly, more attention is needed on how blockholder conflicts emerge and evolve, as well as the family and environmental characteristics that influence the effectiveness of the solutions chosen.

Onuoha, B. Chima, (2013) found the challenges and problems of professionalizing family enterprises in South East Nigeria. They were unincorporated enterprises, lack of succession planning and plans, unawareness of government policies on entrepreneurship policies on entrepreneurship development in the country, high operational costs, financial constraints, poor infrastructures, competition, and multiple taxes.

Family firms challenges to compete and survive in uncertain times are professionalization for an objective and fasten decision making process, succession to preserve values and legacy, innovation to compete and expand business model, and technology and social media for communication and transparency of managerial decision-making (Laura Zapata-Cantu, Ramón Sanguino, Ascensión Barroso, Laura Nicola-Gavrilă, 2021).

Abdullah Wahtan Alkahtani, (2021) found that major challenges facing Family-Owned Businesses are the dilemma of the owners about what should come first, family or business recruiting staff, retaining valuable employees and professionalization of company for sustainable business, sustainability, succession planning, strategic planning and corporate governance.

In conclusion, the challenges facing family businesses are lack of succession planning, human resource problems, internal family conflicts, no separations of emotions and business, biased decision making, raising capital, lack of communication, absence of written document, rapid growth of changes and new technologies, not effectively use the information of the business environment in their strategic change planning, lack of long-term planning, unincorporated enterprises, unawareness of government policies, high operational costs, poor infrastructures, competition, multiple

taxes, innovation to compete and expand business model, professionalization of company for sustainable business, sustainability, and corporate governance.

2.3 Summary of Challenges

Table 2.1: Summary of Challenges

No.	Challenges	Author
1	Succession	Morten Bennedsen, Yi-Chun Lu & Vikas Mehrotra (2022); Emmanuel Dumbu (2018)
2	Lack of succession planning, sibling rivalry, women of the family joining the family businesses, attracting and retaining non family employees, internal family conflicts, no separations of Emotions and business, biased decision making, raising capital, lack of training to family members, lacks of talent, lack of communication, and absence of written document	Sharmila Kavediya (2017)
3	Demographic and sociodemographic changes, accruing financial means for growth or competing in globalizing markets, and coping with family business conflicts, realizing a successful business transfer to the next generation.	Mandic, A. & Mandic, V. (2020)
4	Rapid growth of changes and new technologies	KPMG (2018)
5	Conflict between a generally strong sense of tradition and growing innovative developments	Jessica Hastenteufel & Mareike Staub (2019)
6	Business environment issues , inefficient human resources recruitment and training policy, and not effectively use the information of the business environment in their strategic change planning	Hassan Rahnama (2022)
7	Lack of long term planning	Morten Bennedsen, Yi-Chun Lu & Vikas Mehrotra (2022)
8	Governance	Lloyd P. Steier, James J. Chrisman & Jess H. Chua (2015)
9	Unincorporated enterprises, lack of succession planning and plans, unawareness of government policies on entrepreneurship policies on entrepreneurship development in the country, high operational costs, financial constraints, poor infrastructures, competition, and multiple taxes	Onuoha, B. Chima, (2013)
10	Compete and survive in uncertain times are professionalization for an objective and fasten decision making process, succession to preserve values and legacy, innovation to compete and expand business model, and technology and social media for communication and transparency of managerial decision-making.	Laura Zapata-Cantu, Ramón Sanguino, Ascensión Barroso, Laura Nicola-Gavrilă, (2021)
11	The dilemma of the owners about what should come first, family or business recruiting staff, retaining	Abdullah Wahtan Alkahtani, (2021)

	valuable employees and professionalization of company for sustainable business, sustainability, succession planning, strategic planning and corporate governance.	
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3. METHODOLOGY

It is a qualitative research in this study. Khim Raj Subedi (2021) explained that the number of participants is guided by different methodological approaches of qualitative inquiry, and suggested from a single to 20 participants for the qualitative research whichever is suitable in a particular study. Thus, the researchers decided to have a sample size of 10 participants based on the time limited and the access to the individual participant. The researchers developed questionnaires and trained 10 students to conduct in-depth interview with 10 family business owners. After the training, the 10 students started to look for potential family business owners for interview. However, only two students could find two family business firms for interview, and the rest could not. That is why, the researchers decided to do the interview with other family business owners by themselves by using their network. So, the researchers targeted another 11 family business firms for interview. Upon getting the interview data, the researcher wrote a story of each business owner and did the content analysis.

4. DATA ANALYSIS AND INTERPRETATION

Story 1

My company is a real estate development company, such as building construction, compound, villa, bridge and road...ect. It is a family business founded in 2005: 18 years of operations up to now. It has 169 employees. It has 3 shareholders, and it is a second generation business, transferred from father to sons with succession planning. The transfer from father to sons had no any problem, but there are some inconvenient problems because the sons are still young though they have new ideas for developing the company. Family members are interested in working for the family business. There are not many family conflicts: it's not 100% perfect. The company has the management structure and correct standard. I am the chief of Director General and the Board Chairman of the company. Yes, the two sons: the eldest and the second have

the influence on the family business now. My business has a clear strategic plan. The strategic plan has been changed with the new leadership under the two sons. The changes are staff capacity building, reviewing all the construction law, improving employee transparency, giving chance to all employees to use their competency, developing KPIs for annual performance appraisal...ect. The challenges of my family business are: not so cooperative, not follow the structure, land border conflict, rapid work change, not so skillful subordinates, and many old age employees.

Story 2

My company sells diamond jewelry. It is a family business founded in 2020. It has 7 employees. There are 3 members in my family. It is a first generation with no succession planning yet. My family members are interested in working for the family business. There are a little bit conflicts, but we listen to each other. My business has management structure, and I am the top manager. Family members have influence in the business, particularly my wife. I have a strategic plan for my business, but I keep the same strategic plan because my business has been operating just for 3 years only. The challenges of my family business are: unclear boundaries between family members' personal and professional lives; close relationship in the family can create emotional tensions, so it has difficulties in communication and decision making; limited access to capital; limited to invest in business expansion and innovation. Therefore, I developed solutions for those challenges by recognizing and addressing those challenges through proper planning, communication, professional management practices for my business to thrive and grow.

Story 3

My company sells furniture for offices and home, such as desk, cabinet, chair etc. My business is a family business founded 8 years ago. It has 15 employees. There are 6 members in my family. It is a first generation business, and I have planned for my family to continue this business. I don't think that there will be problem for generation transfer. My family members are interested in this business. Although it is a family business, I have never had any conflict. My business has management structure, and I am the top manager. My other family members have no any influence on this business.

I have a clear strategic plan, and in 2023 I have planned to enlarge my retails and wholesales, and extend my sales to small and big projects. The challenges of my family business are: human resource problem (it's hard to recruit skilled employees); copying the furniture style and sale strategy from each other; accounting problem; no confidence from customers due to small company; lack of delivery when the sales is high by season; lack of capital to buy more stock; rapid change of consumer preference (high demand for a short period of time). Hence, my solutions to the challenges are: look for new suppliers to buy quality furniture with competitive price; place more orders and seek new transport methods to reduce the cost; strengthen self competency and learn more to improve my knowledge and train employees to convert my family business to a standard company.

Story 4

My company is a medicine whole seller. It is a family business with almost 30 years of operations. It has 20 employees. There are 6 members in my family. It is a first generation business, and I have planned for the generation transfer. From one generation to another generation, whether it is really smooth or not depending on the actual leadership. My family members are interested in working for the family business. I do not have any conflict between family members because my business has a management structure. I have strategic plan for my business, it has changed according to the environment, such as competition and economy. The challenges are: marketing management-more competition; human resource management; it is not a matter of qualify or not, but lack of will for the next generation and it is not only for my company, but for all companies, even giant one. So, I have given more trainings to employees to deal with those challenges.

Story 5

My company provides out-door-home advertising platform. My business is a family business, and it has been operating for 19 years. My business has 40 employees. There are 4 members in my family, and it is a first generation business. I have planned for generation transfer (replacement system), but I do not know yet whether there are any problems for generation transfer. My family members are interested in the family

business, but depending on the actual situation since my eldest son is only 15 years old, and I have not had any conflicts between family members as I am the only one person who manages the business. My business has management structure: management system. Top management is handled by the COO, who has to make operation decision, but me as the CEO has to make the major decision only, particularly on strategic plan and marketing plan. My family members have no influence on the business. My business has strategic plan with clear action, and the marketing strategy is changed 2 times a year based on the market and competitors. The challenges are: all departments, such as human resource (recruit employees not in the right job because the interview and the performance not the same, and the turn-over rate is not high since employees can stay in the company for 5 years in average; accounting; sales and marketing (more competition), product, and maintenance. Also, I have a weekly meeting for all departments to check the work flow of each department and solve them accordingly. Thus, I deal with those challenges based on my experience, principles and the responsibility of each department.

Story 6

My company is a fast food chain. My business is a family business, and it has been operating for 2 years. It has 27 employees. There are 2 members in my family, and it is a first generation business. I have planned for generation transfer, but I am not sure whether there are any problems or not for the transfer. Also, I am not so sure whether they are interested in the family business or not. I have not had any conflicts within the family members because I am doing this business only with my wife. My business has the management structure, and I am the top manager. The family members have no influence on the business. I have a strategic plan for my business, and I had changed it a few times regarding the target market, employee responsibility and compensation to reduce cost of operations and to motivate important staff. In order to reduce the cost of operations, I closed some stores and reduce a number of employees. The challenges are: more employee training and some of them can not do the work after training, so I have to terminate them and recruit new staff, then I have to offer training again which involves more money. Although they have experience, they need to get training on new

operations at my restaurants; sales decrease due to the economy and more competition which lead to no cash flow to hire good employees since they need more salary; no competent sales staff to increase sales.

Story 7

My company imports and sells engine oils. My business is a family business, and it has been operating for more than 7 years. It has more than 40 employees. There are 4 members in my family. It is a first generation business, and I have succession planning for the business, but I do not know whether there are any problems or not for the transfer. My family members are interested in working for the family business, and we do not have any conflicts between family members. My business has a management structure, and I am the top management: the Chairman. The family members have influence on the business since they have positions in the company, such as Chairman, Vice Chairwoman, General Manager and Head of Accountant. I have a strategic plan for my business, and it has changed based on the actual environment. The challenges for my business are from outside factors, such as competitors and others. Thus, I have developed solutions by using the decision-making process to solve the problems.

Story 8

My company has 3 product lines: selling cars, selling spare parts and repairing cars. It is a family business, and it has been operating since 2005 (18 years). My business has 25 staff. There are 5 members in my family, but only my wife and I are in this business. It is my first generation for this business, and I have succession planning. The generation transfer may not be smooth because in the future there will be more barriers for the car imported or made outside Asian countries, and there will be big distributors in each country made the trading company hard to compete. My family members are interested in working for the family business, but need to convert to a standard business. There are some conflicts between family members, such as decision making, time management, hardly making any punishment and some other HR practices. I have a management structure, and I am the top manager. Sometimes, my wife has influence on me. My business has a strategic plan, and I did PDCA (Plan-Do-Check, some weekly and some monthly- Adjustment), when the result and plan are too far differences, I try

to find the root cause to correct it for next action. The challenges of my family business are: small capital, decision making, time management, sometime everyone based on their own idea, and some other HR practice like performing job description, evaluation, disciplinary, punishment, T&D...Therefore, the solutions to those challenges are: (1) Commitment: commit to a clear organizational structure, job description, and time management (2) Evaluation & Motivation: clear KPI to evaluate own result vs plan, what training do we need to improve our job, and should have motivation system (3) Written Document: convert all necessary plan, strategies, or policy from our head to a written documents such as: business plan, selling plan, budget plan, some HR policies and some HR Practices; The goal to have written document: Everyone know what we are and what we want to do; We will never forget what we want to do; And we can use these written documents as proposal for fund raising purpose.

Story 9

My company sells seafood and all kinds of drinks. It is my family business, and it has been operating for 15 years. My business has no employees, except my family members. There are 6 members in my family, and it is a first generation business. I have a succession planning, and my family members are interested in the business. There is no any conflicts between family members. I do not have management structure for my business. I am the top manager of this business, and I have some influence from my wife and eldest daughter for decision making. I have a strategic plan for my business, but it is not a formal planning, and it focuses on competitors' pricing strategy and finding out the consumers' needs in my region. There are some challenges for my family business, such as the increase of more competitors, more competition on selling price, and the consequence of fake products with lower price. My family has increased the stock with necessary demand from consumers in order to get cheaper buying price; thus, it is easier for selling them in market rate. Explain consumers on the quality of products and find out the demand from the consumers.

Story 10

My company is a retail and whole sale of rice. My business is a family business, and it has been operating for 15 years. I have 2 staff, and there are 4 members in my family. It is a first generation business. I have planned to transfer this business to my first son because I knew that he is interested in this family business. I am the top manager in this business, who is in charge of the operations; my wife is the cashier, and my son is the assistant to the business. I do not have any formal strategic plan, but I only go to look for new customers to buy my products. The challenges of my family business are: more credit requested by customers resulted in more debt and cash flow problem. Thus, I have reduced the credit customers, and tried to increase the retail sales.

Story 11

My company sells saffron powder and family Sancho powder. It is my family business, and it has been operating for 3 years. My business has 7 employees, and I also have seasonal contractual staff and outsource service as well. There are 5 members in my family. It is my first generation business, and I have a succession planning. The transfer from one generation to another will go smoothly because I have trained, explained and guided the next generation on how to run this business already. They also have understood some production process and marketing, and I will be the consultant for them as well. My family members are interested in this business, and they are the producers in business now. I have never had any conflicts within my family members. My business does have a management structure, and I am the top manager. I do not have any influence from them. My business has a strategic plan, such as marketing plan, pricing strategy and strategy to deal with economic crisis if it occurs. I have changed my strategic plan by enlarging our business bigger than 2021 because of more support of buying Franchise in provinces and some Khan in the capital. With the aim of advertising and promoting saffron milk to the Cambodian people to understand its advantages, and to test the product, we opened a shop in the middle of the capital near Boengkok. Thanks to the Covid 19 pandemic and the problem of the rent location, we decided to close the shop. However, we have one office, which focuses more on online marketing. The challenges of my business are lack of capital for marketing and for dealing with economic crisis; people do not have 100% trust on natural health care as

well as using the local products; the production is limited due to using labour force 80% in the production process, which lead to high production cost compared to the imported products; long lasting consumption cause slow reorder for our products; limited promotion and distribution outlets have not tried 100% as they have other jobs and businesses. To deal with these challenges, we decided to reduce staff and postpone the expansion, and we sell to only existing customers and use the remaining resources for a short period of time to go through 2023.

Story 12

My company has three businesses: freight forwarding and logistics, wine and fertilizer. I started freight forwarding and logistics in 2008, wine in 2011 and fertilizer in 2013. There are 161 employees for these three businesses. I have 5 members in my family, and I do not have any plan yet to hand over the above businesses to anyone in the family yet. I am the first one to build up the above businesses. My family members are not interested in any business, and my kids -boy and girl- are educated students from North Bridge high school. My company has a management structure and management team, and I am the chairman of the company. Nobody has any influence power in these businesses, and all cases are done by BOD team. Each business has its own yearly plan and keeps moving its own strategies by sales plan and others. No anyone in the family shall get involved in the above businesses and strategies too, but the market will lead us to change the strategic plan by BOD team, sale group with the marketing team too. The challenges of my businesses are: loss of export shipment to oversea, loss of customers, loss of money or slow moving cash flow in market, loss of human resources and skill staff, and global crisis around the world, big problem for all companies, not only mine. I develop all businesses step by step, waiting for peace coming back, end of war and end of trade war as well. In short, I have to wait for the right time to come back.

Story 13

My business sells electronics devices, and offers micro finance to individuals. It is a family business, which started in 2019. There are 13 employees, and there are 3 members in my family: my son is only 2 years old. It is a first generation business. My business has a strategic plan as I have set up 3 branches with management system, which

is manageable. I do not have succession planning as it is my first generation. My family members are interested in what we are doing, and we do not have any family conflicts. I have a management system for my business, but it is not better yet. I am a top manager, and my wife is the registered owner of the company. My family members work closely with harmony in monitoring the work operations based on my assigned plan. In addition, I am the controller over them. The strategic plan has objectives assigned to my subordinates to implement. My family always changes the short term strategies, but not changing the objectives. There are challenges in my family business, such as leading employees. Most employees started their work in my company since the beginning, but they do not understand their work and do not have a strong commitment...etc. To deal with these challenges, my family and I have looked for knowledge to train them, assign them to learn on what they do routinely. Also, I have to monitor their work performance by the management system. Thus, my business operations depend on the management system, particularly leading employees and monitoring the cash flow...etc.

Sto.	Business	Year	Staff	Gen.	Succession Planning	Stru.	Str. Plan	Challenges
1	Medicine Wholesale	30	20	1st	Yes	Yes	Yes	<ul style="list-style-type: none"> - More competitors - Human resource - Lack of will for the next generation
2	Advertising Platform	19	40	1st	Yes	Yes	Yes	<ul style="list-style-type: none"> - Human resource: not right employees between interview and performance - Accounting problem - More competitors
3	Real Estate	18	169	2nd	Already	Yes	Yes	<ul style="list-style-type: none"> - Human resource: not skillful and old - Not follow the structure - Not so cooperative - Land border conflict
4	Car & Maintenance	18	25	1st	Yes	Yes	Yes	<ul style="list-style-type: none"> - Limited capital - Decision making due to my wife involvement - Human resource: not follow the job description
5	Freight Forwarding and Logistics, Wine and Fertilizer	15	5	1st	No	Yes	Yes	<ul style="list-style-type: none"> - Less business - More competitors - Slow cash flow - Human resource: loss of skillful staff - Global crisis

6	Rice: Retail and Wholesale	15	2	1st	Yes	Informal	Informal	<ul style="list-style-type: none"> - More credit sales resulted in more debts - Cash flow problem
7	Seafood and Drinks	15	2 Fam.	1st	Yes	Informal	Informal	<ul style="list-style-type: none"> - More competitors - Fake products with low price
8	Furniture	8	15	1st	Yes	Yes	Yes	<ul style="list-style-type: none"> - Human resource: hard to recruit skilled employees - Piracy - Accounting problem - No confidence from customers - Lack of delivery when high demand - Lack of capital - Change of consumer preference fast
9	Engine oils	7	40	1st	Yes	Yes	Yes	<ul style="list-style-type: none"> - Family influence - More competitors
10	Electronic Devices and Micro Finance	5	3	1st	No	Yes	Yes	<ul style="list-style-type: none"> - Human resource: leading employees, no knowledge on work.
11	Saffron and Sancho Powder	3	7	1st	Yes	Yes	Yes	<ul style="list-style-type: none"> - Limited capital for marketing and economic crisis - Not 100% trust in local natural product - High production cost - Slow reorder due to long-lasting consumption - Human resource: part time
12	Jewelry	3	7	1st	No	Yes	Yes	<ul style="list-style-type: none"> - Family interference - Unclear personal vs profession lives - Limited capital - Limited business expansion and innovation
13	Fast Food	2	27	1st	Yes	Yes	Yes	<ul style="list-style-type: none"> - Human resource: more training, still some cannot do their work - More competitors

Table 3.1: Summary of Stories

As shown in Table 3.1, there are 13 stories of family businesses, such as Medicine Wholesale, Advertising Platform, Real Estate, Car & Maintenance, Freight Forwarding and Logistics, Wine and Fertilizer, Rice: Retail and Wholesale, Seafood and Drinks, Furniture, Engine oils, Electronic Devices and Micro Finance, Saffron and Sancho Powder, Jewelry, and Fast Food. These family businesses have been running for many years: ranging from 2 to 30 years old, and from 2 family members to 169 staff. Only one Real Estate is the second generation, whereas the rest are the first generation. Among the 13 family businesses, 9 have succession planning, 1 in second generation, and 3 have no succession planning. In addition, 11 have management structure and

strategic plan, but the other 2 have informal structure and plan. These family businesses have many challenges, in which 69.23% (9/13) is human resource problems; 46.15% (6/13) is more competitors; 38.46% (5/13) is lack of capital and cash flow problem; 23.07% (3/13) is family interference and not follow the structure; 15.38% (2/13) is accounting problem; 15.38% (2/13) is limited innovation and lack of will for the next generation; and there are a few other minor points.

5. DISCUSSION OF FINDINGS

The researchers have found many challenges of family businesses. The study did not find succession as a challenge because all the family businesses are in the first generation, but only one in the second generation. Thus, this finding can not be concluded to support or contrast the findings of Morten Bennesen, Yi-Chun Lu & Vikas Mehrotra (2022), Emmanuel Dumbu (2018) and Sharmila Kavediya (2017). In addition, the researchers found that human resource is the main challenge for family firms, which is consistent to the findings of Sharmila Kavediya (2017), Hassan Rahnama (2022) and Abdullah Wahtan Alkahtani, (2021). Also, another challenge found is more competitors supported by the findings of Mandic, A. & Mandic, V. (2020) and Onuoha, B. Chima, (2013). What is more, the researchers found the lack of capital and cash flow as another challenge, which is in line with the findings of Sharmila Kavediya (2017) and Onuoha, B. Chima, (2013). Furthermore, family interference and not follow the structure was found as another challenge, which is consistent with the finding of Sharmila Kavediya (2017). Moreover, the study found accounting problem as a challenge, but it is not supported by any author in the above literature review. In addition, the researchers found limited innovation as another challenge, which is in line with the finding of Laura Zapata-Cantu, Ramón Sanguino, Ascensión Barroso, Laura Nicola-Gavrilă, (2021).

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

In conclusion, the 13 family businesses are Medicine Wholesale, Advertising Platform, Real Estate, Car & Maintenance, Freight Forwarding and Logistics, Wine and

Fertilizer, Rice: Retail and Wholesale, Seafood and Drinks, Furniture, Engine oils, Electronic Devices and Micro Finance, Saffron and Sancho Powder, Jewelry, and Fast Food. They have been running businesses from 2 to 30 years, and have 2 family members to 169 staff. Only one Real Estate is the second generation, whereas the rest are the first generation. Among them, 9 have succession planning, 1 in second generation, and 3 have no succession planning. In addition, 11 have management structure and strategic plan, but the other 2 have informal structure and plan. The challenges of these family businesses are human resource problems, more competitors, lack of capital and cash flow problem, family interference and not follow the structure, accounting problem, limited innovation and lack of will for the next generation, and others.

6.2 Recommendations

Based on the research findings, the researchers would like to give some recommendations to the family business owners for dealing with all the challenges that they have faced; thus, they should:

- Learn more on succession planning from other countries, particularly in Asian context although most of them have planned it, but they are still in the first generation because there are many problems in succession from one generation to another found by many authors in the literature above.
- Have human resource planning by consulting with human resource experts since most family business owners find it difficult to have qualified employees to work for them, and to retain them to stay longer in the companies.
- Develop marketing strategies by consulting with marketing experts in the industry so that they know how to compete in the present competitive environment.
- Create a business plan so that they can raise capital from angel investors or from financial institutions, and develop good network with others to get financial assistance from them.
- Strengthen the management structure so that everyone in the company has to follow regardless of family members, and they have to know what to do inside the companies and at home.

- Set up accounting system and train accountants on how to handle the system although the business is small or big. And
- Recruit new employees with entrepreneurial ideas and encourage existing employees and family members to keep learning new knowledge so that they can have innovation for the companies.

6.3 Future Research

Future researchers should do quantitative research with other statistical tools on a certain industry of family businesses and enlarge the sample size to cover other provinces where there are more family businesses.

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STRATEGIC MANAGEMENT PRACTICES FOR FAMILY BUSINESSES IN CAMBODIA

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ABSTRACT

The purpose of this study was to identify the strategic management practices used by family-owned businesses in Cambodia and to identify the factors affecting such practices. To accomplish these objectives, the study used a cross-sectional methodology and focused on Cambodian family-owned businesses that were chosen at random. 57 businesses provided responses, which were deemed sufficient for analysis. The study found that the majority of the analyzed organizations used situational analysis and statements of vision and mission as part of their strategic management. It was found that a large percentage of businesses set objectives and strategies to help them be achieved. In order to ensure that the produced strategies are implemented successfully and efficiently, it was also mandated that the firms develop action plans in addition to combining their vision, mission, objectives, and strategies into a strategic plan. In order to make sure their strategy is on track, all organizations said they analyze their approach and create controls. Additionally, it was determined that different factors have varying degrees of influence on the analyzed organizations' strategic management practices. The study's findings mainly agreed with both empirical research and strategic management theory. The survey suggested that not all family-owned businesses have implemented the majority of strategic management practices, despite the fact that these companies needed to be effective and efficient.

Keywords: *Strategic Management, Strategic Management Practice, Strategic Plan, Family-Centered Business, Business-Centered Family*

1. INTRODUCTION

1.1. Background of Study

In today's market, no matter how large or small a company is, there is tremendous competition at all levels. The consequence is that companies that are ready to face competition are more likely to survive. To survive and achieve their aims, several types of companies have found it vital to engage in strategic management. Strategic management enables managers to provide long-term direction and scope to the business, resulting in advantages for the organization through resource reconfiguration in a changing environment (Whittington et al., 2020).

The environments in which organizations operate have become not only increasingly uncertain but also more tightly interconnected. This requires a threefold response from these organizations. They are required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed circumstances and lastly, develop rationales necessary to lay the groundwork for adopting and implementing strategies in this ever-changing environment (Eric Josue Ishimwe, 2021).

According to Fred David et al., (2023) strategic management can be defined as “the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objective.” Strategic management refers to the managerial process of forming a strategic vision, mission, setting objectives, crafting a strategy, implementing and executing the strategy, and then over time initiating whatever corrective adjustments in the vision, mission, objectives, strategy, and execution that are appropriate. A strategy thus entails managerial choices among alternatives and signals organizational commitment to specific markets, competitive approaches, and ways of operating (Thompson and Strickland, 2022).

The essence of strategic management is developing strategic plans and keeping them current as changes occur in internal and external environment. Strategy formulation and implementation is an ongoing, never-ending, integrated process requiring continuous reassessment and reformation. The strategic planning determines: what an organization's wants to achieve, usually expressed as strategic objectives, and

how to direct the organization and its resources towards achieving these objectives over the next several years, usually expressed as strategic action (Ramadani, et al., 2020). For family businesses, this often requires an understanding of the unique ownership structure and its influence in the strategic direction of the organization (Azizi, et al., 2021).

The basic strategic management processes for both family and non-family firms is similar in the sense that a strategy, whether implicit or explicit, must be formulated, implemented and controlled in the context of a set of goals and objectives. In this sense, even performance is similar, since it should be measured with respect to achieving a set of goals and objectives (Basco, 2017). The differences are in the set of goals and objectives, the manner in which the process is carried out, and the participants in the process (Ward, 1988). For example, in family firms, the owner family is likely to influence every step of the process, whereas in non-family firms, family influences are at best (or worst) indirect (Carlock, 2010).

Although many small and micro-businesses are family-owned and operated, there is evidence that family firms are also fast growth firms and very large successful firms (Lorange, 2005). Broadly, family business has been defined as a business that is owned and managed and/or controlled by one or more family members. Family firms are organizations where two or more extended family members influence the direction of the business through the exercise of kinship ties, management roles, or ownership rights (Birdthistle and Hales, 2023).

A strategic perspective has been adopted by Sharma et al. (1997) in defining family business. They define family business as a business governed and/or managed on a sustainable, potentially cross-generational basis, to shape and perhaps pursue the formal or implicit vision of the business held by members of the same family or a small number of families. This definition is important from a strategic management perspective because it implies that there are goals being pursued, a strategy designed to fulfill those goals, and mechanisms in place to implement the strategy and control the firm's progress toward the achievement of its goals (Daspit et al., 2017).

Literature on family businesses overlaps in many ways with that of small businesses/SME, but there are differentiating components (Pounder, 2015). One of these is the issue of intergenerational ownership transfer (succession) that accounts for about 20 percent of the family business literature (Wang et al., 2004). The interactions between family dynamics and business operations, including such topics as gender roles, dealing with family issues, ownership, family involvement, and the evolution of the business within the family cycle is important (Miller et al., 2003). In addition, business goals and their impact on business performance are affected by the family situations (Olson, 2003; Smith, 2006).

There are two distinct types of family businesses. First is the family-centered business, where the business is a way of life, and second is the business-centered family, where the business is a means of livelihood (Kuruppuge & Ekanayake, 2016). Whereas economic theory postulates that the decision to establish a business should be based on an assessment of the best alternative use of the entrepreneur's time. Westhead et al. (2002) observes that decisions to begin a family business are driven by a desire to provide employment for family members and to ensure independent ownership of the business. On his part, Andersson et al. (2002) argues that it is not uncommon for family businesses to accept lower returns or longer paybacks on their investments or to sustain a lifestyle rather than to maximize profits or personal revenue (Getz & Carlsen, 2000).

Davis (2017) have suggested that the family company has several unique inherent bivalent attributes derived directly from the overlap of family, ownership, and management status. These attributes include such notions as simultaneous roles, shared identity, a lifelong common history, emotional involvement and ambivalence, the private language of relatives, mutual awareness and privacy, and the meaning of the family company. Because of these bivalent attributes, family firms behave differently by caring more about providing jobs for people, treating workers fairly, and socializing family members into the business (Hughes, 2018).

1.2. Problem Statement

While much of the management literature has focused on large publicly traded corporations, in recent years a rising amount of study attention has been devoted to small

organizations, the majority of which are family held. These firms are becoming increasingly important in the majority of world economies (Ibrahim et al., 2008). Because family members are frequently devoted and dedicated to the family enterprise, family engagement as managers and/or owners of a corporation can enhance the organization. Family engagement as managers and/or owners of a firm, on the other hand, might bring distinct challenges because the dynamics of the family system and the dynamics of the business systems are frequently out of balance (Maharajh et al., 2023; Chakrabarty, 2009).

Family businesses face many questions related to participation (who can participate in a family business and under what conditions); management and ownership (how to prepare the next generation to take responsibility for the company); letting go (like helping an entrepreneur leave the family business); liquidity and property taxes; attract and retain non-family directors; compensation for family members (equality versus merit); successors (who chooses and how to choose from multiple followers); and enhancing family harmony (Kim & Gao, 2013). This scenario makes the strategic planning of a family business inevitably more dimensional than that of a business with a non-family ownership structure. Owners must chart the course of the family and its relationships as well as the business project itself. Requirements focus on the core values and goals of the family and business activity (Ward, 2016).

Barros et al. (2016) examined a theoretical model of strategic management of family firms. Osita-Ejikeme and Onuoha (2021) provided valuable insights into family firms and strategic management practices. Gure and Kargu, (2018); Ali, (2019); Dauda et al. (2010); Williams Jr. et al., (2020); Omar et al., (2020); Ekon and Isayas (2022) went further and investigated the strategic management practices and performance of small and micro enterprises. None of these studies focused on the strategic management practices on family-owned businesses. This study attempts to fill the existing gap by addressing the following questions: Do Cambodian family businesses practice strategic management? What are the factors that influence the strategic management practices of these companies?

1.3. Research Objectives

The objectives of the study were to:

- a) Determine the strategic management practices of family-owned businesses in Cambodia.
- b) Establish factors influencing strategic management practices among family-owned businesses in Cambodia.

1.4. Significant of the Study

Family businesses play an important role in providing goods to the people of Cambodia and the region at large as well as providing employment opportunities. Therefore, understanding their strategic management practices is important. Research will shed light on how they are managed. This research will be of particular importance to the management of these companies in understanding their competitive environment.

This research will also benefit the government and other stakeholders in understanding the problems faced by family businesses and initiating efforts to create an enabling environment for businesses. This improves their competitiveness in the region and Cambodia.

This research is important for scholars because it adds to the knowledge of strategic management. Strategic management research in Cambodia is still in its infancy. Therefore, this study should stimulate further research in the area of strategic management of family businesses.

2. LITERATURE REVIEW

Sharma, Chrisman, and Chua (1997) examine the literature on family businesses of Calder (1953) from the standpoint of strategic management. In general, descriptive elements predominated, with a focus on familial interactions. However, the research rarely discusses how these ties impact the operation of a family firm. From a strategic management standpoint, they establish a new set of objectives for family-owned firm strategic management practices (Craig & Moores, 2005). We would outline some of the important concerns and gaps that should be investigated in order to contribute to the improvement of family enterprises' strategic management practices and performance.

According to Chrisman, Chua, and Sharma (2003), researchers will and should

pay more attention to research that offers potential new ideas or adds to reinforcing or debunking current beliefs over time. As a result, academic research is ultimately about theory, the glasses that we use to examine, analyze, and test real-world evidence. There will always be a need for midrange theories to explain unique family business situations. As a result, several ideas have been proposed to explain the phenomena of the family enterprise (business).

2.1. The Nature of Family Business

Researchers began operationally defining the family company by the components of a family's engagement in the firm (business): ownership, management, and transgenerational succession. Unfortunately, studies have had difficulty pinpointing any of these components (Chrisman, Chua & Sharma, 2003). The literature on family enterprises overlaps with that on small business (firms) in many respects, yet there are distinguishing features. One of them is the topic of intergenerational ownership transfer (succession), which accounts for around 20% of the literature on family businesses (Woodfield, 2012; Smith, 2006).

Getz and Carlsen (2000) suggested that small family firms could be classified as either 'family first' or 'business first'. There are two kinds of family business. The first is the family-centered family, in which business is a way of life, and the second is the business-centered family, in which business is a source of income (Kuruppuge & Ekanayake, 2016; Singer & Donahu, 1992). Whereas economic theory holds that the decision to start a firm should be based on the best alternative use of the entrepreneur's time. According to Westhead et al. (2002), choices to start a family business are motivated by the need to offer work for family members and to secure autonomous ownership of the business. On their side, Andersson et al. (2002), claim that it is usual for family enterprises to accept lower returns or longer payback periods on their investments in order to maintain a lifestyle rather than optimize profits or personal revenue (Getz and Carlsen, 2000).

The fact that businesses with the same level of family involvement may or may not consider themselves family firms has motivated some researchers (Duarte Alonso et al., 2018) to define family firms in part by whether the firms

regard themselves to be family businesses. While this way to designating family enterprises is operationally practical, it is logically unsatisfactory since it raises the question of what types of organizations describe themselves as family firms (Cohen & Sharma, 2016). Furthermore, it may exclude from the population of family enterprises those firms with characteristics that are basically identical to those of firms included in the population if the former do not consider themselves family firms in some way (De Vries et al., 2007).

As a result of their dissatisfaction with defining family defining family firms by the extent of family involvement in the business, some researchers shifted their approach by attempting to identify the essence of a family firm. Some authors concentrated on a family's influence in setting the strategic direction of a firm (Chrisman et al., 2012; Chua et al., 2004; Muñoz-Bullon et al., 2018). Litz (1995) suggests that the essence is the intention of the family to retain control of the business past the current generation. Chua, Chrisman, and Sharma (1999) argue that behavior should be added and suggest that control of the dominant coalition is the extent of control needed by the family (Chua et al., 1999). This would make firms with full ownership, controlling ownership, and effective control all eligible. Zellweger et al., (2010) contribute another part with their characterization of familiness as unique, inseparable, and synergistic resources and capabilities arising from family involvement and interactions.

2.2. The Strategic Management Process

Strategy is defined by Thompson, Strickland & Gamble (2022) as “...management’s action plan for running the business and conducting operations.” They go on to say that “a company’s strategy consists of the competitive moves and business approaches that managers are employing to grow the business, attract and please customers, compete successfully, conduct operations, and achieve the targeted levels of organizational performance.” As a result, strategic management comprises the environmental scanning process, strategy creation, strategy execution and monitoring, assessment, and review of the implementation process to ensure the effective and efficient achievement of organizational long-term objectives. Strategic management is

defined by John Pearce and Richard Robinson (2014) as the set of decisions and actions that results in the formulation and implementing plans designed to achieve a company's objectives. According to Ansoff (1991), strategic management is a systematic approach of managing strategic change which consists of positioning of the firm through strategy and capability planning, real-time strategic response through issue management and systematic management of resistance during strategic implementation.

In their recent study of 2023, Fred R. David et al., examine strategic management from the standpoint of what it entails. According to them, strategic management includes strategic analysis, strategic choice, and strategy implementation. Strategic analysis is concerned with understanding the strategic position of the organization in terms of its external environment, internal resources and competences, and expectations and influence of stakeholders. Strategic choice involves understanding the underlying basis guiding future strategy, generating strategic options for evaluation and selecting from among them. Strategic implementation is concerned with translation of strategy into organizational action through organizational structure and design, resource planning and management of strategic change.

Strategic management is relatively new phenomena in organizational management. It dates back to the 1950s in the United States of America. Significant advancements have occurred since its inception. The notion of strategy is central to strategic management. Johnson and Scholes (2020) describe strategy as the long-term direction and scope of an organization: achieving advantage for the business via resource configuration within a changing environment, meeting market demands, and meeting stakeholder expectations.

2.3. Strategic Management Practices

Strategic management is the process of deciding an organization's long-term direction and performance by assuring the strategic plan's thorough creation, proper execution, and continual review (Byars & Rue, 2005; Pearce & Robinson, 2014). It is a method of examining, deciding on, and implementing previously developed plans. Strategic management may also be defined as the continuous activity of creating a competitively superior fit between an organization and its constantly changing

environment (Mayilvaganan & Raviselvam, 2016).

Strategy development and improvement are achieved through the continuous interaction of planning, doing and evaluating. The organization has to act, go beyond what is given and try new ways to realize its vision and influence the context. It has to observe its actions, learn from its successes and failures, and even learn what success and failure mean (Moore et al., 2009). These things are not given in the beginning. It has both see what works and what does not work well, and also think deeply about what it means under its observable influence and what, perhaps unexpected, consequences this influence unleashes (Meresa, 2019). Based on such assessment, it has to rethink, transform, strategize, improve and adjust its methodology, as well as its understanding of its context, vision and relationships with others.

Strategic management involves strategic planning, capacity planning, and change management (Wanyoike & Orwa, 2016). It is also a combination of intuition, experience, and analysis as well as power and politics (Bakar et al., 2011). The goal of strategic management is to build and maintain a sustainable competitive advantage (Zaei et al., 2013). Practicing strategic management does not ensure that an organization meets all change successfully, but it increases the chance. While there is no single prescriptive way to do planning, most successful ways share several common components and similar sequence. Strategic management process is composed of three major phases: Formulation, Implementation and Evaluation. It is within these phases that strategic management practices are manifested.

2.3.1 Strategy Formulation

Strategy formulation is the entire management function of establishing organization direction, setting objectives, and devising a managerial game plan for the organization to pursue (Thompson and Strickland, 2022). Kumar (2021) defines strategy formulation as a decision-making process that is primarily concerned with the formation of an organization's objectives, the commitment of its resources, and environmental limitations in order to attain its objectives. According to Wheelen and Hunger (2018), it is the creation of long-term plans for the effective management of environmental opportunities and threats in light of corporate strengths and weaknesses,

including defining the corporate mission, specifying achievable objectives, deciding strategies, and establishing policy guidelines.

A strategic vision is a blueprint for a company's future that includes, providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of organization that management is trying to create. It thus reflects management's aspirations for the organization and its business, providing a panoramic view of "where we are going" and giving specifics about its future business plans. Drawing a carefully reasoned conclusion about what the organization's long-term direction should be pushes managers to take a hard look at the organization's external and internal environment and form a clear sense of whether and how its present business needs will change over the next five years and beyond. Following the vision statement, management should create the mission statement for the organization, which generally outlines the firm's present capabilities, customer focus, activities and business makeup (Thompson and Strickland, 2022).

The goal of situational analysis is to comprehend an organization's present strategic position. Managers must monitor both the macro and task environments to identify strategic forces that are likely to have a significant influence on the success or failure of their organizations (Fred R. David et al., 2023). Situational analysis includes both an organization's external and internal analyses (Hill & Jones, 2020). SWOT analysis is the most basic method for doing environmental scanning (Dess et al., 2021). The practice of meticulously analyzing the firm and its surroundings via the many dimensions of strengths, weaknesses, opportunities, and threats is known as SWOT analysis.

The goals and outputs that an organization wishes to attain are defined as objectives. They function as yardsticks for tracking an organization's performance and progress. The purpose of setting objectives is to convert managerial statements of strategic vision and mission into specific performance targets. Objectives represent a managerial commitment to achieving specific performance targets within a specific time frame; they are a call for results that connect directly to the organization's strategic

vision and core values (Henry, 2022). Managers of best performing organizations tend to set objectives that require stretch and disciplined effort. The challenge of trying to achieve bold, aggressive performance targets pushes an organization to be more inventive, to exhibit some urgency in improving both its financial performance and its business position, and to be more intentional and focused in its actions (Thompson and Strickland, 2022).

2.3.2 Strategy Implementation

According to Hanson et al., (2021), strategy implementation is a sequence of decisions and activities that result in the translation of strategic thought into organizational action, in which an organization moves from planning its work to working its plan to achieve the stated objectives. It is viewed by Barney & Hesterly (2019), as acting on what has to be done internally to put the chosen (formulated) strategy into place and achieve the targeted results. Kennedy et al., (2020), see it as the process by which management translates strategies and policies into action through the development of programs, budgets, and procedures. This process might involve changes within the overall culture, structure, and/or the management system of the organization. Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Palladan & Adamu, 2018).

Strategy implementation includes considerations of who will be responsible for strategy implementation; the most suitable organizational structure that should support the implementation of strategy (Tamimi et al., 2018; Christabel, 2018); the need to adapt the systems used to manage the organization (Johnson and Scholes, 2020); the key tasks to be carried out and desirable changes in the resource mix of the organization as well as the mandate of each department in the organization and the information systems to be put in place to monitor progress and resource planning (Fred R. David et al., 2023). Implementation may also take into account the need for retraining the workforce and management of change (Thompson, Scott & Martin, 2023).

Thompson, Scott & Martin, (2023) observe that the transition from strategy formulation to strategy implementation gives rise to four interrelated concerns. These

concerns include identifying action plans and short-term objectives; initiating specific functional tactics; communicating policies that empower people in the organization; and committing to continuous improvement.

2.3.3 Evaluation and Control

This is the process of monitoring an organization's operations and performance outcomes and comparing actual performance to intended performance. Control and evaluation processes help to monitor continuously the organization's progress toward its long-range objectives and mission. Control and evaluation enable an organization to examine how its strategy has been implemented as well as the outcomes of the strategy (Addae-Korankye & Aryee, 2021). The strategic management process should also be examined; its strengths and weaknesses noted, and modifications suggested to improve the next round of strategic planning (Stanley Kipsang & Razia Mbaraka, 2017).

Control is required to ensure that performance meets expectations. Control involves the periodic review of the inputs, activities, and outputs undertaken throughout the strategic management process. If change in the strategic plan is needed or redeployment of resources is necessary, change should be made as quickly as possible, even to reworking the entire strategic plan (Fred R. David et al., 2023). Strategic control is concerned with tracking strategy during implementation, detecting problems or changes and making necessary adjustments (Barney & Hesterly, 2019). It is a crucial phase for purposes of attaining a successful organizational objective.

Evaluation is a decision on the effectiveness of a company's strategy. It is concerned with issues such as: did the strategy meet the objectives or should revision be made? Where are problems likely to occur? There is need for constant surveillance by the intelligence unit and feedback to the interested parties (Wheelen et al., 2018). This is important so that corrective action can be taken. Ultimately, if there is a gap between the actual and the desired objectives, it should be closed according to the strategy. Continuous evaluation and responding to internal and external environmental changes is what strategic management is all about.

The fundamental strategic management processes for both family and non-family businesses are similar in that a strategy, whether implicit or explicit, must be established, implemented, and controlled within the context of a set of goals. In this sense, even performance is comparable, because it should be judged in terms of fulfilling a set of goals. The differences are in the set of goals, the manner in which the process is carried out, and the participants in the process (Barros-Contreras et al., 2022). For example, in family firms, the owner-family is likely to influence every step of the process, whereas in non-family firms, family influences are at best (or worst) indirect (Stasa & Machek, 2023).

Nyongesa et al., (2017) observe that strategic planning is critical for family businesses as a way of providing a framework for reconciling family and business issues and for promoting open and shared decision making. The empirical research examining the strategies pursued by or the strategic orientations of family-owned and managed firms is limited and has provided conflicting results (Dahir & Nyang'au, 2019). In some studies, (e.g. Daudi & Mbugua, 2018; Gure & Karugu, 2018), family business CEOs have been found to rate strategic planning less significant in successor preparation than do non-family business CEOs.

Families are both a resource and a restriction in strategic management perspective. Sharma, Chua & Chrisman, (2000) considered family business research in the areas of goals and objectives; strategy formulation and content; strategy implementation; and strategy evaluation and control. They subsequently concluded that family business is more likely to have multiple, complex, and changing goals rather than a singular, simple, and constant goal; although more attention has been paid to the process of strategy formulation and the content of strategy in family businesses, relatively little is still known; while the family-business literature describes the influences of family on strategy implementation, unfortunately, however, it stops short of showing how a particular family influence helps or hinders the firm's achievement of its goals and objectives; and the literature tells us very little about whether strategic decisions and performance are evaluated and controlled differently in the family firm, or if such differences are justified (De Massis et al., 2012).

Sharma, Chrisman, and Chua (2003) conducted a study of the literature based on a simplified model of the strategic management process. Within this framework, they observe that the family business may differ from non-family businesses because the controlling family's influence, interests, and values have overriding importance. How this concentration of control, influence, and values affects the strategic decisions and performance of family firms should be of great interest to family firms, but has not yet been adequately explored. Family interests and values are incorporated into the goals and objectives set for the firm. Family relationships influence the strategies considered. Succession within the family can be one of the most important strategies determining the longevity of the firm. Decision criteria are affected by family considerations built into the firm's goals and the choice of alternatives to consider. Family involvement in implementation creates its own dynamics, politics, and possibilities. Finally, family relationships and how the family perceives the role of non-family managers can make it easier or harder to constructively evaluate or control decisions and actions (Sharma, Chrisman & Chua, 2012).

It is stated that in family business, succession appears to be a strategy for accomplishing one or more goals rather than a goal itself (Ibrahim, Angelidis, & Parsa, 2008). The primary objectives of managing the succession process within the strategic management framework is to select the best successor. This requires a definition of the best successor. It appears to us that "best" will depend on the goals of the family firm. If the family firm is most concerned with family harmony, then the successor who will contribute the most toward that goal is the best. On the other hand, if the family firm's goal is growth and profitability, another candidate might be preferable (Lu et al., 2013). Since the current literature on family firm succession does not explicitly tie prescribed actions and processes to the achievement of clearly stated goals, the prescriptions might not be well-founded (Chrisman, Chua & Sharma, 2005).

2.4. Factors Influencing Strategic Management Practices

Different factors combine to influence on strategic management practice in organizations (Kakunu, 2012). These factors are mainly internal to the organizations even though some of them may be external. Internal factors that influence strategic

management practices include: current organizational structure, leadership style, organizational culture and politics, management skills, financial resources, employee training, reward system, existing organization policies, and organization's human resources (Thompson and Strickland, 2022).

Namada (2020) observed that an organization's strategies are likely to be successfully implemented when congruence is achieved between several elements. Of particular importance include: organization structure, culture (shared values), resource (budget) allocation, staff competencies and capabilities, support systems, reward systems, policies and procedures, and leadership style (Rexhepi et al., 2017; Bhalla et al., 2009; Hunger & Wheelen, 2018; Thompson & Strickland, 2022).

Organizational structure refers to the shape, division of labor, job duties and responsibilities, the distribution of power and decision-making procedures within the company (Marín et al., 2016). It simply means the formal framework by which job tasks are divided, grouped, and coordinated (Tipu, 2018). Organizational structure is a major priority more especially during the implementation of strategy. It helps people pull together in their activities that promote effective strategy implementation. The structure of an organization should be compatible with the chosen strategy and if there is incongruence, adjustments will be necessary either for the structure or the strategy itself (Dan et al., 2014).

Financial resources, physical resources, human resources, and technology resources are all available to organizations to help them achieve their goals (Fred David et al., 2023). Resource (budgetary) allocation is the process of ensuring that all necessary time; financial, skills and knowledge are made available (Witt & Carlson, 2006). Once a strategic option has been settled upon (in the strategic selection stage), management attention turns to evaluating the resource implications of the strategy (Sharma & Nordqvist, 2008). The operating level must have the resources needed to carry out each part of the strategic plan (Cruz et al., 2011). It should therefore be possible to implement a strategy with the resources available and it is not possible to implement a strategy which requires more resources than can be made available.

Right now is the time to develop a strong recruitment and selection strategy to counter the effects of turnover and increase the opportunity to gain top talent. Recruitment and staff development strategies need to support the other factors (Argue, 2015). In addition, aspects of job design, reward packages and conditions of work have to be carefully considered to balance the needs of the organization with conditions of the labor market and the hopes and expectations of the people (Newell, 2005). According to Millmore (2003), this involves recruiting new staff and providing training incentives for relevant employees. Cameron (2008) argue that organizations will experience severe problems in strategy implementation if it is not effectively linked with appropriate personnel policy choices. A policy need to be in place that allows for recruitment of new staff as per requirements of the new business strategy implementation. Thompson and Strickland (2022) point out that staffing the organization i.e. putting together strong management team, and recruiting and retaining employees with the needed experience, technical skills, and intellectual capital assures successful strategy implementation.

Individuals and organizational subunits must be enthusiastically dedicated to implementing strategy and meeting performance targets. Company managers typically try to enlist organization wide commitment to carrying out the strategic plan by motivating people and rewarding them for good performance (Lampinen, 2014). To get employees' sustained. energetic commitment, management has to be resourceful in designing and using motivational incentives-both monetary and otherwise. The role of the reward system is to align the well-being of organization members with realizing the company's vision, so that organization members benefit by helping the company execute its strategy competently and fully satisfy customers (Almeida et al., 2021).

Most critically, successful strategic management requires leadership to guarantee that the organization's efforts are focused toward achieving its goals (Pearce and Robinson, 2014). According to Sorenson (2000), leadership is considered to be one of the most important elements affecting organizational

performance. The leadership of the organization should be at the forefront in providing vision, initiative, motivation, and inspiration. The management should cultivate team spirit and act as a catalyst in the whole strategy implementation process. As much as possible, the leadership of the organization should fill relevant positions with qualified people committed to the change efforts (Gupta et al., 2011)

The level of family involvement in the business influences strategic management practices in family businesses. The literature has focused on two aspects of family involvement in business: family involvement in ownership and/or management of the firm (Dawson & Mussolino, 2014; Sciascia & Mazzola, 2008). The strategy and performance consequences of active family involvement in business can be positive or negative (Charbel et al., 2013; Habbershon & Williams, 1999). On the positive side, family involvement contributes to the building up of competitive advantage for the firm through higher stocks of social capital and patient financial resources that enhance the firm's economic sustainability and longevity (Lumpkin et al., 2011; Berent-Braun & Uhlaner, 2012; Sirmon & Hitt, 2021; Heider et al., 2022). These resources also contribute to the achievement of non-economic outcomes such as the preservation of family ties and trans-generational value creation (Herrera, 2020; Bakar et al., 2015; Alves & Gama, 2020). On the negative side, family involvement in business can be dysfunctional as it adds complexity to business by intensifying the degree and tenacity of conflicts amongst family members who may have differences in their visions and goals (Lim et al., 2010; Neubauer & Lank, 2016; Muhammad et al., 2016). In turn, such differences cause confusion in strategic direction and possible paralysis of action in the dominant coalition as divergent powerful family groups pursue competing objectives (Gomez-Mejia et al., 2011).

Family firms bring a personalized control dynamic that differs from non-family firms' institutionalized control, greatly influencing their strategic direction and procedures (Razzak et al., 2021; Debicki et al., 2020; Zellweger et al., 2010). Family firms are governed by a dominant coalition. While the dominant coalition in a family

firm is similar to a top management team (TMT) in a professional firm, its aim is to pursue the controlling family's vision for the firm. The dominant coalition in family firms consists either of family members or a combination of family and non-family members who are appointed by the controlling family, indicating the strong family influence on the members of the dominant coalition and on the firm's strategy (Zellweger et al., 2010).

Strategic management practices in family businesses are also impacted by the top management's paternalistic management culture and style. Hierarchical connections, top management control of power and authority, strict monitoring, and suspicion of outsiders characterize this management culture and style (Ghee et al., 2015). The level of intergenerational transition also influences strategic management practices. For instance, in their study, Wee & Ibrahim (2012) concluded that descendent-controlled firms were more professionally run than were founder controlled firms. This implies that the professional management culture and style dominate the strategic management practices. Wee & Ibrahim (2012) also concluded that first-generation family managers are entrepreneurs with the special technical or business backgrounds necessary for the creation of the business, but the descendants of the founder face different challenges which involve maintaining and enhancing the business. These tasks may be better performed in a more professional manner, often by non-family members (Qureshi et al., 2010).

The distribution of decision-making authority in the organization is another feature of family business behavior that impacts strategic management practice (Mustakallio et al., 2002). Sonfield and Lussier (2004) discovered that decision-making in first-generation family enterprises is more centralized than in subsequent-generation family firms. Cater III & Kidwell (2014) developed this suggestion further to determine the level of decision-making authority and the use of team management versus autocratic decision-making. Team management involves parents, children and siblings in the firm all having equality and participative involvement in important decision-making, even if one family member is still the nominal leader of the business (Sonfield & Lussier, 2008).

Another key priority in family firms is succession planning (LeCounte, 2022), which has strategic management implications in these firms. The primary issues here are founders' difficulties in letting go and passing on control and authority, the lack of preparation for leadership that many next-generation family members receive, and thus the need for and importance of considering succession planning as part of a family firm's strategic management practice (Lussier & Sonfield, 2004).

2.5. Representative Cases of SMEs Family Business and Underlying Successful Factors

In Working Paper Series (June 2020), Sok et al., pointed that Cambodian firms typically have simple structures. Over 98 percent of manufacturing SMEs are single establishments, with only one branch or factory. More than 90 percent are single proprietorship businesses, owned and controlled by an individual or family (Peter, 2007). Cambodian SMEs are generally very small. According to the NIS 2000 survey, within the manufacturing sector nearly 86 percent of SMEs had fewer than 10 employees (Sambath, 2021).

Today the vast majority of Cambodian manufacturing SMEs are small family run businesses, involved in basic processing of primary produce for the domestic market (Sotharith, 2013). There are very few who export directly or by supplying larger domestically based exporting firms. Few have formal contracts or more than basic interactions with other companies. A lot of commerce is based around personal relationships.

Cambodia's economy is predominantly private. The majority of private businesses are small, many of them family run. They are the backbone of the economy. The Ministry of Industry and Handicraft (Team, O. D. C., 2020) noted that SMEs account for 99% of Cambodia's enterprises and contribute over 70% to employment and 58% to GDP. Generally, these businesses have more issues regarding access to information than bigger businesses, both through formal and informal channels.

Case 1: LYLY Food Industry Co., Ltd.

Despite having a minimal educational background and being a woman, LYLY's director, Keo Mom, is regarded as having a strong entrepreneurial drive from an early

age. She saw the market potential while working in a low-profile capacity at international businesses, where she also gained important information and know-how. She was a pioneer in the food sector when she founded LYLY in 2002 with \$100,000 in operating capital from her personal savings and loans from family. She has grown LYLY from a small production facility with only 20+ employees to a large well-known cracker producer in Cambodia, employing over 200 people, by implementing all of the knowledge she gained while working for foreign firms in areas such as machinery operation, staff management, and financing, among others.

She has aggressively created a solid network, both personally and through her connection with business groups, government, development partners, and domestic and international business communities. This foundation has assisted her business in growing to the point where the Cambodian government and development partners would like to strengthen their support in order for it to become an example of Cambodia's limited SME success stories, assisting the company in terms of first-hand information access, government procedures, technical assistance, business partner matching, and so on.

LYLY strives to assist local industry by procuring raw materials as much as possible from Cambodian farmers and entrepreneurs. To guarantee an adequate supply of quality input and sustain manufacturing capacity, fewer than 20% of raw materials, including palm oil, seasoning, and milk powder, are imported from Thailand and Malaysia. Machinery and technology are imported from the People's Republic of China. In the production, the factory employs the methods and strategies of 5S (in five Japanese words, seiri, seiton, seis, seiketsu, and shitsuke, which literally mean "sort," "set in order," "shine," "standardize," and "sustain") and Kaizen (which literally means "continuous improvement"), and obtains quality, hygiene, and safety standards and certificates. These have been especially important in maintaining the company's strong presence in local markets and export efforts.

Source: Sok, K., Phim, R., Keo, S., & Kim, V. (2020). Connecting Cambodia's SMEs to regional value chains: The "bridging gap" and "missing link" (No. 1150). ADBI Working Paper Series.)

Case 2: Kirirom Food Production

Kirirom Food Production opened its first facility in 2014 to produce dried mango. The company was founded by the director's grandfather, who had a tremendous love and enthusiasm for mango cultivation and business. Kirirom was founded with the goal of creating a market for area farmers and stabilizing their earnings during the harvest season, when overstock of fruit and a lack of market prospects sometimes resulted in a considerable quantity of rotting and avoidable waste.

The facility is located in Cambodia's mango heartland, the Kirirom district, which allows for simple access to raw materials and helps to avoid concerns with Cambodia's logistical performance and high costs. Kirirom has established a strong and dedicated "Team Buyer" to work with suppliers, either directly or through regional middlemen collectors who have sufficient storage to buy directly from farmers and properly store the collected fruits, to ensure a steady supply of raw fruits to meet the company's daily demand of 4060 tons of raw mango. While the firm focuses on dried mango during the harvest season, it has established another manufacturing line to process dried papayas and pineapples during the off-season (for mango). While fruits are supplied locally, the company sources sugar, the other major ingredient, from Thailand, ensuring an uninterrupted supply. The company uses about 30 tons of sugar per month.

The firm has long targeted global markets, improving the quality, safety, and standard of their goods through the use of 5S and the acquisition of necessary certificates. The company has had a positive working relationship with the government, getting assistance in the form of access to information about market prospects, business partners, and the like, invitations to trade fairs, and government-organized and donor-funded production capacity development programs. With a rising market base in both local and international markets, the firm plans to construct another facility, obtaining more sophisticated equipment from outside to boost production automation.

It presently sells 80-100 tons per month to Thailand, Vietnam, the Philippines, and Hong Kong, China, in two forms: direct to end users and to foreign enterprises who repack and relabel before selling in their home markets or re-exporting to third

countries. The corporation does not handle import/export operations on its own, but instead contracts logistic agencies to avoid the burden of the time-consuming processes' intricacy.

Source: Sok, K., Phim, R., Keo, S., & Kim, V. (2020). Connecting Cambodia's SMEs to regional value chains: The "bridging gap" and "missing link" (No. 1150). ADBI Working Paper Series.)

3. RESEARCH METHODOLOGY

3.1. Research Design

A cross-sectional descriptive survey was used to conduct the research. A cross-sectional descriptive survey, as defined by Cooper and Schindler (2022), is one in which data is collected from a sample in order to make generalizations about the population. Because there are many family-owned firms in Cambodia, this study method was relevant because it allowed for a cross-sectional description of the strategic management practices adopted by companies in Cambodia.

3.2. Population of Study

All Cambodian family-owned businesses were included in the study's population. Companies with same family names of directors who also have the same residence addresses, including those operated by husband and wife, were chosen.

3.3 Sampling

The study used a random sampling approach to choose a sample of 100 Cambodian family-owned business. This method ensured that every family-owned firm had an equal opportunity to be chosen for the research. A sample size of more than 30 is considered to be large enough to be representative of the population (De Massis & Kotlar, (2014). As a result, a sample size of 57 boosted representation and response rate as much as feasible in comparison to the total number.

3.4. Data Collection

The study used primary data that were collected using a semi-structured questionnaire organized in three parts. Part A focused on the company demographics; Part B focused on strategic management practices and Part C focused on factors influencing strategic management practices in family-owned businesses. The questionnaire was administered through the google form and "drop and pick" method

targeting family representative in charge of planning in the companies. These were considered to be useful in availing sufficient information regarding the companies' strategic management practices and the factors influencing them.

3.5. Data Analysis

The data was analyzed in accordance with the study's objectives. Because the data obtained was descriptive in nature, descriptive statistics were utilized to examine it. To achieve the first objective of establishing the strategic management practices among family-owned businesses, frequencies and percentages were used to describe the most common strategic management practices. The frequencies and percentages were also used to point out the factors that influence strategic management practices among the businesses. This enabled the achievement of the second objective. Mean scores were used to depict the relative strength of particular factors influencing strategic management practices. For simplicity of understanding and reporting, the examined data were given in tabular SPSS output form.

4. DISCUSSIONS OF FINDINGS

4.1. Introduction

The study has two objectives: to assess the strategic management practices of Cambodian family companies and to identify factors influencing these businesses' strategic management practices. To achieve these objectives, a cross-sectional design was adopted to study 100 family-owned businesses which were randomly selected. A semi structured questionnaire was used to gather data from the owners of these businesses which were analyzed using descriptive statistics. Out of the 100 questionnaires that were administered, 57 were filled and returned (43 through Google form and the other 14 direct admin by researcher). Some of the targeted respondents declined to return back the questionnaires even after several follow-ups. The response rate therefore of 57% (some are drop because of un-consistence) was achieved which was considered adequate for analysis. We will present the findings of the study as well as the discussion of these findings. The findings are presented along the demographic profiles of the studied firms as well as the objectives of the study.

4.2. Organizational Profile

The investigation sought information on the age of the selected companies. Seeking such information was deemed required in order to set the groundwork for getting relevant information on the businesses' strategic management practices. According to the survey, the majority of the firms had been in operation for between 1-10 years, and above 20 years representing only 8.78% of the firms. The study further revealed that 28.07% and 26.31% of the firms had been in operation for between 11-15 years and 16-20 years respectively as shown in Table 4.1.

The age of an organization has implications for business growth as well as experience of an organization (Durand & Coeurderoy, 2001). It was, therefore, expected that firms that have been in existence for over 10 years shall have had established systems and a more formalized way of doing things.

Table 4.1: Age of Firms

Age Interval (Years)	Frequency	Percent
1-10 Years	21	36.84
11-15 Years	16	28.07
16-20 Years	15	26.31
Above 20 years	5	8.78
Total	57	100.0

Source: Research Data (2023)

4.3 Strategic Management Practices in Family Business in Cambodia

The first objective of this research was to identify the strategic management practices of Cambodian family business. To accomplish this objective, a series of activities defining the strategic management process were offered to respondents, who were then questioned whether or not such tasks exist in their organizations.

Table 4.2. Strategic management practices in the firms

Aspect	Yes		No		Total	
	Frequency	%	Frequency	%	Frequency	%
Vision	50	88.2	7	11.8	57	100
Mission	44	76.5	13	23.5	57	100
Situation Analysis	47	82.4	10	17.6	57	100
Objective	54	94.1	3	5.9	57	100
Strategies	52	91.2	5	8.8	57	100
Strategic Plans	40	70.6	17	29.4	57	100

Action Plans	45	79.4	12	20.6	57	100
Strategy Evaluation and control	44	76.5	13	23.5	57	100

Source: Research Data (2023)

The tasks were based on Fred David et al., (2023) and Thompson & Strickland's (2022) description of the strategic management process as forming a strategic vision of where the organization is headed and the accompanying mission statement; setting objectives -converting the strategic vision into specific performance outcomes for the company to achieve; crafting a strategy to achieve the desired outcomes; implementing and executing the chosen strategy efficiently and effectively; evaluating performance and initiating corrective adjustments in the vision, long-term direction, objectives, strategy or execution in light of actual experience, changing conditions, new ideas, and new opportunities. The findings of the study are presented in Table 4.2.

The research findings in Table 4.2 indicate that majority (88.2% and 76.5%) of the family firms in Cambodia have vision and mission statements respectively. On the other hand, 11.8% and 23.5% of the firms indicated that they do not have written down vision and mission statements respectively. The results were supported by the respondents providing extractions of their firms' vision and mission statements. When asked to describe how the vision and mission statements were developed, majority of the respondents indicated that the statements were developed by the owner (or owner conjunction with the management staff) through brainstorming.

The findings of the study also show that everyone in 91.2% of firms and/or families represented was aware of the vision and mission statements while not everybody in 8.8% was aware of the statements. The findings are presented in Table 4.3

Table 4.3 Awareness of the Mission

Awareness	Frequency	Percentage
Yes	52	91.2
No	5	8.8
Total	57	100.0

Source: Research Data (2023)

The study further sought to establish the mode through which the mission statement is communicated throughout the company/family. The findings show that the

mission is communicated through work discussions in 70.6% of the firms followed by use of meetings in 55.9% of the firms. Newsletter and memorandum were found to be the modes of communicating the mission in 14.7% and 5.9% of the companies respectively (Table 4.4).

Table 4.4: Communication of the mission statement throughout the company

Mode	Frequency	Percentage
Newsletter	8	14.7
Memorandum	3	5.9
Meetings	32	55.9
Work Discussion	40	70.6
Others	12	20.6

Source: Research Data (2023)

The other aspect that is critical in the strategic management process in situational/environmental analysis. From the results in Table 4.2, the study findings show that majority of the firms (82.4%) carry out such an analysis in order to understand their strategic position while 17.6% of the firms indicated that they do not undertake situational/environmental analysis.

The purpose of conducting environmental/situational analysis is to inform the setting of objectives by the company. Consequently, the findings show that 94.1% of the companies set objectives while 5.9% never responded. The respondents were asked to state some of their companies' objectives and the findings revealed that the objectives normally include but are not limited to enhancement of customer satisfaction levels, maintaining transparent and high quality staff, provision of quality products, increase profits, create and increase awareness of products and services, ensuring health and safety measures within the work environment , promote company productivity and finance, employee skills enhancement, increase market share, and keeping up with the latest standards and trends in the market among others. The respondents pointed out that the objectives are normally set by the owners in conjunction with staff management team.

Once the objectives are set, it is important that they are communicated throughout the company for every department, section, and individuals therein to understand what their targets are. Respondents were asked to indicate the mode through

which the objectives are communicated throughout the company and the results of the study are presented in Table 4.5.

Table 4.5: Communication of Objectives in company

Mode	Frequency	Percentage
Newsletter	8	14.7
Memorandum	3	5.9
Meetings	32	55.9
Work Discussion	13	23.5
Others	10	17.6

Source: Research Data (2023)

The results show high rating for work discussion at 23.5%, which was by meetings at 55.9%, memorandum at 5.9%, and newsletter at 14.7%. To achieve the various objectives that are set, there is need to craft appropriate and relevant strategies. Consequently, the study established that majority (91.2%) of the companies had put in place strategies to achieve the set objectives while 8.8% of the companies had not put in place such strategies (Table 4.2).

Table 4.6: Strategy Development Process

Development	Frequency	Percentage
Through a formal strategic planning process	17	29.4
Through an informal process	5	8.8
Through both formal and informal process	35	61.8

Source: Research Data (2023)

A further enquiry was made to establish how the strategies are developed. It was established that the strategies are developed through both formal and informal process in majority of the companies (61.8%). Strategy development through an informal process was reported in 8.8% of the companies while those that adopted formal strategic planning process were 29.4% (Table 4.6). The respondents indicated that the strategies are normally developed by the owner, senior management staff with the assistance of external consultants in some cases.

Table 4.7: Period of development of strategy plan

Period (Year)	Frequency	Percentage
2 to 3	20	35.3

3 to 4	22	38.2
4 to 5	15	26.5

Source: Research Data (2023)

The results in Table 4.2 show that 70.6% of the companies write their vision, mission, objectives, and strategies in form of a strategic plan while 29.4% do not. Consequently, the study sought to establish the planning horizon, that is, the period for which the strategic plans cover. It was established that majority of the companies (38.2%) develop strategic plans covering between 3-4 years, 26.5% of the respondents indicated they develop strategic plans covering between 4-5 years while the remaining 35.3% of them indicated that their strategic plans cover between 2-3 years (Table 4.7).

Respondents were further asked to indicate whether or not their companies develop action plans to implement the strategies articulated in the strategic plan. Results in Table 4.2 show that 79.4% of the companies develop action plans to implement the strategies as indicated in their strategic plans.

The study established that to ensure that the strategies are fully implemented, the management presents the strategies to the staff and calls upon them to support the strategies, management offers incentives to the employees to strengthen their participation in strategy implementation, management carry out monitoring and evaluation to review the level of implementation, internal audits and investigations are also carried out to determine the level of implementation as well as putting in place quality policies and training of staff on the new strategies. It was further established that the companies monitor and compare actual performance with desired performance which to ensure that implementation of strategies is on track. The owners and management staff participate in carrying out this exercise.

4.4 Factors Influencing Strategic Management Practices in Family Business in Cambodia

According to below table, number of items was analyzed to understand the reliability of the question was shown that all items are reliability statistics because Alpha of items are bigger than 0.8.

Case Processing Summary			
		N	%
Cases	Valid	57	100.0
	Excluded ^a	0	.0
	Total	57	100.0

Reliability Statistics	
Cronbach's Alpha	N of Items
.878	16

The second objective of this study was to establish the factors that influence strategic management practices in family businesses in Cambodia. To achieve this objective, respondents were presented with descriptive statements and were required to indicate the extent to which various factors affected the development of vision, mission, objectives and strategies in their companies (businesses), including implementation of the strategies and their evaluation. The study findings are presented in Table 4.8.

The findings of the study indicate that the various factors that influence strategic management practices in family firms in Cambodia rank differently (Table 4.8). The results show that financial resource in the firm ranked first (mean score 4.1754) followed by management skills (with mean score 4.0175), leadership style rank third (mean score 4.0000), fourth is human resources (with mean score of 3.8947). Generally, these factors influenced strategic management practices to a great extent.

Table 4.8: Factors Influencing Strategic Management in Family Business

Factor	N	Min	Max	Mean	S.D
Financial resources (1)	57	2.00	5.00	4.1754	.92819
Management skills (2)	57	1.00	5.00	4.0175	.91595
Leadership style (3)	57	3.00	5.00	4.0000	.82375
Human resources (4)	57	2.00	5.00	3.8947	.79472
Distribution of decision making authority (5)	57	1.00	5.00	3.8070	.98992
Current organizational structure (6)	57	2.00	5.00	3.7368	.81342
Reward system (7)	57	2.00	5.00	3.7368	1.02689
Succession planning (8)	57	1.00	5.00	3.6316	.93792
Family goals (9)	57	1.00	5.00	3.5614	1.06934
Founder influence and degree of control (10)	57	1.00	5.00	3.4386	1.14981
Intergenerational issues (11)	57	1.00	5.00	3.2632	1.07780
Sibling relationships (12)	57	1.00	5.00	3.2632	1.04414
Family business culture (13)	57	1.00	5.00	3.1404	1.00780

Family members' interests (14)	57	1.00	5.00	3.1053	.97622
Family culture (15)	57	1.00	5.00	3.0702	1.03267
Family conflicts (16)	57	1.00	5.00	2.7193	1.19155

Source: Research Data (2023)

Those factors with a generally moderate effect include distribution of decision-making authority, current organizational structure, reward system, succession planning, family goals and founder influence and degree of control (mean scores ranging from 3.8070 for distribution of decision-making authority to 3.9000 for founder influence and degree of control). Just like those factors with great influence, there were different degrees to which the factors which ranked moderately influenced strategic management practices in the studied firms.

The factors which were ranked as having influence to a less extent include intergenerational issues, sibling relationships, family business culture, family members' interests, family culture, and family conflicts (mean scores ranging from 3.2632 for Intergenerational issues to 2.7193 for family conflicts).

4.5: Discussions

According to the conclusions of this survey, the majority of Cambodian family-owned businesses have implemented strategic management practices. It was evident from the study that in all the practices that were presented to the respondents, over 70% of the studied firms affirmed that the practices are applicable to them. These results largely confirmed the description of the strategic management process as provided by Thompson & Strickland (2023), Pearce & Robinson (2014), Revell & Blackburn (2007). This process involves forming a strategic vision of where the organization is headed and the accompanying mission statement; setting objectives-converting the strategic vision into specific performance outcomes for the company to achieve; crafting a strategy to achieve the desired outcomes; implementing and executing the chosen strategy efficiently and effectively; evaluating performance and initiating corrective adjustments in the vision, long-term direction, objectives, strategy or execution in light of actual experience, changing conditions, new ideas, and new opportunities.

The findings also support Sharma et al., (2012)'s strategic perspective in defining family business, which implies that there are goals being pursued, a strategy

designed to fulfill those goals, and mechanisms in place to implement the strategy and control the firm's progress toward the achievement of its goals. Further, the study's revelations that there were proportions of firms which had not adopted some strategic management practices offered support for an observation by Chakrabarty (2009) that by their nature, many family-owned and operated firms are small and micro businesses, hence strategic management practices may not be explicitly evident in them.

The study also found that numerous factors impact strategic management practices in family businesses are influenced by various factors to differing degrees. The findings concur to a large extent with literature on some factors. The results also offer partial support for Sciascia & Mazzola's (2008) observation that strategic management practices in family firms are influenced by the extent of family involvement in the business. It was established that factors such as family goals, succession planning, family members' interests, sibling relationships, family culture, family conflicts, founder influence and degree of control, and distribution of decision making authority in the firms influence strategic management practices to different degrees. These factors are unique to family business and revolve around two components of family involvement in ownership and/or family involvement in management of the firm (Zellweger et al., 2010; Chrisman et al., 2012; Lumpkin et al., 2010; Randolph & Memili, 2018).

5. SUMMARY, CONCLUSION & RECOMMENDATIONS

5.1. Introduction

In summarize of the findings of the study the conclusion as well as recommendations for policy and practice. It also covers the limitations of the study and suggestions for further research. The summary, conclusion and recommendations of the study link with the objectives of the study and draw from the key findings of the study while the suggestions for further research draw largely from limitations of the study.

5.2. Summary

The study of two objectives were done, first, to determine strategic management practices among Cambodian family-owned businesses and second to identify factors influencing strategic management practices in the firms.

Regarding to the first objective, it was established that more than 70% of the studied firms have adopted of the strategic management practices. The study revealed that 88.2% and 76.5% of the firms have vision and mission statements respectively and 82.4% of the firms undertake situational analysis to understand environmental developments and their implications. High proportions of firms (94.1% and 91.2%) respectively set objectives and craft strategies to achieve these objectives. It was also established that the firms develop their vision, mission, objectives, and strategies into a strategic plan as well as develop action on plans to ensure that the strategies developed get implemented efficiently and effectively (70.6% and 79.4% for strategic and action plans respectively). Finally, most firms (76.50%) indicated that they evaluate their strategy and develop controls to ensure that their strategy is on track. In all these practices, the study revealed that owners, managers and staffs participate to different degrees and the outputs are communicated to all organizational members through various modes.

The study on the second objective found that numerous factors impact strategic management practices of the analyzed organizations to different levels. Financial resources in the company were assessed as having the most influence followed by management skills, leadership style and human resources. Those factors with a generally moderate effect include distribution of decision making authority, current organizational structure, reward system, succession planning, family goals, founder influence and degree of control. The factors which were ranked as having influence to a less extent include intergenerational issues, sibling relationships, family business culture, family members' interests, family culture, and family conflicts.

5.3 Conclusion

The study sought to ascertain the strategic management practices of Cambodian family businesses. It was established that majority of the firms practice most of the strategic management practices. It can be therefore concluded that just like any other firms, family businesses sector within Cambodia have embraced strategic management in order to position them-selves favorably within a very dynamic, complex, and ever-turbulent environment. It can also be concluded that whether strategy is implicit or

explicit, most of the practices of strategic management were manifest in the studied firms as described by Thompson & Strickland (2023), Pearce & Robinson (2014), Revell & Blackburn (2007).

The study also sought to identify characteristics influencing strategic management practices in Cambodian family firms. It was established that the firms' strategic management practices were influenced by general factors as well as those unique to family-owned firms. It can be concluded that a firm's ownership structure has implications for strategic management practices. It can also be concluded that strategic management practices in organizations of whatever nature can be influenced by factors that are universal by description but unique in character. This Conclusions have support in literature of Tokarczyk et al., (2007); Pasanen, (2003); Bizri, (2022); Miller & Le Breton-Miller, (2005).

5.4 Recommendations for Policy and Practice

The study discovered that not all family companies have used strategic management practices, despite the fact that these organizations must be both efficient and productive. They must also establish and maintain a competitive advantage. It is thus advised that family-owned businesses who have not yet fully adopted strategic management practices do so in order to accomplish both their family and company goals.

It was also shown that a variety of factors influence strategic management practices of the firms. While some factors were found to be universal, majority of them were specific to family-owned businesses. As a result, understanding the specific characteristics of family companies is necessary in order to correctly practice strategic management that takes such elements into account.

5.5 Limitations of the study

The study sought a sample of 100 Cambodian family enterprises but only obtained analyzable replies from 57 of them, despite extensive follow-up. While some respondent organizations refused to be researched and/or did not return the questionnaires. Because of this intrinsic constraint, the findings of this study are not entirely generalizable. The study also addressed a diverse range of family companies in

Cambodia. Bias and subjectivity are fundamental limitations in social science research. This issue exists because the researcher had no control over the respondents' prejudice and subjectivity in responding to the questionnaire items. Furthermore, the researcher was unable to determine if the intended respondents at the analyzed businesses really completed the questionnaire.

5.6 Suggestions for Future Research

Because of the limits of non-response, it is proposed that the same study be reproduced to focus on the businesses that did not answer in order to confirm the present study's conclusions. This allows for the generalization of the study findings as well as the requisite statistical power. More research is being proposed to target family-owned businesses in a more specialized sector inside Cambodia.

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THE IMPACT OF SERVANT LEADERSHIP ON ENTREPRENEURIAL CAREER SUCCESS: A CASE STUDY OF FAMILY BUSINESS OWNERS IN PHNOM PENH

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ABSTRACT

Leadership is a driver for scaling performance through followers' engagement and achieving more sustainable outcomes through creating a shared vision and strong cultural values for the organization, fulfilling unmet follower needs, and reducing emotional deficits. A good deal of evidence shows that servant leadership plays a critical role in employees' job outcomes. Family business owners need to know it in order to grow their businesses and career success. There has been a sizeable amount of literature on servant leadership and the related issues of family business owners in the context of developed countries, but within all of this literature a strong discussion in the context of Cambodia tends to be missing. Given the importance of leadership, the current study aims to investigate the impact of servant leadership on the career success of family business owners in Phnom Penh. This study is part of FAB-related project at the National University of Management. Quantitative method was used for this study, and purposive sampling method was chosen for data collection. The data of the study was collected through the survey. The sample size of 215 Cambodian family business owners in Phnom Penh was used for data analysis. Descriptive Statistics was used to interpret data. Regression was used to analyze the data. All factors were assessed using established items scales from the literature. The results of this study reveal that the career success of family business owners in Phnom Penh is laid on three subscales of servant leadership: behaving ethically, conceptual skills, and emotional healing. The results provide some insight into understanding the leadership styles that have effect on their career success in the sampled area and may be used as guidance for actions to improve leadership styles of other family business owners in Cambodia.

Key Words: *Servant Leadership, Entrepreneurial Career Success, Family Business*

1. INTRODUCTION

1.1 Background

Career success is among the most important national, organizational as well as individuals' target (Seema, & Sujatha, 2015; Russo, Guo & Baruch, 2014). Leadership is equally important whether it is performed a nonfamily or a family business organization. Successful business, regardless of whether it is a family or a nonfamily, needs to recognize the critical roles of leadership, management and governance (Al-Sarraf, 2019). Leading individuals or employees is different from managing them to do their work. Leading is about targeting the future, and leaders should have a vision, in the sense that they should have an idea of where the organization should be going, and they should devise strategies to reach there and challenge employees to work towards actualizing this vision (Davis, 2014).

Entrepreneurship has become a career option for many people. There are growing demands for organizational sustainability, along with an increased interest in career success. Particularly, such as the promotion and job levels, though it often used as a career dimension of success, it was insufficient to evaluate entrepreneurs who are the firm owners and always at the top. In terms of culture, even it is believed that career success is universal and essential in every society; however, its contents can be adapted to geographical or cultural functions (Lau et al., 2007).

1.1 Problem Statement

Leadership has gained researchers' interest all over the world for decades. Many aspects of leadership have been a fertile area for research since the early years of the twentieth century (Northouse, 2013). There is a notable research gap in the literature in that, to date, no specific model has been proposed to determine the impact of servant leadership in terms of emotional healing, creating value for the community, conceptual skills, empowering, helping subordinates grow and succeed, putting subordinates first, and behaving ethically on entrepreneurial career success. Moreover, servant leadership is an emerging leadership style. It is likely that family business owners in Cambodia will conceptualize career success somewhat differently from their Western counterparts.

Moreover, the lack of empirical research and documentation in this area in Cambodia serves to necessitate the need to study this growing field.

1.2 Research Question

Family business owners find their own ways to achieve their career success. The main aim of this study is to present a conceptual framework which could be used to assist them to be successful in their careers. The study is attempted to answer the following question: What is the relationship between servant leadership and entrepreneurial career success?

1.3 Research Objectives

The objective of this study is to provide a conceptual framework to assist family business owners to become successful in their entrepreneurial careers. The study will focus on the discussion of the significant relationship between servant leadership and entrepreneurial career success.

1.4 Scope and Limitation of Study

The study focuses on the analysis of the servant leadership and entrepreneurial career success. Due to the lack of research on servant leadership for family business owners and lack of formal definition and structure for family businesses in Cambodia; thus, this study has limited in information of family-owned businesses and the study based on the critical literature review, concepts and theories of the previous researchers. Only 215 family business owners in Phnom Penh were used for analyzing the data for their perception on their servant leadership styles on their career success. The results of study could be limited in deriving the general conclusion for the career success of family business owners in Cambodia.

1.5 Significance of Study

This study will provide information about the relationship between servant leadership and entrepreneurial career success that could be added to the literature of studying such relationship from a developing country. It also would hopefully contribute to the building of new knowledge and a new direction in this area and give some insights into the career success of other family businesses owners in Cambodia. This information can useful for researchers and practitioners.

2. LITERATURE REVIEW

2.1 Servant Leadership

Servant leadership is a leadership theory that centers on the importance of leaders serving others and putting the needs of followers first (Northouse, 2019; Van Dierendonck & Patterson, 2015). Servant leadership accentuates the importance of leaders serving their followers. Servant leadership focuses on incorporating ethical and caring behavior to create teamwork, community, and personal growth. Servant leadership involves several characteristics, including compassionate love, humility, stewardship, commitment, and empowerment (Northouse, 2019; Van Dierendonck & Patterson, 2015).

According to Greenleaf (2002), servant leadership is the genuine feeling that an individual is willing to help others. It pursues to improve those who fulfill others' needs and advocates a group-oriented attitude to decision-making to improve organizations and society. Servant leadership is the leadership style, whereby leaders are more concerned with allowing their followers to succeed and grow, and less with their own interests as leaders. Servant leaders support their followers by instilling knowledge-sharing values in the organizational culture, and consequently improve organizational performance (Song et al., 2015).

Followers' abilities and skills are not the same, and therefore the leader instead of using power, they would opt for a dictating approach. Creating strong cultural values is core in this leadership style, as it enhances followers' commitment, adaptability and motivation. Servant leadership is particularly adequate in achieving this state. Khan et al. (2015) found a significant relationship between servant leadership and others by testing the hypothesis that servant leadership has a positive effect on knowledge sharing, and the hypothesis that knowledge-sharing is a mediate in the relation between servant leadership and team performance. Song et al. (2015) research work supported these findings.

Like any other leadership style, servant leaders need power. The difference between them and other leaders appears in how they are using this power. Servant leaders do not use it for benefiting themselves or for their interests; furthermore, servant

leaders adopt a more inclusive language, normally use “we” instead of “me”. Peterson et al. (2012) continued by proposing that many empirical research works examined the relationship between transformational and charismatic leadership and organizational performance, and suggested that servant leadership needs to be considered as well, as they found a positive relationship between this leadership style and organizational performance (Peterson et al., 2012).

Leaders in higher organizational ranks with hierarchical power adopt a humble behaviour as servant leaders, which seems to increase employees’ engagement. Sousa and Dierendonck (2015) examined the impact of the action side and the humble side of servant leadership on employees’ engagement, and found that this relationship is significantly positive. They also found a significant positive relationship between hierarchical power and employees’ action side and engagement.

One of the main features of servant leadership becomes apparent when servant leaders themselves entrench the behaviour of serving others in their follower. Followers who work with servant leaders can understand and recognize the effectiveness of this behaviour in practice, and consequently become their behaviour as future servant leaders. Lacroix and Vendorfer (2017) argued that this practice motivates employees to consider their leaders as role models for them to become servant leaders in the future, rather than being solely focusing on working under pressure for immediate goals, and having a risk for unsatisfactory results. Their findings supported their hypothesis that motivation to lead has a negative relationship with leadership avoidance, and that the more the leaders represent a leader prototype, the more the followers desire to become leaders and reduce leadership avoidance.

Servant leaders influence the organization to develop a servant culture by increasing servant leadership behaviour among leaders and between leaders and employees. This is a reflection of their integrity and of their concern for employees, who learn from their leaders to be concerned about others people’s needs rather than focusing solely on themselves. Liden et al. (2014) investigated the relationship between servant leadership and serving culture, and employee identification, and employee and unit

performance. They found a positive relation that supported their hypothesis (Liden et al., 2014)

The most important feature of servant leadership is considered to be that a leader gives subordinates the freedom to finish their tasks and be self-motivated. By doing so, servant leaders assist the organization in building a cooperative culture. Harwiki (2013) found a significant impact of servant leadership on organizational culture, organizational commitment, organizational citizenship, and employee performance.

The serving organizational culture gives employees integrity and values to reflect on, and increase their willingness to improve performance. Empowering employees and involving them in decision making processes could potentially enhance their motivation and effectiveness. Awan et al. (2012) suggested that establishing this culture could in time expand beyond the organization and into the community. The scholars examined the relationship between servant leadership and employees' motivation and brought evidence to support the claim that the more the employees were motivated the more their work performance would increase.

Waal and Sivro (2012) research found that there is a significant positive relationship between some servant leadership factors (empowerment, accountability, stewardship, courage, humility, stand back, forgiveness, and authenticity) and some high quality organizational factors (management quality, openness and action orientation, long-term orientation, continuous improvement and renewal, and workforce quality) on different hierarchical levels. In the same direction, Lisbijanto and Budiyo (2014) found that there is a significant relationship between servant leadership and job satisfaction.

Liden et al. (2014a) explained that servant leadership is represented by seven behaviors "putting subordinates first, helping subordinates grow and succeed, empowering, emotional healing, creating value for the community, behaving ethically, and conceptual skills." This research considered seven behaviors of this leadership style, and examined the relationships between each servant leadership behavior and entrepreneurial career success.

2.2 Family Business

The majority of firms begin as family businesses which are considered to be the lifeblood of any economy. Any business which is owned and operated by an individual, couple or family is considered to be a family business. Family businesses constitute more than 80% of the business in the world's free economies, and they employ more than 75% of workers around the world (Poza, 2010). Around 30% of family business continue to the second generation, however less than 5% continue to the third (Ward, 1997). Kertesz and Atalaya (1999) considered and studied more than 500 family businesses and found that 30% continued after five years, one-third of the remaining family firms passed the baton to the second generation, and one-ninth to the third generation, while only two firms to the fourth generation.

Family businesses constitute the world's oldest and most dominant form of business organizations. In many countries, family businesses represent more than 70 percent of the overall businesses and play a key role in the economy growth and workforce employment. In Spain, for example, about 75 percent of the businesses are family-owned and contribute to 65 percent of the country's GNP on average. Similarly, family businesses contribute to about 60 percent of the aggregate GNP in Latin America" (IFC, 2008).

Family business is a business owned and/or managed by at least two persons who belong to the same family, i.e. relatives, including spouses (Kertesz and Atalaya, 1999). It exists when its founders and their offspring or relatives comprise human capital of a company holding managerial or the board of director's positions at the same time (Pyplacz, 2014). A family business emerges when one or more family members partly own the business and control at least the 20% of the total votes outstanding (Miller and Le Breton-Miller, 2006). It is a business that is managed by a highly dominant coalition of members of the same family who have an intention to shape and pursue the vision of the business (Matherne et al., 2011).

Family Businesses are well known types of enterprises that have functioned throughout the years as important elements for the development of a country's economy. The International Finance Cooperation defines a family business as follows: "A family

business refers to a company where the voting majority is in the hands of the controlling family; including the founder(s) who intend to pass the business on to their descendants. The terms "family business", "family firm", "family company", "family-owned business", "family-owned company", and "family-controlled company" will be used interchangeably throughout the Handbook to refer to family businesses" (IFC, 2008).

According to the European Commission a common Family Business can be defined as such, if it gathers the following elements: "(1) The majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child, or children's direct heirs; (2) The majority of decision-making rights are indirect or direct; (3) At least one representative of the family or kin is formally involved in the governance of the firm; and (4) Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital" (European Commission, 2009).

Back to the late 1980s, Cambodia marked a turning of a planned economy to a market economy in April 1989 (Diep, 2005). Cambodia has step by step developed its economy and social structure from the bottom after three decades of devastation and societal fragmentation from civil conflicts, colonization, genocidal Khmer Rouge and foreign sanctions, with the help of United Nations and foreign countries (Vu, 2015). Cambodia reached lower middle-income status in 2015. Cambodia's economy sustained an average annual growth rate of 7.7% between 1998 and 2019, making it one of the fastest-growing economies in the world (World Bank, 2022). Cambodia counted 742,940 enterprises (employed 2,969,593 people) of which 99.8% were MSMEs, mainly micro enterprises (97.6%) (NIS, 2021). MSMEs provide 58% of GDP and 70% of total employment (UNDP, 2023).

2.3 Entrepreneurial Career Success

Career success is generally defined as the total positive and desirable outcome individuals achieved through their career experience (Cao et al. 2012). Career success

is not only about firm or its employees, it is also about the owners as their goal attainment (success) can eventually suggest the success of their firm (Lau et al. 2007). However, entrepreneurs' career success from occupational perspective contrasts that of firm employees. For example, salary, promotion and level in the organizational hierarchy is frequently being used to denote career success of organizational employees, but these are insufficient to denote the success of the entrepreneurs who are the owner/managers of their firm (Lau et al., 2007).

According Judge et al., (1999, p. 621), career success is “the real or perceived achievements individuals have accumulated as a result of their work experiences. The need to attain personal wealth has been considered as one of the principal ambitions for entrepreneurs, (Amit et al., 2001) and a lot of people suggest that happiness and success is a function of acquiring monetary wealth (Kasser, Ryan, 1993). Therefore, financial attainment has been an essential component of success. Hence, Hogan et al. (2013) define career success “in terms of occupational prestige and financial attainment.”. But, financial attainment does not only concern with money, but also personal qualities, (O'Neill et al., 2000) and therefore, according to Lau et al. (2007, p. 129), Perceived financial attainment is the “positive outcomes at work based on personal appraisal in terms of financial attainment”. An individual is said to have achieved success if earns more compared to his colleagues, friends or peers (Lau et al., 2007).

One conspicuous work that explicitly delineates this is Lau et al., (2007) who explicitly categorized entrepreneurial career success from two view point, ie objective and subjective. The former being the extrinsic (outward) such as reputation and recognition. The latter is the intrinsic (outward) such as satisfaction. Objective career success has been gradually becoming more problematic to achieve and assess, especially by entrepreneurs that have incomplete records of their business transactions (Lau et al. 2007). Success could only be appraised by the entrepreneurs themselves, and therefore, evaluating their success by third party could be insufficient and/or incorrect (Wang, 2013). Consequently, scholars put more interest on the subjective aspect of career success (Park, 2010).

Traditionally, career success has been conceptualized in terms of objective and

subjective domains. Objective (or extrinsic) career success is observable; it is often measured in terms of income, promotions, job level, status, and prestige (Nicholson and de Waal-Andrews, 2005). Subjective (or intrinsic) career success refers to individuals' appraisals of their career experiences (Judge, et al., 1999). Recently, building upon social comparison theory, Heslin (2005) argued that the objective and subjective domains could be further divided into self- and other- referent domains. Self-referent criteria are evaluated relative to personal standards, whereas other-referent criteria are evaluated relative to the attainments and expectations of others (Lau et al., 2007).

Lau et al. (2007) have built up a conceptualization, operationalization and validation on entrepreneurial career success measurement that based on self-theory (extended) by Belk, 1988 along with several other theories such as social comparison theory (Heslin, 2005), human capital theory (Judge et al., 1999) and attribution theory (Kelley & Michela, 1980). The measure of success for entrepreneurs, as examined by the Lau et al. (2007) is very necessary as in most of the previous studies, researchers have used the measure of career success to measure the success of entrepreneurs which is inconvenient. Given the enhanced orientation toward others in a collectivist society, the researcher believes that such criteria will emerge as important success indicators for entrepreneurs in Cambodia. Therefore, to achieve parsimony and simplicity, for this study, the researcher adopted the measure of career success developed by Lau et al. (2007).

By knowing the type of individual who can achieve entrepreneurial success could possibly yield an important implication such as efficiently allocating resources and minimizing the costs of entrepreneurial failure (Caliendo & Kritikos, 2008).

2.4 Theoretical Framework

Based on the broad literature, the current research examined the effect of servant leadership subscales including emotional healing, creating value for the community, conceptual skills, empowering, helping subordinates grow and succeed, putting subordinates first, and behaving ethically on the career success of family business owners.

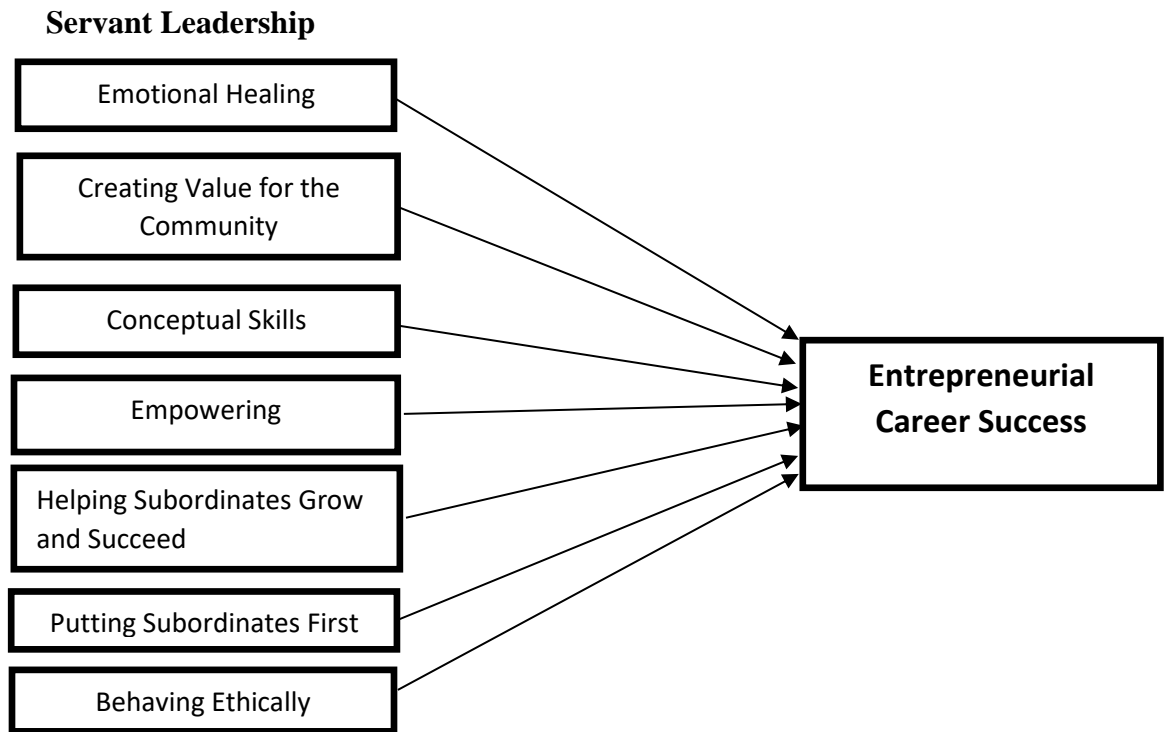


Figure 1: Proposed conceptual model developed for the study

3. METHODOLOGY

The design of this study is a quantitative approach. Purposive sampling method was chosen for data collection. Data for this research were collected from family business owners from April to June 2023 in Phnom Penh using Khmer questionnaire, which was translated by the researcher. 221 surveys were distributed to 221 trained students to interview 221 family business owners. All were returned due to score stimulus. 6 cases were not usable. As a result, a sample of 215 was used for data analysis in this study. Obtaining a sample of at least 200 is adequate statistical power for factor analysis (Hair, et. al, 1998). Multiple regression analysis was used to determine the effects of the independent variables on the dependent variable in this study using SPSS 21.

Model Measurement

The constructs measured in this study include servant leadership. The servant leadership was measured with seven behaviors adapted from Liden et al., 2008. The items are measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5

(strongly agree). Six items were adopted and modified from Lau, Shaffer and Au, 2007 for measuring entrepreneurial career success, and the items were measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Measurement of Servant Leadership

Dimension	Items	Total Items
1. Emotional Healing	1, 8, 15, 22	4
2. Creating Value for the Community	2, 9, 16, 23	4
3. Conceptual Skills	3, 10, 17, 24	4
4. Empowering	4, 11, 18, 25	4
5. Helping Subordinates Grow and Succeed	5, 12, 19, 26	4
6. Putting Subordinates First	6, 13, 20, 27	4
7. Behaving Ethically	7, 14, 21, 28	4

(Liden et al., 2008)

Measurement of Entrepreneurial Career Success

Dimension	Items	Total items
1. Perceived Financial Attainment	29, 30, 31, 32, 33	5
2. Career Satisfaction	34, 35	2
3. Social Reputation	36, 37, 38	3
4. Social recognition	39, 40	2
5. Social Status	41, 42, 43, 44	4
6. Perceived Career Achievement	45, 46, 47	3

(Lau, Shaffer and Au, 2007)

Reliability of the Instruments

As presented in Table 1 and Table 2, the measurement model assessment results show that all items have acceptable Cronbach's alpha (>0.70).

Reliability Statistics	
Cronbach's Alpha	N of Items
.797	8

Table 1: Reliability Analysis of Overall Variables

Items	Cronbach's Alpha
TEHe	.766
TCVa	.762
TCSk	.741
TEMp	.756
THSu	.755
TPSu	.757
TBTc	.829
TSUCC	.810

Table 2: Reliability Analysis of Each Variables

4. DATA ANALYSIS

4.1 Participants

Respondents who participated in the study consisted of 215 family business owners in Phnom Penh.

Table 3: Summary of Respondents

No	Variable	Category	No. of obs.	%
1	Age	25-34	26	12.1%
		35-44	130	60.5%
		45-54	51	23.7%
		55-64	8	3.7%
2	Gender	Female	128	59.5%
		Male	87	40.5%
3	Marital Status	Single	31	14.4%
		Separated or divorced	4	1.9%
		Married or cohabiting	173	80.5%
		Widowed	7	3.3%
4	Education	Primary School	4	1.9%
		Secondary School	25	11.6%
		High School	74	34.4%
		Bachelor	99	46.0%
		Master or above	13	6.0%
Number of effective data			215	100.0%

Table 3 shows that 60.5% of the participants were between 35 and 44 years of age, followed by “45 to 54 years of age” category at 23.7%. This means that a large number of those interviewed have worked for an ample time and were old enough to give accurate information. Marriage is paramount in individual’s efficiency as it goes with supportive spouse. 80.5 % of respondents are married. Besides, 59.5 % of respondents are female while 40.5% are male. This indicates that most of the participants of this study tend to female style in their leadership. Furthermore, 46% of the respondents indicated their highest education level as “Bachelors” and 34.4% as “High School.” This is an indication that most of the respondents engaged in this study were fairly well-educated.

Table 4: Distribution of Family Businesses in the Dataset

No	Variable	Category	No. of obs.	%
1	Sectors	Trade	97	45.1%
		Production	30	14.0%
		Services	48	22.3%
		Handicraft	19	8.8%
		Restaurant	15	7.0%
		Others	6	2.8%
2	Number of Years in Existence	Less than 1 year	13	6.0%
		1-5 years	23	10.7%
		6-10 years	116	54.0%
		Greater than 10 years	63	29.3%
3	Legal Forms	Sole proprietorship	148	68.8%
		Partnership	52	24.2%
		Corporation	15	7.0%
4	Number of Employees	Less than 10	158	73.5%
		Between 10 and 50 employees	50	23.3%
		Between 51 and 100 employees	7	3.3%
Number of effective data			215	100.0%

Table 4 shows the distribution of family businesses in the sample. Among 215 local family businesses in the dataset, 68.8% are “Sole Proprietorship” type, followed by “Partnership” 24.2%). The majority of the family businesses in the sample have been in existence for more than 6 years. Besides, 45.1% fell within the “Trade” sector, followed by the “Services” sector with 22.3% and the least fell within the “Credit and savings” sector. Moreover, 73.5% of employees fell in the “Less Than 10 Employees” category, and followed by “Between 51 and 100” category at 23.3%.

4.2 Descriptive Analysis

As stated earlier, the servant leadership consists of seven behaviors with 28 subscales and measured by 5 Liker-scale (1-5). Table 5 provides the mean score and standard deviation of the seven behaviors of family business owners in Phnom Penh in the sample. “Behaving Ethically” received the highest mean of 4.0849, whereas “Creating Value for the Community” had the lowest score of 2.5221. Meanwhile other two items such as “Conceptual Skills”, “Empowering” received similar middle scores ranging from 3.1860 to 3.1628. Besides, “Helping Subordinates Grow and Succeed”, “Emotional Healing”, and “Putting Subordinates First” received similar middle scores ranging from 2.9826 to 2.7267.

Descriptive Statistics					
	N	Mean		Std. Deviation	Variance
	Statistic	Statistic	Std. Error	Statistic	Statistic
TBTe	215	4.0849	.06614	.96979	.940
TCSk	215	3.1860	.06611	.96929	.940
TEMp	215	3.1628	.06781	.99426	.989
THSu	215	2.9826	.07360	1.07922	1.165
TEHe	215	2.7512	.05742	.84191	.709
TPSu	215	2.7267	.06752	.99004	.980
TCVa	215	2.5221	.06178	.90580	.820
Valid N (listwise)	215				

Table 5: Distribution of Servant Leadership Behaviors

4.3 Servant Leadership Factor Run

The results of the multiple regression analysis on servant leadership factor are presented in Table 6. The R^2 indicated that together, the seven independent variables explained 55.2 percent of the variance in entrepreneurial career success. However, none of the variables in the run exceeded the variance inflation factor of ten, so issues related to collinearity were not a concern (Kanetkar, 2001).

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	TBTe, TPSu, TEHe, TEMP, TCVa, THSu, TCSk ^b	.	Enter

a. Dependent Variable: TSUCC

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743 ^a	.552	.537	.42022

a. Predictors: (Constant), TBTe, TPSu, TEHe, TEMP, TCVa, THSu, TCSk

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.071	7	6.439	36.462	.000 ^b
	Residual	36.554	207	.177		
	Total	81.625	214			

a. Dependent Variable: TSUCC

b. Predictors: (Constant), TBTe, TPSu, TEHe, TEMP, TCVa, THSu, TCSk

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.880	.168		11.217	.000

TEHe	-.093	.046	-.127	-2.018	.045
TCVa	.044	.042	.065	1.058	.291
TCSk	.138	.048	.217	2.901	.004
TEMp	-.069	.046	-.112	-1.508	.133
THSu	.016	.038	.027	.407	.685
TPSu	-.045	.041	-.072	-1.095	.275
TBTa	.442	.031	.694	14.497	.000

a. Dependent Variable: TSUCC

Table 6: Output of Servant Leadership Factor Run

The findings showed that behaving ethically (BTE) had a significant positive impact ($\beta=.442$, $p<.01$) on the level of entrepreneurial career success. Each standard deviation change in behaving ethically represented 43.4 percent of one standard deviation change in the level of entrepreneurial career success. Family business owners who behaved more ethically at work were more likely to experience higher levels of entrepreneurial career success than were those who behaved less ethically at work. This means that their career success depends very much on holding high ethical standards, being always honest, not compromising ethical principals in order to meet success, and valuing honesty more than profits.

Conceptual skills (TCS) had a significant positive impact on the level of entrepreneurial career success ($\beta= .138$, $p<.05$). Family business owners who had high conceptual skills were more likely to experience higher levels of entrepreneurial career success than were those who had low conceptual skills. Each standard deviation change in conceptual skills represented 13.8 percent of one standard deviation change in the level of entrepreneurial career success. As the level of conceptual skills increased, the level of entrepreneurial career success increased. This means that their career success depends very much on the ability to tell if something work related is going wrong, to think through complex problems, to have a thorough understanding of the organization and its goals, and to solve work problems with new or creative ideas.

Emotional healing had a significant negative effect on the level of work interference with family ($\beta=-.093$, $p<.05$). Family business owners who received less emotional healing were likely to experience higher levels of entrepreneurial career success than were those who received more emotional healing. Specifically, each

standard deviation change in perceived emotional healing represented 9.3 percent of one standard deviation change in the level of entrepreneurial career success. As perceived emotional healing increased, the level of entrepreneurial career success decreased. This means that their career success depends very much on helping employees if they have a personal problem in the case of affecting their work by taking time to talk to them on a personal level. Moreover, business owners always care about their employees' personal well-being without their knowledge, especially they can recognize when their employees are feeling down without asking them.

4.4 Result Confirmation

A total of ten business owners were interviewed to confirm the validity of the results of the research study. As a result, all of them agreed and supported that behaving ethically and conceptual skills do contribute to their entrepreneurial career success. They stressed the importance of ethical behavior and conceptual skills in their career life. However, emotional healing is also very important for their career success. They totally agreed that all business owners should know how to use it carefully; otherwise, it is a disaster to their career success. They should use it case by case based on the situation and on a personal level.

5. CONCLUSION AND IMPLICATIONS

5.1 Conclusion

Having studied the impact of servant leadership on entrepreneurial career success of family business owners in Phnom Penh, the results of this study found three servant leadership behaviors in their order: "Behaving Ethically" received the highest mean of 4.0849 and other two items "Conceptual Skills" and "Empowering" received similar middle scores ranging from 3.1860 to 3.1628. More importantly, three servant leadership behaviors: behaving ethically, conceptual skills, and emotional healing account for substantial variation in the levels of entrepreneurial career success of family business owners. Behaving ethically and conceptual skills had a significant positive impact on the entrepreneurial career success while emotional healing had a significant negative impact on the entrepreneurial career success. This is the revised conceptual model based on the findings of this study:

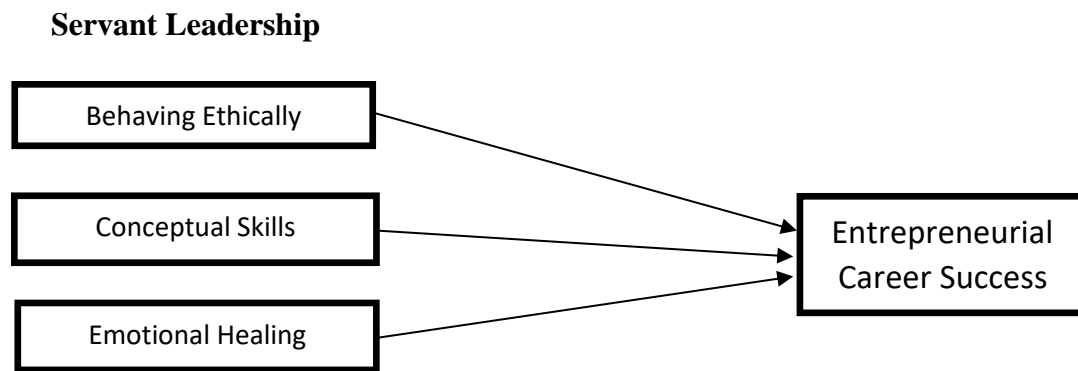


Figure 2: Revised conceptual model based on the findings of this study

5.2 Implications

Based on the findings of this study, the researcher would like to give some implications to family business owners on how to be successful in their careers.

Family business owners should prioritize their ethical behaviors. They should hold high ethical standards, be always honest, not compromise ethical principals in order to meet success, and value honesty more than profits in every aspect of their leadership. In order to behave ethically, they should lead by setting an example of good ethical conduct and figure out what is “right” and what is “wrong” by following company rules and policies, report violations, questionable behavior, safety concerns or suspicious actions, remove personal bias and judgment from their decisions and interactions. They should be accountable and take responsibility for their actions and avoid unethical behaviors such as lying, cheating, stealing, and gossiping that could harm others and damage their reputation.

Conceptual skills play a significant role in career success of family business owners. Conceptual skills could help them tell if something work related is going wrong, be able to think through complex problems, have a thorough understanding of the organization and its goals, and be able to solve work problems with new or creative ideas. In order to improve their conceptual skills, they should observe their surroundings and try to identify patterns and connections between different things and listen actively to what others have to say and try to understand their perspective. They should read books, watch documentaries, or attend lectures on topics that are outside their area of expertise. They should practice mindfulness meditation to improve their focus and

concentration and develop their communication skills to be able to articulate their ideas clearly and concisely. More importantly, they should find a mentor who has strong conceptual skills and learn from them, for they can provide guidance and feedback on how to improve their skills

Family business owners should know how to use emotional healing properly. Emotional healing is a process that takes time and patience. It's important to be kind and compassionate with themselves as they move through the process. They should use it case by case based on the situation and on a personal level and provide the opportunity for their subordinates to seek help from them if they had a personal problem in the case of affecting their work by taking time to talk to them on a personal level. Business owners should always care about followers' personal well-being without their knowledge, especially when followers are feeling down. They should acknowledge their followers' emotions without judgment or criticism and practice compassion by speaking to them in a kind and supportive way, taking care of their physical needs, and engaging in activities that bring them joy. Moreover, emotional healing is a process that takes time. It's important to be patient with followers and allow them to move through the process at their own pace. They should provide support when needed by assigning them to joining a support group, or seeking professional help from a therapist or counselor.

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THE DETERMINANTS OF EFFECTIVE HUMAN RESOURCE PRACTICES OF THE FAMILY BUSINESS FIRMS IN CAMBODIA

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ABSTRACT

This study examines human resource management problems in family businesses and identifies effective HR practices that can improve business family organizational performance. It examines the impact of determinants on HR practices, focusing on family businesses with CEOs and assessing their HR practices in Cambodia. To be attempts for analyzing, the methodology was used them both, qualitative and quantitative in nature. For quantitates, a survey questionnaire was performed to collect data from 257 participants who were currently working at family business firms in Cambodia. After performing data via SPSS, the result of weighted arithmetic mean has shown that all the six variables have been tented to the level of “Agree”. As for the multiple regression, the result indicated that there were three independent variables, selection, appraisal performance and compensation have significant impact on effective HR practice of family business firms in Cambodia; and two others, planning and training have no significant impact on effective HR practice of family business firms in Cambodia. Besides, the quantitative analysis, the current study found more evidences from the qualitative result (11 HR issue in BFF) to support the result of regression, especially planning and training variables respectively.

Keywords: Human resource (HR), Hunman resource Management (HRM), HR Practice.

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INTRODUCTION

Family businesses, some of the oldest in the world, are the largest category in terms of ownership and have significant long-term contributions to the economy. They often have strategic objectives and have a long-term direction, making them significant for the Indian economy (Sharma, Chrisman, and Chua, 1997). However, the long-term survival of a family business depends on its smooth continuation generation (Ward 2004). Family businesses often dissolve when they grow, and few survive for three generations. The current study aims to identify and analyze problems in human resource management in family companies and create models for interventions. Effective human resource management policies and practices, including planning, recruiting, training, performance appraisal, reward and compensation management, and industrial relations, can improve organizational performance by impacting employees' attitudes and behaviors (Collins, 2007; Khandekar and Sharma, 2005).

The purpose of our research is to determine whether human resource practice is a specific behavior that affects the social work of the extended family company. So, we would like to examine whether specific human resource practices of family businesses can affect change or if the character of the family can affect the social work of the company. Although some researchers explain the absence of professional human resource practices in family businesses through a specific culture and paternal style management, the study believed that in large companies, the paternal aspect or sense of belonging to families may not be present due to the size of the company and his work is more complex. In comparison to SME families, the current study also considers large family companies and may be using specific human resources behavior or developing other organized behaviors to that their employees and their employees are loyal and long-term commitments. Therefore, in order to solve the above problem, the current study must evaluate the effectiveness of human resource practice in the family business and analyze its impact on family or non-family employees in Cambodia based on the objective of the study.

Further, the present study examines the impact of the determinants on effective human resource practices in the family businesses. The significance of the current study

shows that family businesses with family CEOs have more formal human resource practices, suggesting a higher degree of goal alignment and conscious trust. First-generation and more educated CEOs also have more formal human resource practices. The implications suggest that family CEOs may be equal to or more capable than non-family CEOs to run a family business formally or professionally. In the case, the present study focuses on the identification of HR practice with five elements of the independent variables, assessing the effective HR practice implement in the family business firms of Cambodia, and finally the study to calculating the effect of five elements of factors on effective HR practice of family business in Cambodia, by gathering sample of 257 from family business firms in Phnom Penh, Cambodia.

LITERATURE REVIEW

This chapter discusses the literature review which is related to the concepts and aspects of the effect of human resource management in the family business and the measurement of this phenomenon, as well as the 'employee performance' and 'retention' studies in both developed and developing countries. This section will provide into five subsections: the first is the definition of key terms, the second one is the review research problem, the third one is the methodology review, the fourth one is the conceptual framework, and the last one is the conclusion.

Definition

"The knowledge, skills, networks and energies of people and, underpinning them, their physical and emotional health, intellectual capabilities, personalities and motivations," is how Boxell (2013) described human resource. He also underlined the importance of human resource management, saying that it is "critically important for family business research and practice." In addition, HR research has been expanding in the field of family companies, most quickly in the last several years. This is despite the fact that HR practices were "an ignored factor in explaining family businesses' competitive advantage and longevity across multiple" generations. (Colenso and Astrachan, 1994). The study and HR management practices are closely related, and HR planning is crucial to HR management. If Hayes (2023) is to describe HR planning, he said, "The ongoing process of systematic planning to achieve optimum use of an

organization's most valuable asset—quality employees. Further, planning ensures the best fit between employees and jobs while avoiding manpower shortages or surpluses”.

After, the HR planning forecasting, Bratton & Gild (2007) defined the job analysis that gathering data through interviews and questionnaires, preparing descriptions, specifications, and standards for a specific job, focusing on duties, responsibilities, abilities, and performance standards. Moreover, some authors are also interested in the recruitment & selection, such as Werther and Davis, (1996), he also gave the definition that “The selection interview is a formal in-depth conversation to evaluate an applicant’s acceptability”. Following HR planning forecasts, Bratton & Gild (2007) described job analysis as the process of collecting information via surveys and interviews, creating job descriptions, specifications, and standards, and emphasizing roles, responsibilities, skills, and performance requirements for a particular position. Furthermore, Werther and Davis (1996), two writers who are likewise interested in hiring and selecting, defined a selection interview as "a formal, in-depth conversation to evaluate an applicant's acceptability." According to some authors, training and development is defined as an organization's intentional efforts to support people in acquiring information, skills, abilities, and behaviors related to their jobs with the intention of applying them on the job (Noe & Hollenbeck, 2019). Additionally, a well-known HR manager, comparing an employee's previous and current performance to their performance requirements is how evaluation performance is described by Dessler (2005). The last of the definition, Salisu, Chinyio, and Suresh (2015) underlined in their definition of compensation & benefits that the reward that employees get for their service or contribution to the firm is one of the essential responsibilities of HR management practice, particularly the retention of important personnel.

Determinants and effective HR management practice in family business firms

Table 1. Dimension, Sub-dimension and citation

Dimension	Sub-Dimension	Citation
Planning	♦Recruit, retain & minimize the turnover of HR.	Haque et al., (2016)

	<ul style="list-style-type: none"> ♦Foresee the impact of technology & improve standards ♦Anticipate the impact of technology on jobs & HR ♦Determine the level of recruitment and training ♦Estimate the cost of HR & housing needs. 	
Recruitment & Selection	<ul style="list-style-type: none"> ♦Informed about the qualifications of Applicants. ♦Measurable selection criteria are developed. ♦ Participate Line managers and HR managers ♦Fair and transparent ♦ Desired knowledge, skills and attitude 	Dessler (2005)
Training & Development	<ul style="list-style-type: none"> ♦Increase their knowledge about their jobs ♦Develop their professional skills ♦Linked with the preparedness of staff. ♦Provide an environment that stimulates learning. ♦Important for job growth. 	Dessler (2012) Truitt (2011)
Appraisal Performance	<ul style="list-style-type: none"> ♦Understanding of the performance appraisal ♦Feedback precise and accurate appraisal the past performance. ♦Provides the problem and opportunity ♦Increase the relationship with my manager ♦Influence the staff attitudes, morale, and behavior. ♦Communicates the staff performance and their skills 	Chuluunkhuu (2011) Al-Qudah, (2014)

Compensation & Reward	<ul style="list-style-type: none"> ♦Offers a salary that is compatible with the skills, training & education. ♦Paid a fair amount for the work. ♦Satisfied with the recognition. ♦Rewards according to seriousness and hard work. ♦Provides excellent incentives and rewards to all levels. 	Chacha (2013) Husin at., al (2012)
Effectiveness of HRM Practice	<ul style="list-style-type: none"> ♦Effective HR Planning ♦Effective HR Selection ♦Effective HR Training & Development ♦Effective HR Appraisal performance ♦Effective HR Compensation & Benefits 	Gary Dessler (2015)

Planning and effective HR management practice in family business firms

The human resource function is not just the responsibility of the human resource department. Every manager should be aware of their role in nurturing strong, performance-based and values-based corporate cultures. This is easy to perceive in early-stage businesses, which are usually too small to justify a standalone human resource department. However, even if your business has moved out of the entrepreneurial stage and employs dedicated human resource, you can keep the entrepreneurial flame alive by continuing to involve front line management in key human resource processes. Requiring higher-level leadership and strategy skills (Ellie Filler and Dave Ulrich, 2016) The traditional definition of human resources is the wide range of tasks necessary to manage people and work-related rules and procedures in a company. We favor a broader perspective on human resources that incorporates all operations associated with the HR "life cycle" inside a business combined with the

values-based cultural every stage of its life cycle is informed by certain characteristics. The following is a quick description of the five elements:

Armstrong, (2013) Human resource planning encompasses a variety of tasks, such as scenario planning, demand and forecast planning, and action planning. Action planning comprises creating strategies for retention and flexibility as well as preparations to address predicted deficiencies through internal promotion, training, and external recruiting. Referring to Taylor (2005) posited that this may be due in large part to the fact that such predictions are likely to be based solely on past experiences without recognizing and ultimately taking into account changes that may occur during the process. He further emphasized that human resource planning is extremely important in a changing environment.

Ha1: Planning has significant impact on effectiveness of HR practice in family business firm.

Selection and promotion non-family and family employees

Human resource management practice is a vital role in the business firm, and the right candidate selection is more important than useless selection. According to Lin and Kuo (2007) demonstrated that both direct and indirect effects on human resource management may be attributed to organizational learning capacity and knowledge management capacity. The effect is evident and profound. Family businesses are frequently linked to nepotism, in which the founder's lineage frequently determines who succeeds them (Stewart & Hitt, 2012). According to Baù et al. (2020), family businesses offer a suitable environment for the younger generation to explore career options, develop their entrepreneurial abilities, and acquire information that they may then apply to the family business (Woodfield & Husted, 2017). Researchers like Lamb et al. (2017) and Sieger et al. (2011) focused on non-family members to understand which type of non-family members are recruited by the family firms and the criteria they use for their selection. The majority of the literature in this area focuses on the succession and transgenerational leadership of family employees (Lamb et., al. (2017).

Ha2: Selection has significant impact on effectiveness of HR practice in family business firm.

Training and Growth opportunity and effective HR management in Family Business firms

Families with younger members who run or own family businesses are indoctrinated into the industry from an early age (Rantanen & Jussila, 2011). As "everyday training," the organization helps the children develop their firm-specific skills, long-term commitment, and aspiration for the growth of the organization. They witness and experience their family's struggle and hard work towards building and maintaining the organization (De Massis et al., 2012; Woodfield & Husted, 2017). However, Tabor et al. (2017) posited that there aren't many chances for nonfamily personnel to grow and receive training in family businesses. Family businesses often spend more in employee-friendly practices, according to Kang & King (2014); nevertheless, Chrisman et al. (2014) asserted that family businesses suffer from nonfamily employees' low pay and lack of training as a result of individualized performance reviews and onboarding.

Ha3: Training and development have significant impact on effectiveness of HR practice in family business firm.

Appraisal performance and effective HR management in family business firms

Appraisal performance is one vital element of HR management practice which is a tool for retention of the key employees. A family business's desire for longevity makes it crucial to think through the consequences and value of putting in place a strong performance management system. The family's impact on the business is examined, family companies and non-family firms are compared, and family business-specific HRM challenges are covered. According to Beer et al., (1978) posited that the First introduced the concept of performance management as a combination of the developmental aspects of performance appraisal with the goal setting facet of management by objectives. Performance management is a common HR procedure used to keep employees committed and loyal. Employee development and performance evaluation are both included in performance management (Pulakos, 2004). According to Pulakos et al., (2014), the performance appraisal's stated goals are to support management, influence, and improvement of employee performance. Employee

unhappiness has been linked to insufficient or ineffective assessment methods, according to Cappelli and Tavis (2016). Furthermore, compared to low-performing family enterprises, high-performing family firms gave human resource concerns—including performance appraisal—compared to low performing family firms. This was found by Carlson and Upton (2006). According to their results, performance in family businesses is positively impacted by HR initiatives like performance appraisal.

Ha4: Appraisal performance has significant impact on effectiveness of HR practice in family business firm.

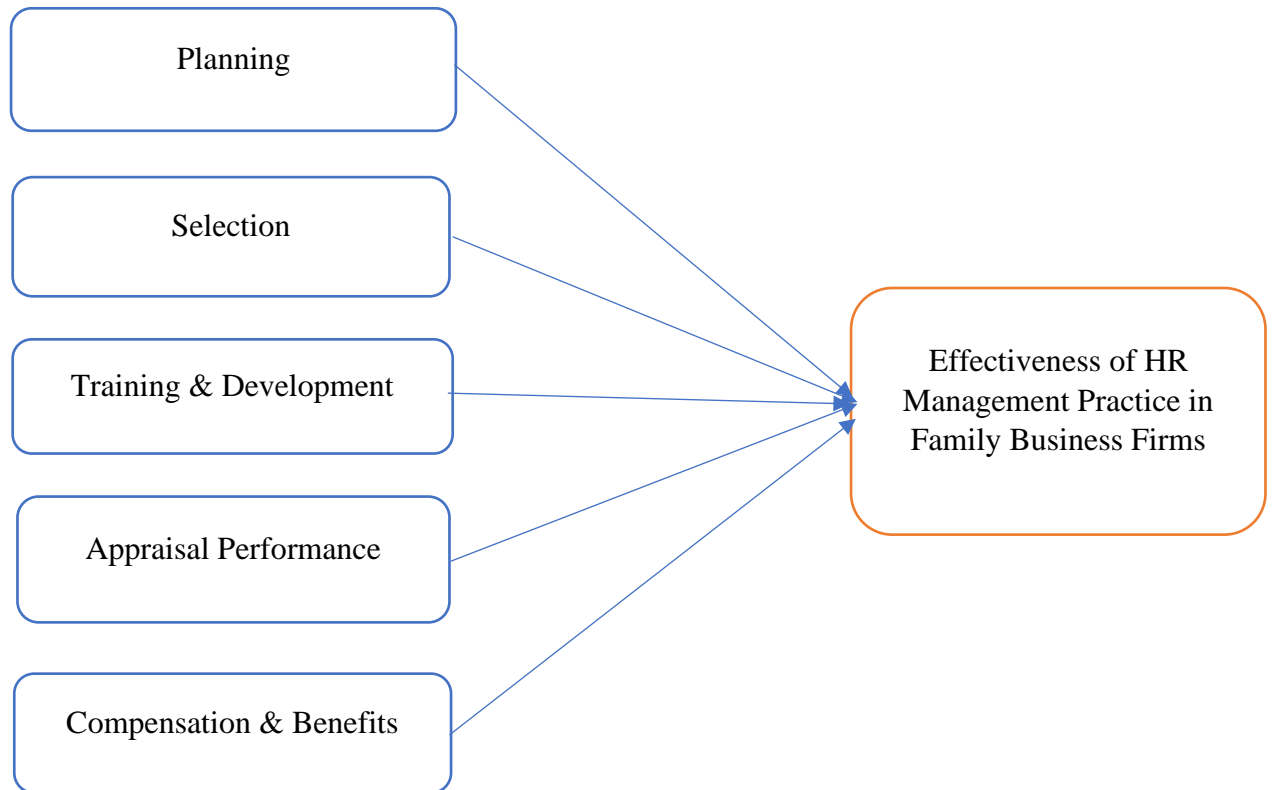
Compensation and effective HR management in family business

According to Fredy-Planchot (2002), the goal of family businesses is to support and ultimately retain employees. In this case, Caby and Hirigoyen (2002) emphasized that family businesses tend to protect themselves from the outside world: over time, even employees who have no ties to the family are treated as family members if they are committed and loyal. According to Kovach (1995), employee motivation is the key factor in determining the level of an employer's long-term performance. He also mentioned the need for managers and other leaders to interact with their workforce in order to meet the needs of their workforce in terms of motivation, and he continued that all superiors believe that employees should desire more compensation in order for the workforce to be engaged and content. Another paradigm, gender and compensation, the experiences of female family employees are another area of interest. When it comes to job satisfaction, pay, discrimination, and prospects for advancement, female family employees in the same business have different experiences than male family employees (Block & Wagner, 2013). Gender concerns put traditional family business practices to the test, since choices about advancing a daughter's career perpetuate glass barriers that have been built across cultural boundaries (Akhmedova et al., 2020). According to Kubíček and Machek (2020), longitudinal research is necessary to comprehend the distinctions between male and female family employees with relation to career prospects, discrimination, pay, and the overall role of women in family enterprises.

Ha5: Compensation has significant impact on effectiveness of HR practice in family business firm.

Conceptual Framework

Based on the review of literature, the determinants such as planning, selection, training, appraisal performance, and compensation and benefits have been considered as independent variables; while the effectiveness of human resource practices in family business firm in Cambodia has been taken as dependent variable.



RESEARCH METHODOLOGY

Sample and Sampling design

The type of analysis carried out in the study is used the both qualitative and quantitative in nature. The secondary data is used for the analysis of the existing problems in communication in the family firm has been analyzed in a qualitative manner. Based on the primary data, the factors influencing on the effectiveness of human resource practice in business family firm has been analyzed quantitatively with 257 samples gathered from the both, non-family and family staff who are working in

the family firm in Phnom Penh. Further, the study also used stratified random, 217 for non-family and 40 for family relation.

Besides this, the present study used the questionnaire designed into three parts, the first part is used for personal profiles, such as age, gender, education and work experience, while second part has been developed hypothesis for the research analyzes effectiveness of human resource retention in the family business firms by considering some important factors including, planning, job analysis, selection, training, appraisal performance and compensation, and the Linkert scale has been used, such as 1. Strongly disagree, 2. Disagree, 3. Undecided, 4. Agree and 5. Strongly agree has been utilized. The draft questionnaire has been pre-tested and any necessary modifications have been made before the questionnaire was finalized for collecting the primary data from the sample respondents. Additionally, the necessary data from secondary sources has been gathered using a structured format.

Data analysis

In this section, the study is divided four parts, first is reliability test (Cronbach alpha) for measuring the number of items in each variable. Second, the personal profiles, age, gender, education, and work experience, has been analyzed. Third, the weighted arithmetic mean is used for assessing an effectiveness of human resource practice factors. The last is multiple regression has been used for analysis of the factors (planning, job analysis, selection, training, appraisal performance and compensation) affecting on effectiveness of HR practice.

RESULT AND DISCUSSION

The study analyzes primary data in four sections: reliability, personal profile, effectiveness of human resource in business family firms, and factors impacting it. It also examines the reliability of variables, personal profiles, and the impact of factors on HR practice in Phnom Penh.

Reliability

Due to data analysis used by Multiple Regression, so the linked scales at 7 levels were arranged for data aggregation. Cronbach's Alpha (α) which is a step of internal consistency is applied in the field to test for being reliable items of the questionnaire in

research instruments for the both strata, employer and employee study. The outcomes of test Cronbach's Alpha are 0.925 with very high reliability in total 48 items of questionnaires. All items have strong to very strong total correlation, and alpha would go up over 0.70. Thus, the researcher retained all of them. Separately, the result of the employee stratum of $0.934 > 0.70$ is excellent ². The result of the employer stratum of 0.929 is excellent ³.

Personal profile

The majority of respondents in a survey were young, with 55% aged 20-29 and 43% aged 30-39. The majority were male, with 164 (64%), while 93 (36%) were female. The majority of respondents had a Master's degree, with 82% having a Master's degree and 33% having a graduate. The remaining 11.4 percent undertook undergraduate studies. The majority of respondents had above 5-year experience, with 52% having a 5-year experience, and 23% having a 2-year experience.

Table 2. Personal Profiles

Variables		Respondents (FBF)	
		Frequency	Percent
Ages	20-29	141	55
	30-39	111	43
	40-49	05	02
	Total	257	100
Gender	Male	164	64
	Female	93	36
	Total	257	100
Education	Undergraduate	46	18
	Bachelor	211	82
	Total	257	100
Work Experience	Below 2 years	36	14

² George, D. & Mallery, P. (2003)

³ ibid

	Below 5 years	64	25
	5 years	23	09
	Above 5 years	134	52
	Total	257	100

To evaluate the effectiveness of HR practice in the family business firms in Phnom Penh

Table 3 Result of Weighted Arithmetic Mean

Variable	Sample	Mean	St. D	Interpretation
Planning	257	4.1833	0.414	Agree
Selection	257	4.0323	0.534	Agree
Training & Development	257	4.0962	0.522	Agree
Appraisal performance	257	3.8816	0.631	Agree
Compensation	257	3.9339	0.555	Agree
Effectiveness HRP	257	3.9313	0.503	Agree

1.Strongly disagree, 2. Disagree, 3. Somewhat Agree, 4. Agree, 5. Strongly Agree

To understand about the feeling of the respondents towards the HR practice of the family business firms in Cambodia, it has been revealed from the mean values as shown in Table 4.2.1 that the respondents' opinion on these factors of effective human resource practice, planning, selection, training, appraisal performance, compensation and effectiveness of HR Practice tended to be at 'Agree' level (mean values between 3.50 to 4.50 and standard deviation smaller than 1), as presented.

To analyze the factors, impact on effective HR practice of the family business firms in Cambodia

The aim of the section is to analyze the multiple regression to know the summary of model, ANOVA and the regression coefficients and assumptions checks.

Summary Model & ANOVA

The summary model shows a strong correlation between the independent variables (Planning, Selection, Training & Development, Appraisal Performance, and Compensation) and the dependent variable (Effectiveness of human resource

management in the business family) at 83%. The dependent variable is explained by these independent variables for 68.90%, with only 32.10% of them not mentioned in the model. The dependent variable and independent variables are commonly arranged for 68.30%. The ANOVA results indicate that the independent variables jointly influence the dependent variable.

Regression Coefficients

The present study to find whether the relationship between the independent variables (Planning, Selection, Training & Development, Appraisal Performance and Compensation) on dependent variables (effectiveness of human resource management in the business family) is significant. However, the rule of the regression analysis, the data should be checked by assumption first before the multiple regression applied.

Table 4 Result of Regression

Dependent Variable	R=0.830 R ² =0.689 R-Adjust=0.683		F= 111.169 Sig.=0.000		
Independent Variable	Regression Coefficient	t-value	P-value	Collinearity	
				Tolerance	VIF
Constant	.655	2.934	.004		
Planning	-.037	-.637	.525	.662	1.510
Selection	.201	3.871	.000	.504	1.983
Training & Development	-.079	-1.384	.168	.523	1.913
Appraisal Performance	.527	9.585	.000	.336	2.976
Compensation & Benefits	.219	3.969	.000	.414	2.414

Planning and effective HR practice of the family business firms in Cambodia.

The study reveals that planning significantly impacts the effectiveness of human resource management in a family business in Cambodia. The regression coefficient of planning is -0.037, with a t-value of -0.637 and p-value of 0.525. However, the dependent variable, effective HR practice, is not significantly influenced by planning. The null hypothesis "Ho1: Planning has no significant influence on the effectiveness of

HR practice of the family business in Cambodia" is accepted, indicating that planning does not significantly influence the effectiveness of HR management in the family business. of HR Practice of the family business in Cambodia

Selection and effective HR Practice of the family business firms in Cambodia.

The regression analysis in Table 4.3.1. reveals that the staff selection significantly impacts the effectiveness of human resource management in a Cambodian business family. The regression coefficient is 0.201, with a significance level of less than one percent. Therefore, the null hypothesis "Ho2: Staff selection has no significant influence on the effectiveness of human resource management of the family business in Cambodia" is rejected. It is concluded that staff selection significantly influences the effectiveness of HR practice of the family business in Cambodia.

Training and effective HR Practice of the family business firms in Cambodia.

The regression results show that staff training does not significantly impact the effectiveness of human resource practice in a Cambodian business family. The coefficient of selection is -0.079, and the level of significance is larger than five percent. Therefore, the null hypothesis "Ho3: Staff selection has no significant influence on the effectiveness of HR practice of the family business in Cambodia" is rejected, indicating that staff selection has a significant influence on the effectiveness of HR practice in the business family of Cambodia.

Appraisal performance and effective HR Practice of the family business firms in Cambodia

The regression results show that appraisal performance significantly impacts the effectiveness of HR practice in Cambodian business family. The coefficient of appraisal performance is 0.527, with a significance level of less than one percent. The dependent variable, effective human resource management practice, is significantly influenced by appraisal performance. Therefore, the null hypothesis (Ho4) "Appraisal performance has no significant influence on the effectiveness of HR practice in the family business of Cambodia" is rejected. In that case, it is concluded that appraisal performance significantly influences effective HR practice of Cambodian business family.

Compensation and effectiveness of HR Practice of the family business in Cambodia.

The study analyzed 257 respondents in Cambodia and found that the compensation and benefits has significantly impacted the effectiveness of HR practice in the business family. The regression coefficient for compensation and benefits was 0.219, with a significance level of less than one percent. The null hypothesis "Compensation and benefits have no significant influence on the effectiveness of human resource management in the family business of Cambodia" was rejected. It is concluded that compensation and benefits significantly influenced the effectiveness of HR management practice in the Cambodian business.

ASSUMPTION TEST

The present study must confirm that the researchers did not violate any regression assumptions before submitting the data to the science research. Linear regression is an analysis that assesses whether one or more predictor variables explain the dependent (criterion) variable. The five main assumptions of the regression are as follows: linear, normality, collinearity, and homoscedasticity.

Collinearity Check

This is problematic because it will prevent the regression model from correctly associating the variance in your outcome variable with the appropriate predictor variables, which will muddy the data and lead to false conclusions. Remember that this presumption only applies to multiple linear regressions, when there are several predictor variables. For the present study, the assumption has been verified by collinearity statistics analysis, as tolerance scores over 0.20 and VIF (the variance inflation factor) scores significantly below 5. Thus, it is concluded that the independent variables have been correlated each other.

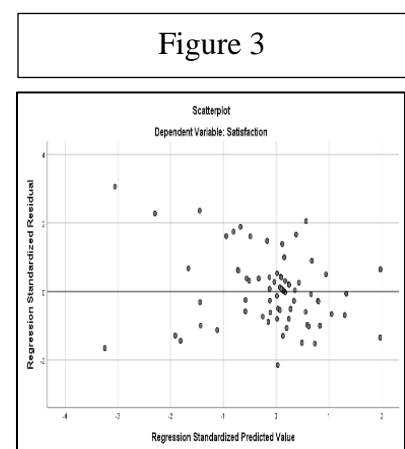
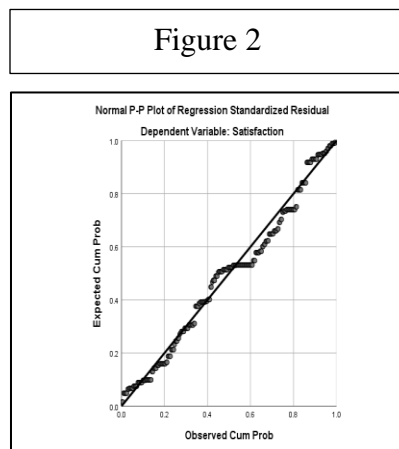
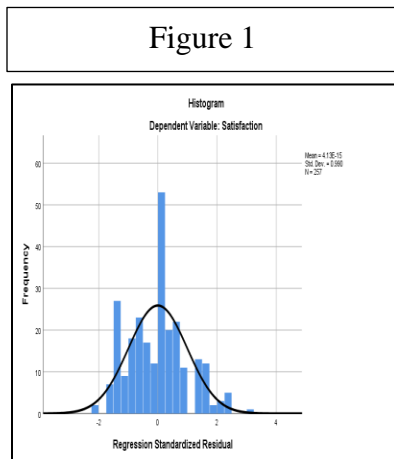
Normality Check

Since zero is the graph's center and the data is dispersed between -3 and +3, the normal distribution graph shows that the data is normally distributed. The data is evenly spread over the graph's bell-shaped curve. As seen by the graph (Figure 1) below, one

may assume that the methods follow a normal distribution. Furthermore, the variable model is sufficient to do multiple regression. The P-P plot of the data indicated that the normality was good, as seen in Figure 2 below, where the little circles follow to the normality line. The data sample survey is perfectly aligned, with a comparatively little data variation.

Heteroscedasticity

Based on the graph Figure 3 below, which indicates that, one may assume that the plots are near to the straight line, which is from the ZRESID (Y axis of regression standardize residual) versus ZPRED (X axis of regression standardize predict value), according to the homoscedastic data from the scatter plot. On the X axis, which runs from -2 to +2, the data are evenly distributed around zero. On the Y axis, the data are similarly close to the center of zero, which varies from -2 to +2. To put it briefly, the dependent variable and the anticipated variables are connected.



To analyze and discuss the family HR issues of the business family firms in Cambodia.

Family-owned firms face various challenges based on their size and development stage. Some large global companies have professionalized management boards, diversified ownership, and issued shares on the stock market. Most family-owned companies operate like extended family units, with decisions being centralized and private, lacking transparency and communication. Family-owned businesses face unique challenges, such as emotional interference when close relatives work together.

These challenges differ from non-family businesses, as decisions are often made in one place and privately, leading to a communication gap. The challenges faced by family-owned firms differ from those faced by non-family enterprises. The following issue is surveyed from other sources of empirical reviews in some countries as well as the respondents of non-family employees from 10 business family firms in Phnom Penh.

Communication

Any business has to communicate effectively, but family businesses have unique communication challenges. According to experts, one of the most challenging aspects of managing a family company is communication. "How to Run a Family Business," by Christine Lagorio. Commitment, avoiding concealment, and awareness of the dangers of poor communication should all be part of the communication strategy. (Lagorio-Chafkin, 2020)

Double Standards

Referring to Bhindora (2017) confirmed that although the companies have formal policies & procedures, but they do not apply to family members. For e.g., the family members and their acquaintances have more shares in benefits & perks and the top managerial positions are generally reserved for the family members. This is evident from the comment of one of the human resource managers, in Phnom Penh, who quoted, "the firm might as well throw salary structure out of the window. There are people in the company whose pay is based on the fact that they knew the owners before, and it has nothing to do with their skills." Further, there is absence of clear policies and business norms for family members. There is no policy followed for promotion, transfer or compensation of the family members. (Segal, 2018)

Lack of skilled people

The family business is based on informal premises. Any of the family members can promise the job to any relative or neighbor, irrespective of the qualification and potential. a. Family Lingo In order to give the warmth & to increase the inclusion, the non-family members are given signals that they are considered family and hence assure them of their job security. One of the more difficult challenges a family business must face is selecting the qualifications of family and nonfamily personnel for employment.

In the lack of a well-defined employment policy and practice, there may be significant conflicts inside the business. Sadly, despite their benefits, it appears that most family businesses have a family employment policy. (Libretexts, 2021).

Nepotism

A common issue in family-owned enterprises is the hiring of unqualified family members and friends. New roles are frequently created in the company to suit the family members. The other employees' morale is affected, which lowers their output. This even sets the way for the society to foster sycophancy. (Bork, 2020)

Feelings

Family issues have an impact on the company. For the family members, unpleasant political situations might also result from divorce, separation, health issues, or financial difficulties. It is incredibly challenging to prevent the fighting from interfering with business operations, and the corporation splits into rival factions. (Labaki & Bernhard, 2022)

Inadequate External Views

Even while they may not always have the same views, family members frequently share a common background and set of experiences, which can result in a shared understanding of the company. To succeed, businesses must have outside perspectives of both their own operations and those of their rivals. Since the family members are reluctant to open their doors to outsiders, senior executive positions lack sufficient outside viewpoints and diversity. (De Jager, 2023)

Lack of official selection family relatives

The pressure that comes with requests from family members who want to join the company might be hard to with stand. If they lack the foundational qualifications and practical experience required for the job, this becomes very challenging (10 surveys). It is consistent in Kappel (2017) Hiring family members does not guarantee a perfect world. A relative of family owners may believe they have access to preferential treatment. They may attempt to mistreat the owner and the company.

Lack of Training

The informal culture found in many family businesses can result in a lax approach to training new employees, whether they are family members or not. (10 employees' survey). Further, according to Paulsen (1994), a lack of training is a common symptom of many small and medium-sized enterprises (SMEs) and can be partially explained by issues in the education and training sector, a general lack of demand for training, and a shortage of specialized facilities for human resource development that can offer planned and structured training.

Confused roles

Roles and responsibilities must be clearly defined. But in the family business the role ambiguity & role conflict is common. The roles are not clear. It is very difficult in family businesses to define authority. If a younger member is made CEO, he/she may find it very difficult to tell the elder members of the family to change their style of functioning. Many members in the family also tend to overlook decisions taken by younger members even if they are at positions of authority. (English, 2021)

Compensation Issues

Family – owned businesses often have the freedom to design or structure their compensation plans how they want to. However, with this freedom comes parameters. Under no circumstances should these plans result in informal pay governance processes, unclear understanding of the business's compensation plan, or pay discrimination. Failure to be alert of the current external market can lead to turnover, so family – owned businesses especially need to be aware of what proper pay is for their market. To avoid these traps, be sure to hire and work closely with a third-party compensation expert in developing a fair and transparent solution for all employees. For 23 years Astron solutions has been assisting organizations with developing fair, equitable, and transparent compensation solutions (Carver, 2023)

Creating a succession plan

The main reason for severe disagreements and division in the company is a lack of succession planning. All businesses face challenges, whether it is dealing with the changing economy, finding and hiring the right employees, or increased competition in

the market. Family-owned businesses are not immune to these challenges (FBUK, 2023).

KEY FINDINGS, CONCLUSION AND IMPLICATIONS

The aim of the present chapter is to summarize the main findings of the study. In addition, the chapter presents the policy implications, scope for further research and conclusion. For this purpose, the chapter is divided into three sections. The first section deals with the main findings of the study. The policy implications and suggestions are placed in the second section, and in the third section of the chapter, the scope for further research along with the conclusion of the study is presented.

The main findings and conclusion

The study focuses on the effectiveness of human resource management in family businesses, specifically in Phnom Penh, Cambodia. It aims to assess the factors that influence this practice and their impact on the firm's success. The results show that planning has no significant impact on the effectiveness of human resource management, with a significance level greater than 5%. Staff selection significantly influences the effectiveness of human resource management, with a significance level below 1%. Training and development have no significant impact on the effectiveness of human resource management, with a significance level higher than one percent.

Application performance significantly influences the effectiveness of human resource management, with a significance level below 1%. Compensation and benefits also have a significant influence on the effectiveness of human resource management, with a significance level less than 1%. The study concludes that compensation and benefits have a significant influence on the effectiveness of human resource management in family businesses in Cambodia.

Besides, the main finding of the quantitative, the qualitative result shown that Family businesses face unique communication challenges, including double standards, lack of professionalism, nepotism, family lingo, and feelings. Family members often promise jobs to relatives or neighbors, leading to conflicts and a lack of clear policies and business norms. Nepotism is another issue in family-owned enterprises, as

unqualified family members and friends are often hired, negatively impacting other employees' morale and fostering sycophancy.

Family issues can also impact the company, with family members often facing unpleasant political situations, such as divorce, separation, health issues, or financial difficulties. Inadequate external views, pressure to hire family members, and a lax approach to training new employees can result in a lax approach to success. Confusion about roles and responsibilities is common, and it is difficult to define authority in family businesses.

Compensation issues arise from the freedom to design or structure compensation plans, but it is crucial to avoid informal pay governance processes, unclear understanding of the business's compensation plan, or pay discrimination. To avoid these issues, it is essential to work closely with a third-party compensation expert to develop fair and transparent solutions for all employees.

In conclusion, the study highlights the importance of human resource management in family businesses and the need for further research to understand its impact on the firm's success. By addressing existing communication issues within the business family, the study can help improve the effectiveness of human resource management practices in family businesses in Cambodia. Further, creating a succession plan is another challenge faced by family businesses, as it is not immune to the challenges of dealing with the changing economy, finding and hiring the right employees, or increased competition in the market. By addressing these challenges, family businesses can ensure a smoother transition and maintain a competitive edge in the market.

Implications and Suggestions

On the basis of the major findings and the conclusion of the study as presented above, the present section aims to provide policy decision makers of the family business firms some information for reforming the process of HR management efficiently and effectively. In the case, he or she should take some action plans to ensure sustainable family business process from one generation to one. Thus, policy suggestions of the study are as follows:

-The family firms should create human resource planning for budget strategic plan to make clear in forecasting the professional human resource to retention for the firm to continually process. Further, the family firms should plan the creating a succession plan for preparing the qualification of management and leadership, such as training, coaching, mentoring to take a long-time experience before his or her succession in the future.

-The family firms should continue select employees through starting from job analysis and promotion in the right place and crossing the committee of evaluation against the clear criterial, avoiding the hiring of unqualified family members and friends. If the qualified family member candidates should be under the strict family business policies as well as the non-family's.

-The family firm should arrange to train non-family and family employees, the both on job and off job training for ensuring efficient and effective job performance and be able to achieve the company goals and sustainability.

-The family firm should continue confirming appraisal performance, including criteria, procedure with justice and fair without nepotism. For the reason, the company can select the candidate closely relatives for succession in the next generation.

-The family firm should continue promote finance and non-finance and other benefits for retention the key both non-family and family employees. To avoid the freedom to design of structure their compensation plans how they wish to. The own firm should be sure to hire and work closely with a third-party compensation expert in developing a fair and transparent solution for all employees.

Limitation and Future research

On the basis of the limitations of the present study as mentioned in chapter one, the scope for further research is presented below:

- i. To identify the effectiveness of HR management practice in family business in Cambodia, by using only 257 employees from 20 firms have been selected as sample size. The study could have provided better results, if the size of the sample would have been larger and a greater

number of the firms, especially separate the strata of small and medium business family enterprises.

- ii. To examine the factors affecting on effectiveness of HR practice in family business, by using the independent variables such as planning, selection, training & development, appraisal performance, and compensation & benefits have been taken into account of quantitative manner. The study could have provided better results, if the independent variables would have been more, such as delegation, patriation.
- iii. The future researchers may consider to take into account other areas including some provinces to assess the efficiency and the factors which effect of an effectiveness of HR practice in the family business firms. The limitation of the present study has provided the insights for the future research in this field.

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FINANCIAL DECISIONS FOR FAMILY BUSINESSES IN CAMBODIA

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ABSTRACT

The purpose of this study is to identify the factors affecting the area of financial choices in family firms by using the theory of planned behavior which these choices in family firms are largely affected by family norms, attitude, perceived behavioral control, and behavioral intentions. Moreover, to explore the perceptions of owner's family business in financial decisions. Data were collected from respondents of 149 who owned their family business in Cambodia and structural equation modeling (SEM) is method for data analysis. Results show that performance expectancy toward financial debt and equity, attitude toward financial debt and equity, and perceived family norms toward equity are factors that positively affect the owner-manager's behavioral intention. This research also found that before the family business owner chooses to debt or equity, they must prepare and analyze the business plan.

Keywords: Family Business, Financial Decision

1. INTRODUCTION

Family business studies have been growing during the last decades (Chrisman et al. 2008) and researches on family business finances are becoming increasingly relevant because most companies around the world are controlled by families, including more than half of all public corporations in the USA, Europe and more than two-thirds in Asia (La Porta *et al.*, 1999; Claessens *et al.*, 2000; Faccio and Lang, 2002; Gadhoun *et al.*, 2005; Masulis *et al.*, 2011) and represent a significant social and economic institution in both emerging and advanced economies and constitute approximately 90% of all organizations worldwide (Gedajlovic et al., 2012).

Corporate finance researchers have devoted considerable efforts to investigate capital structure decisions. As a result, a set of theories has been developed that includes the pecking-order theory (Myers 1984) and the static trade-off theory (Scott 1972) as the finance profession's best explanations for the capital-structure decision. But, small firms often suffer the problems associated with asymmetric information and information costs when they seek new financing (Ang, 1992; Ennew & Binks, 1994). In this sense, small family businesses could be affected by the typical problems studied in the theory of pecking order as documented in the literature (e.g., Poutziouris, 2001).

Recently, Fraser et al. (2015) pointed out that cognitive financial constraints, which are a function of entrepreneurs' personal background, may lead to the establishment of conservative behaviors. Special attention will be paid to analyze the specific role that a business's family nature plays in its financial behavior.

This study aims to propose a theoretical framework that may provide a better understanding of the mechanisms underlying financing decisions with the question of what might be the determinants of firm financing decisions in family businesses in Cambodia from the perspective of the theory of planning behavior (Ajzen 1991) and capital structure choice research (Blanco-Mazagatos et al. 2007), which influences on the owner-managers' financing intentions. It makes an important contribution to the owner's family business on financing decisions.

2. LITERATURE REVIEW

2.1 Family Business

The involvement of the family is the key defining issue that differentiates family business from non-family business. There are many definitions of a family business. Studying family businesses is to some extent different from non-family businesses. One of the differences between family and non-family business research is the context and structure of the family firms (Craig & Salvato, 2012). Chrisman et al. (2012) stated that the social affiliated goals, solidarity, and social values (Miner, 2010; Gómez-Mejía et al., 2007) may be what differentiate family and non-family firms.

From an academic perspective family business has been defined in many ways. Chua et al., (1999) defined family business as “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.” From a practitioner perspective Astrachan, Klein, and Smyrnios (2002) suggest that family business vary in their ‘femaleness’ and that it is the degree to which the family determines the behavior and direction of the business that matters. Others have defined it as ‘one that will be passed on for the family’s next generation to manage and control’ (Ward, 1987). The fact that family business consists of family and corporation makes the field to be diverse. There are a lot of theories on family behavior. In that, behavioral theories are widely used in family business research (Chrisman et al., 2012; Berrone et al., 2012).

Based on behavioral theories, Chrisman et al. (2012) note that rather than a single financial goal, family businesses have diverse set of goals which include family centered noneconomic goals. Family members are emotionally involved in the business rather than only thinking about the financial outcomes and seen as humans with all the feelings, emotions, and passions (Craig & Salvato, 2012). When an owner-manager starts a business, the financing options are constrained because financial institutions are unlikely to provide debt financing when there is no collateral (Williamson, 1988). In

that case, entrepreneurs have the greatest knowledge of common financing alternatives, in particular bank loans and leasing (Seghers et al. 2012).

2.2 Theory of Planned Behavior

The interest of individuals in the entrepreneurial career can be associated to what is theoretically known as the theory of entrepreneurial intentions (Krueger, Reilly, & Carsrud, 2000; Krueger & Carsrud, 1993). Theory of planned behavior (Ajzen, 1991) is a well-known theory to evaluate and examine in psychology, social sciences, and management to explain human intent and behavior in various contexts. It has been successfully applied to a wide range of research topics like driving behavior (Lindstrom-Forneri et al., 2007). The theory of planned behavior is increasingly used in entrepreneurship research to predict entrepreneurial intention (Engle et al., 2010; Lüthje & Franke, 2003) and to explore the antecedents to entrepreneurial behavior (Carr & Sequeira, 2007; Díaz-García & Jiménez-Moreno, 2010; Zhao, Seibert, & Hills, 2005). The theory of planned behavior considers the family's attitudes and values, preferences and norms, and behavioral control as determining factors of behavioral intentions, which eventually influence behavioral decisions and choices (Koropp et al., 2014).

Ajzen (1991), in the TPB model, proposed three contributing factors, namely, attitude toward behavior that individuals learn to have a favorable attitude toward behaviors they believe to have desirable outcomes, while they form a negative attitude toward behaviors, they associate to negative consequences, which is based on subjective beliefs. According to the TPB, an individual's behavior is determined by his or her intentions to perform a particular behavior, and these intentions are affected by several latent variables, such as attitude toward behavior (AB, i.e., the extent to which an individual believes that performing the behavior is favorable), subjective norm (SN, i.e., an individual's perception about the particular behavior, which is influenced by the judgments of "significant others", e.g., parents, spouse, and teachers), and perceived behavioral control (PBC, i.e., an individual's perceived ease or difficulty of performing the particular behavior) (Ajzen, 1991). The subjective norm (SN) construct of TPB stands for the perceived social pressure for engaging or not engaging in a specific behavior (Kautonen et al., 2010), and perceived behavioral control (PBC) represents the perceived difficulty or ease of the particular behavior (Ajzen, 2011) that explain the

intention of an individual to engage in a certain behavior. According to TPB (Ajzen, 1991), behaviors are best predicted by intentions and in turn intentions are shaped by attitude, subjective norms, and perceived behavioral control (PBC). It means that TPB proposed three proximal attitudinal factors that predict entrepreneurial intention (EI) including attitudes (personal positive/negative assessment of entrepreneurship), subjective norms (approval or disapproval of action by significant others), and PBC (perception of one's abilities to perform entrepreneurially) (Liñán & Chen, 2009). The stronger these factors are, the greater the effect they have on intention (Ajzen, 1991). Moreover, the decomposition of TPB has the advantage of providing more managerial implications than the unidimensional approach because the decomposition approach is focused on identifying specific factors and also allow a better understanding of the relationships between belief structures and antecedents of intentions (Bagozzi, 1992; Taylor & Todd, 1995). Therefore, the attitude construct is decomposed into relative advantage, compatibility and complexity (Taylor & Todd, 1995). Subjective norm is decomposed into normative beliefs-NB (Ajzen, 1985, 1991). Perceived behavioral control construct is decomposed into self-efficacy and facilitating conditions (Ajzen, 1991).

2.3 Financing Decisions

The owner's choice is affected by various features, such as business ownership, family control and independence. Additionally, not only financial factors influence the firm's capital structure decision, but also personal and social variables. These factors include: company's age; how much control the firm wants to keep in the family; use of internal financing; owner's prior experience with capital structure; approach towards debt financing; view regarding short-term and long-term debt; the level of aversion to risk; and preferred ways of funding for growth (Barton ,1989).

Even more, the growth and size of the family firm, associated with the capital that the family has on hand, influence the type of the company's financing – loans from financial institutions, business savings or capital gains (Smyrnios et al.,1998). Previous studies have shown family business financing is inclined to follow a 'pecking order' of choices, from which they prefer to use debt financing to equity financing because of fear of loss of control and debt financing is an important external financial source used

by family firms in order to avoid dilution of ownership (Romano et al., 2001; Gumel, 2017; Olaore, 2015).

Family firms are driven to a large extent by non-financial motives and reasoning. This does not imply that financial performance or economic decisions are only based on these motives, rather that the logic of financial decision making of family firms are driven and affected by the intentions of retention of control, norms, and the behavioral intentions (Mazzi, 2011; Le Breton-Miller & Miller, 2006). Hence the financial decision making of family firms is greatly affected by the characteristics and motives by the owner and/or manager's personal attitude (Heck, 2004).

By using the theory of planned behavior to gain a better understanding of financial decision making in family firms because subjective norms are at the center of the theory and, as such, can consider the noneconomic rationale in family firms, family norms and attitudes toward external debt and equity affect the behavioral intention to use these financing choices (Koropp et al., 2014). Family norms, attitudes, behavioral intentions and perceived behavioral control have been discussed as integral factors in the decision-making process of finance choices of family businesses (Koropp et al., 2014).

2.4 Research Model and Hypotheses

Performance Expectancy (PE)

This construct measures financing sources usefulness and its potential impact on productivity and effectiveness of the tasks from a user perspective. PE is defined as the degree to which an individual believes that using the financing sources will help owner-manager to achieve improvements in business performance. Respondents were asked questions about the usefulness of the financing sources and its impact on business productivity, business effectiveness, and on the business performance. The improved business performance and better outcomes potentially enabled by this financing sources may positively influence owner-manager's attitudes in relation to the financing sources and their intention to use it. Thus, if owner-manager believe that PE is high, they are more likely to use the financing sources. The relationship between PE and BI is hypothesized as:

Hypothesis 1a: A favorable owner-manager's performance expectancy toward external debt (PED) will be positively associated with his or her behavioral intention to use external debt (PID).

Hypothesis 1b: A favorable owner-manager's performance expectancy toward external equity (PEE) will be positively associated with his or her behavioral intention to use external equity (PIE).

Financial Attitudes (FA)

According to research, the desire to maintain family control heavily influences financial decisions made in family businesses (Blanco-Mazagatos et al., 2007; Gallo et al., 2004).

Thus, we anticipate that family enterprises will adopt more favorable attitudes toward internal financing as opposed to external financing and external debt as opposed to external equity (Romano et al., 2001). Indeed, according to studies, family businesses choose internal financing over external financing and debt financing over equity financing because of the cost of capital and ownership control (López-Gracia & Sánchez-Andjar, 2007). An attitude is a disposition to respond favorably or unfavorably to an object, person, institution, or event" (Ajzen, 1988), and is the first determinant of behavioral intentions (Ajzen, 1991). Applied to financial decision-making, decision makers should be aware of (a) how the source of funds affects family control, (b) the resulting cost of capital, or (c) the information they need to disclose. can be considered. Attitude therefore captures factors such as the owner/manager's financial sources, financial literacy, and/or prior experience with goal orientation (Koropp et al., 2013).

Therefore, family firm owner-managers develop distinct attitudes toward external financing for both debt and equity. In general, the more positive the attitude towards a behavior, the stronger should be the individual's intention to perform that behavior (Armitage and Conner, 2001). When faced with behavioral alternatives, individuals choose to pursue the alternative that represents the most positive attitude (Jaccard, 1981). A more positive attitude towards an action should lead to a stronger intention to carry out that action (Ajzen, 1991). Attitude toward external debt and

external equity affect behavioral intention to use the respective financing choices (Koropp et al., 2014). We therefore hypothesize that more favorable attitudes towards debt and equity influence their respective behavioral intentions to use debt and equity.

Hypothesis 2a: A favorable owner-manager's attitude toward external debt (ATD) will be positively associated with his or her behavioral intention to use external debt (PID).

Hypothesis 2b: A favorable owner-manager's attitude toward external equity (ATE) will be positively associated with his or her behavioral intention to use external equity (PIE).

Perceived Family Norms

A key element of the notion of planned behavior is norms (Ajzen, 1991). Due to the unique connection between the family and business systems, we specifically concentrate on family norms as they are significant to the decision-making process of family enterprises (Pearson et al., 2008). The influence of the family on business decision-making has been demonstrated, in fact (Chang et al., 2009). Norms are internalized agreements about accepted and expected behaviors in a social system that can be used to assess whether a behavior is proper (Nahapiet & Ghoshal, 1998). They therefore symbolize the pressure from society to engage in or refrain from a particular conduct (Fishbein & Ajzen, 1975). Because family members' perceptions of norms are rooted and consistent over time, there are distinct cross-generational implications on the company (Matthews et al., 1994; Sharma & Manikutty, 2005). Family financing standards include, for instance, not allocating equity capital to nonfamily members or reserving all business investments for family and internal financial sources (Sirmon & Hitt, 2003).

Family norms act as social control mechanisms for decision-making in family businesses, particularly when decisions entail the management of resources (Hoffman et al., 2006). (Aldrich & Cliff, 2003; Sirmon & Hitt, 2003). As a result, it is more probable that a decision maker will develop behavioral intentions to carry out a given behavior if they anticipate that important and closely associated others (such as family members) will support the action in issue (Ajzen, 1991). Additionally, individuals are

likely to have higher levels of entrepreneurial intent if they perceive that their family supports their actions (Ajzen, 2002). Entrepreneurial behavior that is positively and immediately supported is an important and necessary requirement for a new venture (Morrison, 2000). Family norms should influence financial decisions via behavioral intentions if they favor debt over equity (Setia-Atmaja et al., 2009). Family norms toward external debt and external equity affect behavioral intention to use the respective financing choices (Koropp et al., 2014). The behavioral intention to use external debt and the behavioral intention to use external equity are the main topics of our study. Formally, we propose the following hypotheses:

Hypothesis 3a: Perceived family norms toward external debt (PND) will be positively associated with the owner-manager's behavioral intention to use external debt (PID).

Hypothesis 3b: Perceived family norms toward external equity (PNE) will be positively associated with the owner-manager's behavioral intention to use external equity (PIE).

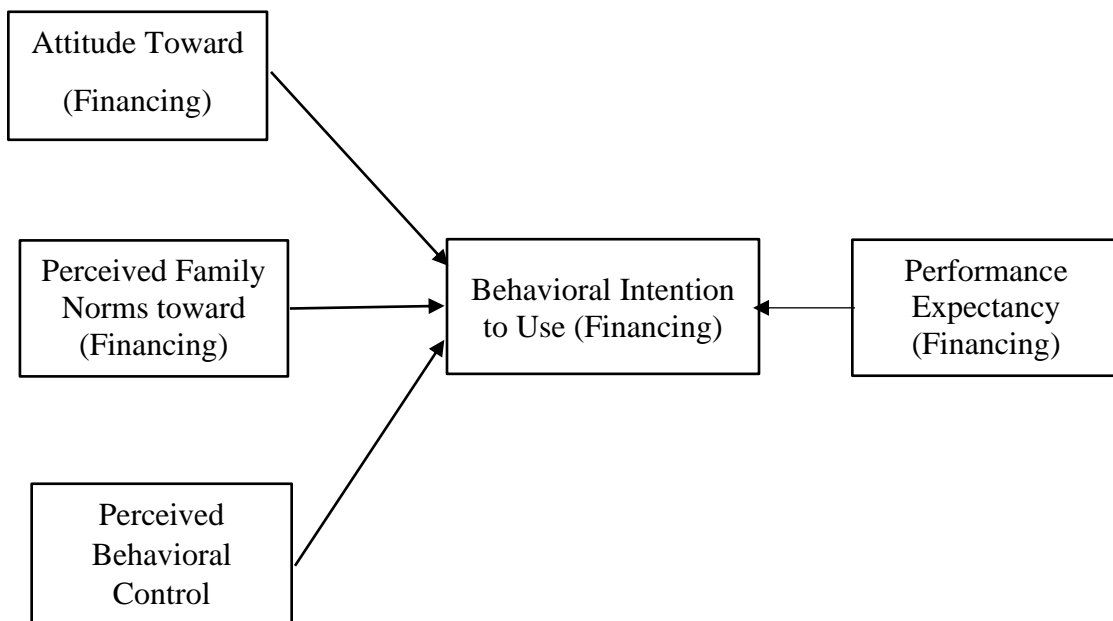


Figure 1 Conceptual Framework

Perceived behavioral control

The ease or difficulty of carrying out an action as predicted by the decision maker, reflecting both anticipated impediments and prior experience, is frequently referred to as perceived behavioral control (Ajzen, 2002a). So, we describe this construct in our context as the perception of the decision maker's degree of control over the choice of funding sources. In general, a high level of perceived behavioral control should be accompanied with higher effort and persistence in order to achieve the desired action, as well as stronger behavioral intention (Ajzen, 2002a). Research reveals that perceived behavioral control is a direct predictor of behavior in addition to having an indirect impact on behavior through behavioral intentions (Armitage & Conner, 2001). The relationship between people's behavioral control, behavioral intentions, and actual behavior depends on the kind of behavioral choice to be made and the kind of situation, even though higher levels of behavioral control are typically found to facilitate behavioral intentions and the actual performance of the intended behavior (Armitage & Conner, 2001). Research on family businesses stresses the unusual financial logic that underlies these businesses' funding decisions (Gallo et al., 2004). As previously mentioned, family firm managers frequently prefer internal over external financial sources, adhering to a hierarchy of finance (Romano et al., 2001). As a final resort, external equity is frequently used to maintain greater control over the organization. Family firm owners will intermingle private and company money rather than use Perceived behavioral control was shown to negatively affect behavioral intentions to use external equity and was positively related to the use of internal funds (Koropp et al., 2014). The higher the level of family involvement on the board of directors and the lower the generational stage, the higher the debt level of the family firm (Jurado et al., 2021). We anticipate that family firm managers will avoid using both external debt and external equity financing when they believe they have high control over financial decisions and will instead favor internal funds, even though the use of external debt is preferred over the use of external equity (Romano et al., 2001). In light of this, we postulate the following:

Hypothesis 4a: Higher owner-manager's perceived behavioral control (PCD) will be negatively associated with the intention to use external debt (PID).

Hypothesis 4b: Higher owner-manager's perceived behavioral control (PCE) will be negatively associated with the intention to use of external equity (PIE).

3. METHODOLOGY

In this study, SEM method was selected due to its potential for theory development (Gefen et al., 2021) and the capability of simultaneously assessing the multiple and interrelated dependence relationships. Structural equation modeling is designed with the two-phase model (i) measurement model and (ii) structural model.

Figure 1 presents the integrated research model in this study. Initially, the methodology adopted for this research will be explained so as to present, secondly, the measuring instruments of the concepts and the results of preliminary analyses.

Questionnaire design and main survey

A structured instrument was used to collect data including multi-item measures using a five-point Likert scale with strongly disagree (1)-strongly agree (5): attitudes toward financing, perceived family norms toward financing, perceived behavioral control, and behavioral intention to use financing were adapted from Koropp et al. (2014); performance expectancy was adapted from Venkatesh et al. (2003).

Based on the guidelines from Koropp et al. (2014) and Venkatesh et al. (2003), 32 questionnaire items were collected. Then, we discuss with other researchers to revised and corrected the items, 2 items were eliminated. Therefore, 30 items were employed in the main survey. We also translated all items into Khmer language and conducted translation confirmation procedures. The survey was conducted on June-July 2023. With "three or more indicators per factor, a sample size of 100 will usually be sufficient for convergence," and a sample size of 150 "will usually be sufficient for a convergent and proper solution" (Anderson & Gerbing, 1984). The collected and validated respondents of 149 who owned their family business in Cambodia.

4. DATA ANALYSIS

Study 1

4.1 Descriptive

Table 1 presents the descriptive information of the owners of family business.

TABLE 1. Profile of the Respondents

Measure	Item	Frequency	Percentage (%)
Gender	Male	76	51.0
	Female	73	49.0
Business age in years	Less than 1	9	6.0
	1 – 5	21	14.1
	6 – 10	37	24.8
	11 – 15	41	27.5
	16 – 20	29	19.5
	21 – 25	9	6.0
	26 – 30	3	2.0
Revenues	Less than 62,500US\$	71	47.7
	62,500US\$ – 250,000US\$	72	48.3
	250,501US\$ – 1,500,000US\$	6	4.0
Total assets	Less than 50,000US\$	58	38.9
	50,000US\$ – 250,000US\$	69	46.3
	250,501US\$ – 500,000US\$	16	10.7
	More than 500,000US\$	6	4.0
# of employees	Less than 5	93	62.4
	5 – 49	48	32.2
	50 – 99	8	5.4

Table 2 results of the skewness and kurtosis tests generally suggest the data is normally distributed as the values for all the indicators of the various constructs fall within the recommended ± 2 threshold (George & Mallery, 2010).

TABLE 2. Mean, Standard Deviation, Kurtosis, and Skewness Statistics

Constructs	Mean	Standard Deviation	Kurtosis	Skewness
Performance expectancy (PED) – debt				
PED1	2.82	0.726	0.181	0.614
PED2	2.90	0.733	-0.411	0.368
PED3	2.87	0.671	0.065	0.154
Attitude toward (ATD) – debt				
ATD1	2.95	0.701	0.208	0.423
ATD2	2.96	0.687	-0.032	0.306

ATD4	2.85	0.751	-0.099	-0.029
Perceived family norms Toward (PND) – debt				
PND1	2.87	0.611	-0.373	0.079
PND2	2.91	0.630	-0.471	0.073
Perceived Behavioral Control (PCD) – debt				
PCD1	2.72	0.734	0.679	0.068
PCD2	2.70	0.733	-0.035	-0.295
PCD3	2.55	0.834	-0.200	0.016
Intention to use (BID)– debt				
PID1	2.65	0.580	-0.451	0.018
PID2	2.68	0.627	0.640	0.187
PID3	2.64	0.744	-0.319	-0.023
Performance expectancy (PEE) – equity				
PEE1	3.13	0.756	-0.121	0.069
PEE2	3.08	0.758	-0.002	-0.041
PEE3	3.05	0.783	-0.170	-0.340
Attitude toward (ATE) – equity				
ATE1	2.91	0.710	-0.064	0.022
ATE2	2.87	0.774	-0.470	0.047
ATE4	2.97	0.716	0.288	0.263
Perceived family norms Toward (PNE) – equity				
PNE1	3.19	0.620	0.650	-0.144
PNE2	3.23	0.727	0.505	-0.166
Perceived Behavioral Control (PCE) – equity				
PCE1	2.72	0.886	-0.509	0.173
PCE2	2.71	0.880	-0.389	0.055
PCE3	2.66	0.875	-0.507	0.037
Intention to use (BIE)– equity				
PIE1	2.71	0.681	0.475	0.043
PIE2	2.75	0.870	0.058	0.206
PIE3	2.88	0.744	-0.114	-0.301

Common method bias

Before the SEM model analysis, the common method bias test was done to secure the quality of the dataset. If common method bias poses a serious threat to the analysis, a single latent factor would account for all measured variables. Common method variance refers to variance caused by measurement methods, threatening the validity of empirical findings and misleading the interpretation of the results (Podsakoff et al., 2003). While there are a limited number of forecasts are present for determining the impact of common method bias (Tehseen et al. 2017), we adopted one approaches

to define the issues of common bias, i.e., Harman's single-factor test (Podsakoff & Organ, 1986).

- Harmon's one-factor test using exploratory factor analysis (EFA) was conducted, which revealed several distinct factors. Therefore, a single factor model is not acceptable.
- In particular, a CFA model was estimated, in which all measurement items were restricted to load on a single factor. The results obtained from this analysis indicate a poor fit:
 - ✓ Model 1: CFI = 0.307, NFI = 0.302, and RMSEA = 0.211
 - ✓ Model 2: CFI = 0.619, NFI = 0.585, and RMSEA = 0.198

Although the Harman's single-factor test has several limitations, these results provide an indication that common method bias does not pose a serious problem in our investigation.

Reliability and validity tests

Test for reliability of each construct was assessed using the composite reliability (CR) and Cronbach Alpha scores. For a construct to be considered reliable in a model, it must have a CR score and Cronbach alpha value of above 0.7 (Fornell and Larcker, 1981; Nunally, 1978). Results of these tests as shown in Table 3 indicate that the CR and alpha score for each construct is above 0.70, which falls within the acceptable reliability range.

Convergent validity test was conducted using the average variance extracted (AVE). Using the formula proposed by Hair et al. (1998), the AVE was computed by dividing the sum of the squared standard loadings by the sum of the squared standard loadings plus the sum of indicator measurement errors. Results as shown in Table 3 indicate that convergent validity is assured as the AVE scores for all the constructs were above the recommended threshold of 0.50 (Fornell and Larcker, 1981).

TABLE 3. Variable Statistics, Factor Loadings, Composite Reliability, and AVE

Constructs	Factor Loadings	Cronbach Alpha	CR	AVE
Performance expectancy (PED) – debt		0.76	0.86	0.52
PED1	0.747			
PED2	0.697			

PED3	0.718			
Attitude toward (ATD) – debt		0.77	0.87	0.53
ATD1	0.758			
ATD2	0.665			
ATD4	0.763			
Perceived family norms Toward (PND) – debt		0.86	0.94	0.76
PND1	0.832			
PND2	0.909			
Perceived Behavioral Control (PCD) – debt		0.87	0.92	0.70
PCD1	0.771			
PCD2	0.924			
PCD3	0.811			
Intention to use (BID)– debt		0.79	0.91	0.57
PID1	0.734			
PID2	0.726			
PID3	0.799			
Performance expectancy (PEE) – equity		0.84	0.90	0.64
PEE1	0.773			
PEE2	0.741			
PEE3	0.871			
Attitude toward (ATE) – equity		0.85	0.92	0.67
ATE1	0.857			
ATE2	0.905			
ATE4	0.683			
Perceived family norms Toward (PNE) – equity		0.72	0.85	0.57
PNE1	0.727			
PNE2	0.777			
Perceived Behavioral Control (PCE) – equity		0.88	0.91	0.72
PCE1	0.809			
PCE2	0.886			
PCE3	0.842			
Intention to use (BIE)– equity		0.84	0.91	0.65
PIE1	0.776			
PIE2	0.851			
PIE3	0.787			

Further, discriminant validity test was done to ascertain how distinct and uncorrelated the constructs are. The Fornell–Larcker criterion (Fornell and Larcker, 1981) prescribes that all AVEs should be higher than the squared inter-construct correlations. Results of this test as presented in Table 4 demonstrate that discriminant validity is satisfactory as the AVE scores for the constructs were greater than the squared cross-correlations of the constructs.

TABLE 4. Correlation Matrix

Factor	ATD	PCD	PND	PED	PID		PEE	ATE	PNE	PCE	PIE
ATD	1					PEE	1				
PCD	0.08	1				ATE	0.42	1			
PND	0.15	-0.14	1			PNE	0.53	0.55	1		
PED	0.12	0.06	0.17	1		PCE	-0.09	-0.17	-0.07	1	
PID	0.33	0.02	0.22	0.38	1	PIE	0.65	0.66	0.63	-0.18	1
Sqrt(AVE)	0.73	0.84	0.87	0.72	0.75		0.80	0.82	0.75	0.85	0.81

Measurement model

Two measurement models (debt and equity) were estimated (see Table 5). In the first measurement model, the fit indexes (Comparative Fit Index [CFI] = 0.975, normed fit index [NFI] = 0.901, and root mean square error of approximation [RMSEA] = 0.043) suggest that the model fits the data. Likewise, the second measurement model, the fit indexes (Comparative Fit Index [CFI] = 0.905, normed fit index [NFI] = 0.901, and root mean square error of approximation [RMSEA] = 0.077) suggest that the model also fits the data.

TABLE 5. Model Fit Indices for Measurement Model

Fit Indices	Accepted Values	DEBT		EQUITY	
		Model Results	Remarks	Model Results	Remarks
Comparative Fit Index (CFI)	> 0.90 Bentler (1990)	0.975	Good	0.905	Good
Normed Fit Index (NFI)	> 0.90 Bentler and Bonett (1980)	0.901	Good	0.901	Good
Root Mean Square of Approximation (RMSEA)	< 0.08 Byrne (2001)	0.043	Good	0.077	Good

Structural model and results

Results obtained from SEM appear in Figure 1 and Table 6. Figure 1 shows those standardized path coefficients considered significant for the relationships in the final model and presents the variance explained for each dependent variable. Table 6 provides an overview of our supported and unsupported hypotheses and lists significant, but not hypothesized, paths.

The first set of hypotheses examines the influence of performance expectancy on his or her behavioral intentions. Hypotheses 1a and 1b, which predict that the performance expectancy influence behavioral intentions, are supported by our data. Performance expectancy toward external debt ($\beta = 0.354$; $p < 0.001$) and external equity ($\beta = 0.281$; $p < 0.001$) have a significant influence on the owner-manager's intention to use external debt and external equity, respectively.

The hypotheses that predict the existence of relationships between the owner-manager's financial attitude and his or her behavioral intention are also supported by the results of the SEM analysis. An owner-manager's attitude toward external debt ($\beta = 0.247$; $p < 0.01$) is significantly positively related to his or her behavioral intention to use external debt financing, thus supporting hypothesis 2a. The same applies for external equity financing ($\beta = 0.359$; $p < 0.001$), which supports Hypothesis 2b.

The third set of hypotheses (Hypothesis 3) examine the relationship between an owner-manager's perceived family norms, his or her intention, and the subsequent financing behavior, respectively. As results, hypothesis (3a) is nonsignificant. However, hypothesis (3b) is found that the perceived family norms toward external equity positively associated with the owner-manager's behavioral intention to use external equity ($\beta = 0.319$; $p < 0.05$), which is in line with the predictions of the theory of planned behavior (e.g., Ajzen, 2002a).

Finally, Hypotheses 4a and 4b investigate the relationships between the owner-manager's perceived behavioral control and financing intention. All hypotheses are nonsignificant.

TABLE 6. Path coefficients and their significance

Hypothesis	Path	Co-efficient	<i>P</i> -Value	Result
H1a.	PED → PID	0.354	***	Accepted
H2a.	ATD → PID	0.247	0.001	Accepted
H3a.	PND → PID	0.081	0.253	Rejected
H4a.	PCD → PID	-0.011	0.838	Rejected
H1b.	PEE → PIE	0.281	***	Accepted
H2b.	ATE → PIE	0.359	***	Accepted
H3b.	PNE → PIE	0.319	0.012	Accepted
H4b.	PCE → PIE	-0.046	0.293	Rejected

*** p-value < 0.001

Study 2

The primary goal of this research is to generate findings that will ultimately lead to a clearer understanding of the financing decisions in family business by selecting sample of 10 respondents was chosen through convenience sampling method who were family-business owners. Data gathered from the 10 interviews was recorded which the following questions are.

TABLE 7. Results from 10 respondents

N.	Questions	Results
1.	What methods do you use to decide before you borrow money from the bank for your business?	<ul style="list-style-type: none"> ✓ Check the source of wealth and study in depth about your business plan. ✓ Analyze the interest rate of the bank. ✓ Evaluate the revenue and expense, collect cash from customers and pay back the debts to the bank on time.
2.	If the use of loan from bank is not effective, how to solve?	<ul style="list-style-type: none"> ✓ Reevaluate business plan. ✓ To find out the weaknesses and correct them. ✓ To install payments to bank. ✓ To try to all debt to bank by selling some assets.
3.	What methods do you decide before you use your family's wealth to invest assets in your owned-business?	<ul style="list-style-type: none"> ✓ Prepare a business plan. ✓ If his/her family has enough money. ✓ Think about all challenges (risk) in using debt from bank. ✓ When he/she expect that their business will be effective in process with strongly supporting from their family. ✓ If the operating results is not efficient, the risk of using the family's wealth is lower than the risk of financial debt.
4.	If the use of their family's wealth is not effective, how to solve?	<ul style="list-style-type: none"> ✓ Reevaluate business plan. ✓ Laon from bank with self-confidence. ✓ Reduce business activities/expenses. ✓ More support from friends/family.

5.	Rather than from bank and their family, where the source of funds come from?	✓ Disposals of some assets.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Financial decision making speaks to a central challenge to family firms around the world. To way better get it this marvel, we explored the monetary decision-making prepare in family firms from an owner-manager point of view. We contended that money related choices are at slightest beneath halfway volitional control of the family firm choice producers and hence that the hypothesis of arranged behavior can be connected to financial decision making in family firms. In this way, finding critical connections and watching palatable levels of clarified change appears that the hypothesis can give valuable bits of knowledge into financial decision making in family firms. Particularly, we highlight the special impact of family standards (as seen by the owner-manager) on capital structure choices in family firms. Following, we expand on our discoveries in more detail, which are summarized in figure 1, table 6, and table 7. First, the performance expectancy influence behavioral intentions, are supported by our data. Performance expectancy toward external debt and external equity have a significant influence on the owner-manager's intention to use external debt and external equity, respectively. While voluntariness of use is a contingency variable in the UTAUT model, use behavior is a dependent variable that measures the individual's positive or negative feelings about performing the targeted behavior (Venkatesh, 2010).

Second, an owner-manager's attitude toward external debt is significantly positively related to his or her behavioral intention to use external debt financing. The same applies for external equity financing. Indeed, our results are consistent with the theory of planned behavior and indicate that family decision makers had at least partial control, as lower levels of volitional control would depress the predictive validity and the significance of the reported paths. This is consistent with financial pecking order theory (King & Santor, 2008; Lopez-Gracia & Sanchez-Andujar, 2007) and recent research findings on family firm financing (Blanco-Mazagatos et al., 2007). If the

financial decision maker uses external financing due to extended capital needs, external equity capital will be acquired after external debt sources are exploited. External equity financing is seen as a last resort after sources of debt have been exhausted.

Third, it is found that the perceived family norms toward external equity positively associated with the owner-manager's behavioral intention to use external equity. It means that family norms toward the use of external equity are strongly related to behavioral intentions to use external equity financing. Furthermore, and consistent with the theory of planned behavior, attitudes toward external equity are positively associated with intentions to use that type of equity.

Finally, a family business owner will prepare a business plan and analyze it whether the expected results are consistent with the financial theory such as capital structure, working capital management, etc.

5.2 Recommendations

Our comes about emphasize the significance of family standards in family firms by empirically illustrating that family standards (seen by the owner-manager) impact money related decision-making forms. This is often vital considering that small is known around why financial choices change among family firms, that's, how and why family firms utilize certain money related sources. Our research has implications for capital structure research, as we find empirical support for the strategic management approach to capital structure selection because future financial decision making (financial intentions) depends on the particular individual. characteristics (attitudes, family norms, perceived control) of decision makers. Our results could also have implications for the performance of home businesses. Since financial decision making is strongly influenced by family norms and attitudes, overall negative attitudes (even more so towards norms) family) for external financing would prevent family businesses from using these sources. In addition to the fact that family businesses want to retain control of their business, family businesses are more likely to prevent hinder growth opportunities rather than using external financing if internal funds are exhausted. Although this may contribute to non-economic efficiency, it is likely to limit the future financial performance of the family business.

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**THE EFFECT OF SUCCESSION PLANNING ON FAMILY BUSINESS
PERFORMANCE: *Assessing the Mediating Role of Succession Concerns***

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ABSTRACT

Family-owned businesses are the backbone of the economy as they create wealth, provide jobs, are locally rooted and connected to communities, however, there are a number of obstacles for family firms to grow and survive in the long term. Most of family businesses do not survive past the second generation, due to the lack of formal succession planning. Succession planning is one of the most critical issues a family business faces as this is the key to the survival of the family business from generation to generation. The purpose of this study is to find out the effecting of succession planning on family business performance through the mediation of succession concerns. The study uses quantitative approach to collect data through Google forms. Questionnaires was sent to the targeted respondents who demonstrate the perceptions of the succession planning effects on business performance. The sample size of 363 was used to analyze the mediating effect of succession concerns on the relationship between succession planning and family business performance. SPSS Amos 23 was used to test the reliability, validity, and normality. The statistical tools were used to analyze the frequency, descriptive, correlation coefficients and regression. The Sobel test also used to analyze the mediating effect of the relationship between succession planning and family business performance. The results showed that the succession concern is statistically significant mediation on the relationship between succession planning and family business performance at p-value less than 0.05. This result was also confirmed with the SEM test.

Keywords: *Family Business, Succession Planning, Success Concern, and Family Business Performance.*

1. INTRODUCTION

1.1 Background of Study

Family-owned businesses are the backbone of the economy as they create wealth, provide jobs, are locally rooted and connected to communities. In a family business, succession is critical. While the majority of family business owners would like to see their business transferred to the next generation, it is estimated that 70% will not survive into the 2nd generation and 90% will not make it to the 3rd generation (Olumide, 2021). From historical view point, keeping in mind the evolutionary reasons, most countries have family businesses constituting the largest category in terms of ownership; estimates do vary, but is above 75 percent in all cases. About one third of the companies listed in Fortune 500 are family businesses (Lee 2004). Since they normally do not have short term orientation and are interested in growing the family wealth with necessary precautions with a different set of strategic goals compared to nonfamily-owned private companies, their long-term contribution to economy is significant (Ward, 1997). The lack of sustainability of family businesses over multiple generations indicated that the complicated dynamics between family members not only have an impact on their family business but also on its development, growth, and performance over time.

1.2 Problem Statement

According to (Ward, 2016), there are a number of obstacles for family firms to grow and survive in the long term. These demands include normal business challenges such as being part of a business lifecycle, intensifying competition, and new technologies. Another aspect is risk aversion due to high levels of ownership concentration and intentions to maintain family control which influences decisions to take on growth opportunities (Memili, Addleston, Kellermanns, Zellweger, and Barnett, 2010). However, as families expand and their lifestyle needs increase, it becomes difficult for the family business to grow fast enough to satisfy these needs. According to Hussels (2021) argued that without formal succession planning, family-owned businesses run the risk of not being sustainable. Some owners regard succession planning as simply a question of informally handing over the business from one generation to the next. They do not want to plan or think about their withdrawal from

the business. This reluctance typically arises from a strong sense of attachment to the business; an aversion to letting go of control and power; fear of retirement; and inability to make succession choices between their children.

1.3 Research Questions

Family businesses struggle to be sustainable over multiple generations. In fact, most family businesses do not survive past the second generation. The main aim of this study is to present a conceptual framework which could be used to assist family business enterprises to become sustainable over multi-generations. The study is attempted to answer the following questions:

1. What is the relationship between the succession planning and the family business performance?
2. What is the relationship between succession planning and succession concern for the family-owned businesses?
3. How does the succession concern mediates the relationship between succession planning and family business performance?

1.4 Research Objectives

The main objective of this study is to provides a conceptual framework to assist family business enterprises to become sustainable over multiple generations.

The study will focus on:

1. Discuss the significant relationship between succession planning and family business performance.
2. Discuss the significant relationship between succession planning and succession concern.
3. Analyze the role of succession concern mediates the relationship between succession planning and family business performance.

1.5 Scope and Limitation of Study

The study focuses on the analysis of mediating variable of succession concerns on the relationship between the succession planning and family business performance. Due to the lack of research on succession planning for family business and lack of formal definition and structure for family businesses in Cambodian, thus, this study has

limited in information of family-owned businesses and the study based on the critical literature review, concepts and theories of the previous researchers. However, Executive MBA and alumni of NUM was conducted to collect and analyze the data for their perception on the succession planning of family businesses in Cambodia. The sample size used for the study is 363 and collected through google form. There are 28 respondents are the owners of the company, 85 of the respondents are managers, 8 are advisors, and the rest of the respondents are staff and other. Thus, the results of study could be limited in deriving the general conclusion for succession planning of family businesses in Cambodia.

1.6. Significance of Study

The results of study expected to contribute more understanding of how succession concerns mediating the relationship between succession planning and family business performance in Cambodia. The results of study also serve as the foundations for the new studying programs of MBA in Family Business Management (FAB) and help family-owned businesses more understanding about the challenges and solutions of succession planning for family-owned businesses.

2. LITERATURE REVIEW

2.1 Family Business

A family business is a business that is owned, operated and handled by two or more members of a family. These members should be blood-related, related by marriage or adoption. Family business is the business which is actively owned, operated and managed by two or more members of the single-family. Here, members may be related by blood, marriage or adoption. The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families (Parada Balderrama, 2015).

2.2 Family Business Performance

Mihaela (2016) suggests that the performance comprises attaining organizational objectives that you have been given to integrating organization

orientations. In the organizations, performance constitutes a multidimensional concept, where both the economic-financial and non-economic factors need to be considered when measuring performance, particularly in family businesses, in which non-economic objectives are prominent antecedents (Kellermanns & Astrachan, 2018). In these companies, there are concerns not only about financial aspects but also the needs of the family (Chua et al., 2018). Therefore, decisions tend to act to protect the family's identity, its reputation and to ensure the perpetuation of its values along with the company capital, among other factors, even when this may on occasion harm the performance of the business (Zellweger, Nason, Nordqvist, & Brush, 2013).

2.3 Succession Planning

Succession planning is a strategy for handing over leadership responsibilities and, in certain cases, corporate ownership to an individual or group of workers (Kenton, 2020). Succession planning guarantees that company's operations continue to function efficiently when its most key personnel retire or leave (Ikechukwu and Enudu, 2022). Charles (2018) describes succession planning as the process of recognizing the vital need for intellectual and leadership all through the business over time and equipping individuals for current and forthcoming work duties needed by the company. Succession planning is the process of identifying and preparing suitable employees through mentoring, training, job rotation and organizational involvement to replace key players, while supporting the continuation of organizational knowledge and culture as older employees retire and leave the organization (Ontario Cooperative Association, 2018). According to Lansberg and Astrachan (1994), succession planning is a plan of a company that thinks of the company's future by choosing a successor from a family member who is committed to their company to continue the family company. Succession planning is a plan that will see the development of competent managers and, in particular, successors as important to ensure the company's future and the growth of company profits and assets (Fakultas Psikologi, Dewi, and Suyasa, 2019). Succession planning is a process over time and can consist of different phases. Therefore, it is important that every family business should have a succession plan in place and it should be revisited and evaluated regularly (Venter, Kruger, and Herbst, 2007).

2.4 Succession Concern

A central concern of family business leaders is assessing the readiness of the next generation to take over the business. This is critical because research shows that 25% of failed transitions occur due to a lack of a prepared heir. Taking time to co-design what readiness looks like enables both parties to align and have confidence in their ability to step into leadership roles (Castoro and Krawchuk, 2022). One of the most difficult challenges in family business succession planning is deciding who will take over the family business when the owner exists (Aegis Fiduciary Services, 2023). Succession planning is one of the most critical issues a family business faces as this is the key to the survival of the family business from generation to generation (Filser, Krau, and Märk, 2013). Ward (2011), indicated that this transfer of family business ownership and management is a complex and challenging process which arises from the different personal, business, and financial objectives to be achieved. Filser, et al (2013) showed that family business founders' reluctance to plan for succession is due to the founders' strong sense of attachment to the business, fear of retirement and death, and a lack of other interests. Ward (2011) argued that many family businesses do not have a next generation successor available. A successor needs a special set of skills to manage and develop the business. Sometimes the next generation carries the burden of stepping into big shoes and the fear of failure keeps them from taking the necessary risks to grow the business. The success of a succession can be measured by the satisfaction of the stakeholders with the succession process as well as a positive performance by the family business after the succession has been completed.

2.5 Succession Planning and Business Performance

According to Morris et al. (1997), concluded that researchers generally agree that business performance is a valid indicator to assess the effectiveness of business succession. Hence more empirical investigations into the relationship between succession issues and business performance become necessary. Goldberg (1996) surveyed 63 family businesses operated by successors who have been the CEOs for a minimum of five years to uncover significant elements that differentiate effective from less effective successors. The findings suggest that incumbent's mentoring is correlated

with successor effectiveness. In addition, the study indicates that effective successors had a significantly better relationship with their fathers; they were introduced to the businesses at an early age; and they began working full-time in the businesses at an earlier age. Chaganti and Schneer (1994), survey 345 businesses through mailed questionnaires, found that performance is dependent on the owner's model of entry with start-up businesses having a higher average ROI, but with inherited businesses have higher average annual sales. Start-up businesses rated themselves significantly higher on business, competitive, and operational strengths. Morris et al. (1997), surveyed 209 businesses from mail questionnaires and personal interviews, found that family business transitions do occur more smoothly when successor are better prepared, when relationships among family members are more affable, and when family businesses engage in more planning for wealth-transfer purposes. Smoother transitions may not necessarily result in better post-transition performance (Wang, et al., 2004). This relationship can be proposed as hypothesis below:

H₁: Succession Planning has significant relationship with Family Business Performance

2.6 Succession Concern and Business Performance

Researchers generally agree that business performance serves as a valid indicator of business succession effectiveness (Morris, et al., 1997; Goldberg, 1996). Hence, we examine the potential roles of succession concerns as mediators. Chung and Yuen (2003) made a number of observations and created a matrix of performance measurement that dictates how a successor can cultivate skills needed when addressing changes in personnel, processes and systems in Chinese family-owned business organizations early enough to avert business losses. Thus, expectations for future growth are influenced by various factors. Those include environmental factors, personnel characteristics of owner-managers, and enterprise practices. Faced with numerous challenges and depending on the readiness, capabilities of the successor, not every entrepreneur is willing to expand or growth a family business (Ghee, et al. 2015). This relationship can be proposed as the hypothesis below:

H₂: Succession Planning has significant relationship with Succession Concerns

2.7 The Effect of Succession Planning on Business Performance Mediating by Succession Concern

Succession planning is necessary for businesses to survive and remain sustained. Succession planning aims to ensure that senior management has the responsibility to recognize and choosing qualified and proficient applicants within the business to function as potential executives by working collaboratively with the human resource unit to determine and appraise workers centered on their capability and performance. Nonetheless, succession planning may be influenced by many factors. Succession planning requires straightforward and successful management approaches and concrete organizational culture. Without those factors, successful succession planning would not be feasible for the company and its staff (Gilbert, 2017; Charles, 2016). Another concern to succession planning is the anxiety of replacement amongst leaders, as described by Terry (2018), with studies revealing that executives can't spill authority. Additionally, succession planning cannot be quickly carried out successfully in emergencies; instead, it takes a substantial amount of period to certify that the company is heading in the appropriate course (Gilbert, 2017). Kets de Vries (1993) identifies a number of psychological and emotional barriers encountered by family people in the succession process, which are similar to Lansberg's (1988) findings. For example, parents do not want to let go of power and may even be jealous of their children due to their own physical limitations. Children may worry about the potential conflicts arisen within businesses because of their parents' absence. According to Sharma et al. (2000), initiating the succession process will drive incumbents to confront their managerial mortality and significant life style change. Consequently, many incumbents are reluctant to step aside and may become the "greatest single barrier to succession" (Rubenson & Gupta, 1996).

H₃: Succession Concern mediates the relationship between Succession Planning and Family Business Performance

2.8 Theoretical Framework

The conceptual framework of succession planning and family-owned business performance shows as below:

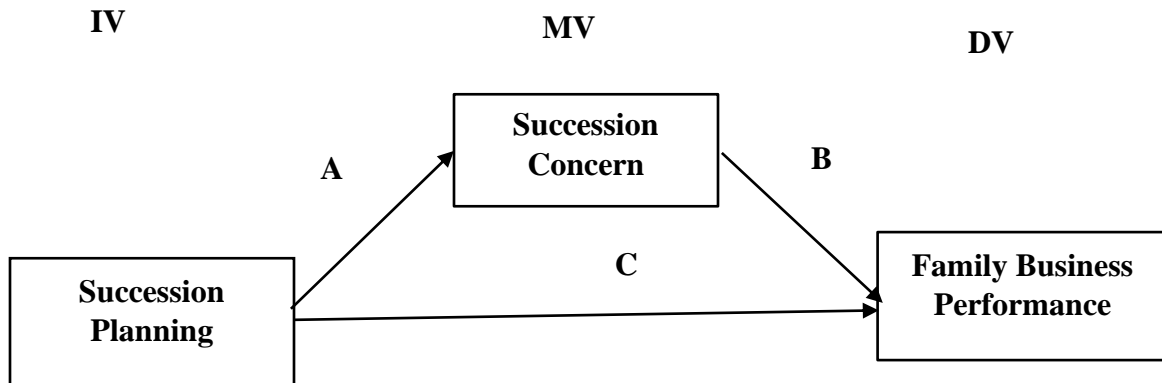


Figure 1: Conceptual model of succession planning and family business performance

Based on the relationship between Succession Planning, Succession Concerns and Family Business Performance, the hypothesis testing can be proposed as follow:

$$BP = \beta_{10} + \beta_{11} SP + \varepsilon_1$$

$$SP = \beta_{20} + \beta_{21} SC + \varepsilon_2$$

$$BP = \beta_{30} + \beta_{31} SP + \beta_{32} SC + \varepsilon_3$$

Where:

BP: Family Business Performance

SP: Succession Planning

SC: Succession Concern

β_i : Coefficient

ε_i Error term

3. METHODOLOGY

3.1 Research Design

This study was designed as causal study by using quantitative approach to analyze the impact of succession planning on family business performance mediating be succession concerns. Three key variables were studied which succession planning is independent variable, succession concern is mediating variable, and family business performance is dependent variable. The study uses the statistical tools to test the impact

of succession planning on family business performance mediating by succession concerns. Pearson correlation coefficient, regression, and the Sobel test are used in this study. The data analysis is based on the perceptions of executive master students who are experiencing in business owners, managers, advisors and staff of private and public organizations.

3.2 Data Collection

The data was collected through the survey of questionnaire from the Google form and the questionnaire was designed based on the key variables such as succession planning, succession concern, and family business performance of the theoretical framework. For the secondary data was collected through website, google scholar, library journals, handbooks, and other relevant documents.

3.3 Sampling Method and Sample Size

The target population of the study is focused on the perceptions of Executive MBA students and well as alumni and BBA students in Management Program. There are 400 questionnaires were sent to the targeted population, and only 363 of respondents were received, based on Roscoe (1975), proposed the rules of thumb for determining sample size that appropriate for most research is larger than 30 and less than 500. Thus, the sample size of 363 is good enough for data analysis.

3.4 Measure Variables and Instruments

There are three key variables in this study:

Family Business Performance (Fam_Perf): is defined as an organization's capacity to meet the needs of investors by evaluating the company's achievements. Market share growth, revenue, profitability, return on assets, employment growth, customer happiness, and employee satisfaction (Nunez-Cacho Utrilla & Grander Torraleja,, 2012). Family Business Performance is a Dependent Variable (DV) in this study, it measured by 3 items, 5-point Likert scale ranging from 1: Very low performance to 5: Very high performance. The 3 items including (1) return on investment, (2) sales growth, (3) market share (adapted and modified from Williams, 2018).

Succession Planning (Suc_Pla): is a process of identifying and developing new leaders who can replace old leaders when they have left, retire or die. It is an ongoing,

purposeful and systematic identification of qualified and appropriate successors to leadership, with a commitment to assessing, developing and investing in organizational leadership to enhance performance, development and preparedness (Adias and Akenbor, 2020). Succession Planning is the Independent Variable (IV), it measured by 10 items, 5-point Likert scale ranging from 1: Not important at all to 5: Extremely important. The 10 items including (1) prepare a succession plan, (2) analyze and select quality candidates, (3) prepare a plan to develop successor, (4) prepare communicated responsibilities, (5) secure senior level support, (6) high level of communication, (7) talent management processes in company, (8) capture the vision of company, (9) measure performance before and/or after succession, and (10) agreed responsibilities of predecessor after transition (adapted from Parilla and Santos, 2022).

Succession Concerns (Suc_Con): is the major problems family-owned businesses face in the transformation of ownership and management to the next family generation (Duh, et al., 2006). Succession Concerns is Mediating Variable (MV), it measured by 6 items, 5-point Likert scale ranging from 1: Not agree at all to 5: very strong agree, and the 6 items including (1) incapable of exercising the power of authority with siblings, (2) Lack of working knowledge to run the business, (3) lack of competence and capability to run business, (4) ability to develop talent and resource, (5) reluctance to let go of power and control, (6) trust between family members (adapted and modified from Chung & Yuen, 2003).

3.5 The Process of Mediating Analysis

There are four steps in conducting of mediating analysis:

- **Step 1:** Estimate the total effect between the independent variable (Suc_Pla) and dependent variable (Fam_Pref). If we find no statistical significance here, there is no point in conducting a mediation analysis.
- **Step 2:** Estimate the direct effect of independent variable (Suc_Pla) on mediating variable (Suc_Con). This estimation is to find the beta coefficient and standard Error for path A, that is an essential requirement for calculating the indirect effect later.
- **Step 3:** Estimate the direct effect of Suc_Pla and Suc_Con on the Fam_Perf. In this step, we will estimate the direct effect between Suc_Pla and Fam_Perf, and Suc_Con

- and Fam_Perf to find the Unstandardized beta and Standard Error coefficients for parts B and C.
- **Step 4:** Test indirect effect for statistical significance. We use a Sobel test to calculate the test statistic, standard error, and the level of significance (p-value). The following formula was used to compute the Sobel test statistic value, which is based on the Z score. This formula was proposed by Sobel (1982), which is the ratio of the product of “a” and “b” to the standard error. Z value for Sobel test:

$$Z = \frac{a * b}{\sqrt{(b^2 * Sb^2 + a^2 * Sa^2)}}$$

- **Step 5:** The Structural Equation Model (SEM)-AMOS was used to verify the results of mediating effect for Sobel test.

3.6 Statistical Tools for Analysis

The SPSS Amos-23 software was used to test descriptive statistics, frequency, reliability Cronbach’s alpha, validity, normality, correlation, and regression. Structural Equation Model (SEM) Analysis also used to verify the results of mediating effect on the succession planning and family business performance. The Sobel test was used to analyze the impact of succession planning on family business performance mediating by succession concern.

3.5 Test Reliability

The most common reliability is internal consistency of the scale (Hair et al., 2006), that is the estimation of Cronbach’s alpha. According to the rule of thumb for reliability estimation, if Cronbach’s alpha is 0.70 or higher suggests good reliability. If the Cronbach’s alpha is 0.60 to 0.70 is considered acceptable reliability. The Table 7 shows the results of reliability estimation of the Cronbach’s alpha. All variables are considered good reliability, Cronbach’s alpha is higher than 0.70.

Table 3.5: Reliability test

Variable	Cronbach’s alpha	No. of Items	Comment
Fam_Perf	0.88	3	Good
Suc_Pla	0.92	10	Good
Suc_Con	0.82	6	Good

3.6 Test Validity

Validity is a measure of the research instruments. A test for the validity of the questionnaire is conducted by using Person correlation that is done by correlating each item score with the total item scores. The validity decision is based on the significant value less than 0.05.

Table 3.6.1: Validity test for Fam_Per

DV: Family Business Performance (Fam_Perf)	N	Pearson Correlation	Sig. (2-tailed)	Comment
FP1: Return on investment	363	.624	.000	Valid
FP2: Sales growth	363	.573	.000	Valid
FP3: Market share	363	.575	.000	Valid

The results of validity test showed that all items of Family Business Education are significant at 0.01.

Table 3.6.2: Validity test for Suc_Pla

IV: Succession Planning (Suc_Pla)	N	Pearson Correlation	Sig. (2-tailed)	Comment
SP1: Prepare for succession plan	363	.654	.000	Valid
SP2: Analyze and select quality candidates	363	.723	.000	Valid
SP3: Prepare a plan to develop successor	363	.709	.000	Valid
SP4: Prepare communicated responsibilities	363	.732	.000	Valid
SP5: Secure senior level support	363	.698	.000	Valid
SP6: High level of communication	363	.744	.000	Valid
SP7: Talent management processes in company	363	.734	.000	Valid
SP8: Capture the vision of company	363	.751	.000	Valid
SP9: Measure performance before succession	363	.751	.000	Valid
SP10: Agreed responsibilities of predecessor after transition	363	.715	.000	Valid

The results of validity test showed that all items of Family Business Education are significant at 0.01.

Table 3.6.3: Validity test for Suc_Con

MV: Succession Concerns (Suc_Con)	N	Pearson Correlation	Sig. (2-tailed)	Comment
SC1: Incapable of exercising the power of authority with siblings	363	.679	.000	Valid
SC2: Lack of working knowledge to run the business	363	.646	.000	Valid
SC3: Lack of competence and capability to run business	363	.623	.000	Valid
SC4: Reluctance to let go of power and control	363	.642	.000	Valid
SC5: Ability to develop talent and resource	363	.567	.000	Valid
SC6: Trust between family members	363	.590	.000	Valid

The results of validity test showed that all items of Family Business Education are significant at 0.01.

3.7 Test Normality

According to Hair et al. (2010), the data is considered to be normal if skewness is between -2 to +2 and kurtosis is between -7 to +7. The results of normality test shows that all values of Skewness are in between -2 to +2 and all values of Kurtosis are in between -7 to +7, so this study the data is considered to be normal.

Table 3.7: Normality Test

Variable	Min	Max	Skewness	C.R	Kurtosis	C.R.
Suc_Plan	1.500	5.000	-.405	-3.154	.286	1.112
Suc_Con	10.000	30.000	-.351	-2.734	-.162	-.629
Fam_Perf	3.000	15.000	-.798	-6.210	1.094	4.254
Multivariate					3.909	6.799

4. DISCUSSION OF FINDINGS

4.1 General Information about the Respondents

Table 4.1.1 presents the gender of the respondents, the results show that among 363 of the respondents, there are 221 (60.9%) male and 142 (39.1%) female.

Table 4.1.1 Gender of the respondents

Gender of Respondents	Number	Percentage
Male	221	60.9%
Female	142	39.1%
Total	363	100%

Table 4.1.2 presents the degree of study of the respondents, the results show that among 363 of the respondents, there are 251 (69.1%) studying Master degree, 109 (30.0%) studying Bachelor degree, and only 3 (0.9%) have Doctorate degree.

Table 4.1.2 Degree of Study

Degree of Study	Number	Percentage
Bachelor degree	109	30.0%
Master degree	251	69.1%
Doctoral degree	3	0.9%
Total	363	100%

Table 4.1.3 presents the organization of the respondents, the results show that among 363 of the respondents, there are 28 (7.7%) have their own company, 218 (60.1%) work in private companies, 79 (21.7%) work in public organizations, and other is 38 (10.5%).

Table 4.1.3 Organization of the respondent

Organization	Number	Percentage
My owned company	28	7.7%
Private company	218	60.1%
Public organization	79	21.7%
Other	38	10.5%
Total	363	100%

Table 4.1.4 presents the position of the respondents, the results of study show that among 363 of the respondents, there are 28 (7.8%) the owners of the company, 8 (2.2%) advisors, 85 (23.4%) managers, 219 (60.3%) staff, and 23 (6.3%) other.

Table 4.1.4 Position of the Respondent

Position in Organization	Number	Percentage
Owner	28	7.8%
Advisor	8	2.2%
Manager	85	23.4%
Staff	219	60.3%
Other	23	6.3%
Total	363	100%

4.2 Discussion of Correlation Coefficient

Table 4.2.1 presents Pearson correlation, that was used to analyze and verify whether there exists a positive linear association between the variable Suc_Pla and Fam_Perf, and the variable Suc_Con and Fam_Perf. The results show that there is a positive correlation between Suc_Pla and Fam_Perf, from a sample of 363, $r = .493$, $p = .000 < 0.01$. And there is also a positive correlation between Suc_Con and Fam_Perf, from a sample of 363, $r = .433$, $p = .000 < 0.01$.

Table 4.2.1: Correlations

		Suc_Pla	Suc_Con	Fam_Perf
Suc_Pla	Pearson Correlation	1	.635**	.493**
	Sig. (2-tailed)		.000	.000
	N	363	363	363
Suc_Con	Pearson Correlation	.635**	1	.433**
	Sig. (2-tailed)	.000		.000
	N	363	363	363
Fam_Perf	Pearson Correlation	.493**	.433**	1
	Sig. (2-tailed)	.000	.000	
	N	363	363	363

** . Correlation is significant at the 0.01 level (2-tailed).

4.3 Discussion of Mediating Analysis

Step 1: Estimate the total effect between the independent variable (Suc_Pla) and dependent variable (Fam_Pref).

Table 4.3.1 presents the F-ratio in the ANOVA table test whether the regression model is a good fit for the data. The table shows that the independent variable, Suc_Pla, statistically significantly predict the dependent variable, Fam_Perf, $F(1, 361) = 115.691$, $p = .000 < 0.001$. The regression model is a good fit of the data.

Table 4.3.1 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	416.311	1	416.311	115.691	.000 ^b
	Residual	1299.050	361	3.598		
	Total	1715.361	362			

a. Dependent Variable: Fam_Perf

b. Predictors: (Constant), Suc_Pla

Table 4.3.2 presents the unstandardized and standardized regression coefficients, standard errors, the t and p-values, and the 95% confidence interval for the analysis. According the result of regression analysis, the independent variable (Suc_Pla) is a significant predictor of the dependent variable (Fam_Perf) at $t = 10.756$, and $p\text{-value} = 0.000 < 0.001$. Table 2 also shows that unstandardized coefficient = 1.675 is statistically significant.

Table 4.3.2: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	5.725	.606		9.446	.000	4.533	6.916
Suc_Pla	1.675	.156	.493	10.756	.000	1.369	1.981

a. Dependent Variable: Fam_Perf

Step 2: Estimate the direct effect of independent variable (*Suc_Pla*) on mediating variable (*Suc_Con*)

Table 4.3.3 presents the independent variable, *Suc_Pla*, statistically significantly predict the dependent variable, *Suc_Con*, $F(1, 361) = 243.668$, $p = .000 < 0.001$. The regression model is a good fit of the data.

Table 4.3.3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2258.753	1	2258.753	243.668	.000 ^b
	Residual	3346.404	361	9.270		
	Total	5605.157	362			

a. Dependent Variable: Suc_Con

b. Predictors: (Constant), Suc_Pla

Table 4.3.4 shows the unstandardized and standardized regression coefficients, standard errors, the *t* and *p*-values, and the 95% confidence interval for the analysis. According the result of regression analysis, the independent variable (*Suc_Pla*) is a significant predictor of the dependent variable (*Suc_Con*) at $t = 15.610$, and $p\text{-value} = 0.000 < 0.001$. Table 4 also shows that unstandardized coefficient = 3.902 is statistically significant.

Table 4.3.4: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	7.379	.973		7.586	.000	5.466	9.291
Suc_Pla	3.902	.250	.635	15.610	.000	3.410	4.393

a. Dependent Variable: Suc_Con

Step 3: Estimate the direct effect of Suc_Pla and Suc_Con on the Fam_Perf.

Table 4.3.5 shows that the independent variables (Suc_Pla and Suc_Con) statistically significantly predict the dependent variable (Fam_Perf), $F(2, 360) = 65.517$, $p = .000 < 0.001$. The regression model is a good fit of the data.

Table 4.3.5: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	457.750	2	228.875	65.517	.000 ^b
Residual	1257.611	360	3.493		
Total	1715.361	362			

a. Dependent Variable: Fam_Perf

b. Predictors: (Constant), Suc_Pla, Suc_Con

Table 4.3.6 shows that while control for the independent variable (Suc_Pla), the mediating variable (Suc_Con) is a significant predictor of the dependent variable (Fam_Perf) at $t\text{-value} = 3.444$, $p\text{-value} = 0.001 < 0.01$. Table 5 also shows that unstandardized coefficient = 0.111 is statistically significant.

Table 4.3.6: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	4.903	.643		7.627	.000	3.639	6.168
Suc_Pla	1.241	.199	.365	6.249	.000	.850	1.631
Suc_Con	.111	.032	.201	3.444	.001	.048	.175

a. Dependent Variable: Fam_Perf

Step 4: Test indirect effect for using the Sobel test

Determine both “a” and “b” unstandardized regression coefficients and their standard errors (Sa and Sb, respectively). These values are found from both table 4 and 6, and are summarized in the following figure 2.

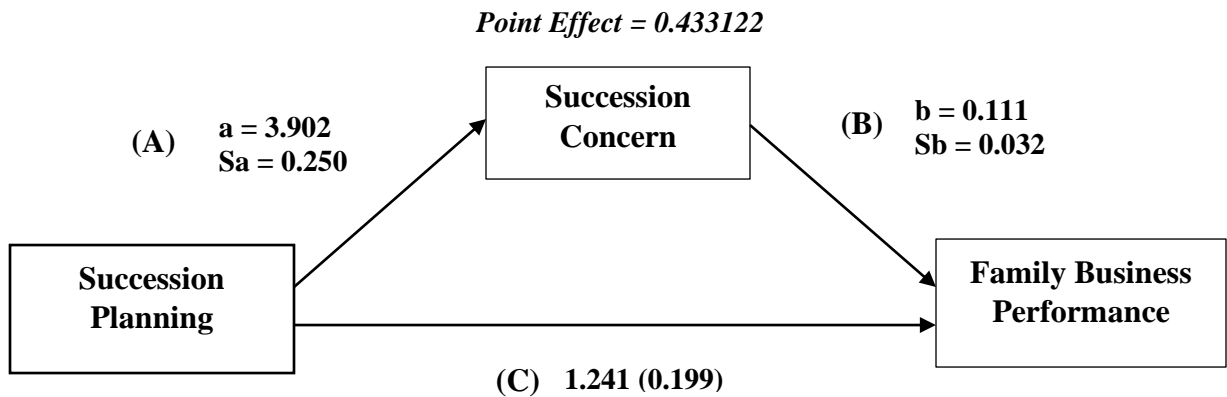


Figure 2: Unstandardized Regression Coefficients and Standard Errors

4.4 The Sobel Test

Table 4.3.7: Calculation for the Sobel test of Mediating Effect

	Input:	Test	Test Statistic:	Std. Error:	p-value
a	3.902	Sobel test	3.38613483	0.12791044	0.00070885
b	0.111	Aroian test	3.37953137	0.12816037	0.0007261
Sa	0.250	Goodman test	3.39277713	0.12766002	0.00069188
Sb	0.032	Reset all	Calculation		

Source: Adapted from Kristopher J. Preacher (2023). Calculation for the Sobel test: *An interactive Calculation tool for Mediation Tests*.

The results of the Sobel test for mediating analysis shows as follow:

Test statistic = 3.38613483

Std. Error = 0.12791044

p-value = 0.00070885

The most important parameter here is the p-value which in this case is less than 0.05 therefore we can conclude that the indirect effect between succession planning and family business performance is statistically significant at $p\text{-value} = 0.00070885 < 0.05$.

To find out the point estimate of the indirect effect at which the p-value in the Sobel test is statically significant, simply calculate the unstandardized coefficient beta for $a*b$. In this case $a = 3.902$ and $b = 0.111$.

$$\text{Point Effect: } 3.902 * 0.111 = 0.433122$$

This Point Effect (0.433122) is the estimate of the indirect effect between succession planning and family business performance mediated by succession concerns at p-value of 0.00070885.

4.5 Verifying the Results with the Estimation of SEM

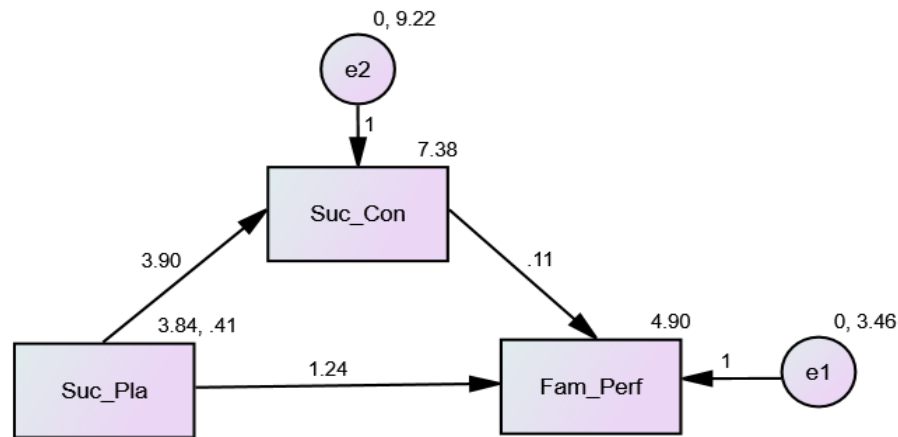


Table 4.5 Regression Weights for SEM Estimation

			Estimate	S.E.	C.R.	P	Label
Suc_Con	<---	Suc_Plan	3.902	.250	15.631	***	
Fam_Perf	<---	Suc_Con	.111	.032	3.454	***	
Fam_Perf	<---	Suc_Plan	1.241	.198	6.266	***	

Table 4.5 showed that the independent variable (Suc_Pla), the mediating variable (Suc_Con) are significantly predictors of the dependent variable (Fam_Perf). Based on the regression weights, the estimation of mediating effect confirms the results

of the Sobel test. Meaning that succession concern has significantly mediating the relationship between succession planning and family business performance.

5. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Succession planning is an important way for family businesses to lay a solid foundation for their path forward. Many families use it as an opportunity to identify new ways for the business to evolve and grow. The results of study showed that the succession planning is positively significant relationship with family business performance at p-value of 0.000 less than 0.001, this supported that succession planning is recognized as a vital need for intellectual and leadership all through the business over time and equipping individuals for current and forthcoming work duties needed by the family firms. The results also showed that the succession planning is statically significant relationship between succession planning and succession concern at p-value of 0.000 less than 0.001, the results proved that the most concern in family business succession planning is deciding who will take over the family business when the owner exist, and the family business founders' reluctance to plan for succession due to the founders' strong sense of attachment to the business, fear of retirement and death, and a lack of other interests. For the role of succession concern in mediating the relationship between succession planning and family business performance is a statistically significant mediation at p-value of 0.001 less than 0.001. Thus, the results of study showed that the role of succession concern has positive significantly mediation on the relationship between succession planning and family business performance.

5.2 Recommendations

Succession planning is actually a difficult topic, not only is it about securing succession on the highest level of leadership, it applies across the organization on multiple levels. In addition, succession planning by its very nature requires extreme proactive and a forward-looking mindset. The following recommendations should be considered for family-owned businesses to prepare succession planning successfully:

- (1) Focus on the Family Business's Vision, in setting out the succession plan, it's important to keep the focus on the vision for the business. This means including a

set of transparent go forward objectives to guide future decision making. This can help reduce friction within the family, particularly when stressful situations arise. When considering move forward objectives, it's important to continue to look at all of the aspects that impact the planning as business owners, leaders and members of a family.

- (2) Develop a good succession planning like any business continuity initiative, shouldn't be a static document. Think about how to revisit and update the plan as needed based on business or family circumstances. What will happen if a family member gets married or divorced. These are important questions to address in advance. Good planning creates better successors, obviously. But family businesses have unique demands and things aren't always so obvious. Identifying and fulfilling those needs requires expert advisers with exceptional sensitivity to and respect for the business and emotional dynamics involved in a family business.
- (3) Consider a broad approach to overlapping dimensions of Family Business System, this means that in navigating succession planning, it's important to take a broad approach that considers the overlapping dimensions of being an entrepreneurial family, maintaining the responsibilities of running a business and understanding the complexities that exist within any family dynamic. Family leaders that take this approach will likely find that their succession planning activities generate new insights and opportunities across all of these intersecting dimensions. They can then use these insights to inform current activities even while planning for the future.
- (4) Select the most suitable successor from among family members requires objectively determining who is most suitable to lead the business as it is, with respect to its history and its future all while developing that person's leadership experiences and self-assurance.
- (5) Develop the talent leaders to allow leaders to achieve greater self-awareness; better relationships with direct reports, peers, and up-line leaders; a clearer sense of leadership values; improved understanding of one's purpose and vision; and increased capacity for measurable performance improvement.

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THE CONTRIBUTIONS OF FAMILY BUSINESSES TO THE ECONOMIC GROWTH

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ABSTRACT

First and foremost, the objective of the study is to explain how family businesses contribute to the economy by examining relevant literature reviews. From the literature reviews, it was found that the contribution of family businesses to GDP ranged from 28% to 90% of GDP among 28 jurisdictions. Mexico's family businesses made the largest contribution to the GDP (90% of GDP), whereas the US stayed in the 17th position. Meanwhile, there were around 72 percent of Cambodian enterprises are family-run businesses (NIS, 2009 as cited in Open Developing Cambodia, 2013), and GDP has grown by around 8.7% (World Bank, 2022). The second and third objectives of the study are to determine the percentage of family businesses in each kind of family business and the percentage of employment provided by family businesses through survey questionnaires from 191 micro and small businesses. The result of the study indicated that the total percentage of family businesses was 86% in the sample, in which the narrow definition of family business accounted for 32%, then 28.3% and 25.1% for the broad definitions and middle definition, irrespectively. Finally, the percentage of employment provided by family businesses was about 68.06% among micro and small businesses in the sample. Therefore, it is finally concluded that family businesses play an important role in Cambodia's economic growth.

Keywords: *Family business definition, number of family businesses, family business impacts on economy.*

1. INTRODUCTION

1.1 Background of Study

Family firms are arguably the earliest form of business; they have played a vital role in the development, growth, and industrialization of many economies around the globe. Most of today's wealth is created by family-owned businesses. In a joint piece of research, the University of St. Gallen and Ernst & Young (EY) found that in 2023, the family businesses they studied generated \$US8.02 trillion in revenue which was a 10% increase on their previous findings in 2021 (Robertsson, 2023). It is estimated that the total economic impact of family businesses on global GDP is over 70% (Osunde, 2017, Tharawat, 2014). During COVID, family businesses globally managed to survive the pandemic somewhat. Bajpai et al., (2021) found that, on a global scale, family businesses laid off fewer staff (8.5%) as compared to non-family businesses (10.2%). Family businesses displayed resilience during COVID more than other companies did.

In Cambodia, the economic growth rate was recorded at an average of 7.7 percent annually between 1998 and 2019, known to be one of the fastest-growing economies in the world (Shihata, 2021). These family businesses make a major contribution to the economy. In 2009, according to The National Institute of Statistics (NIS) report, around 72 percent of Cambodian enterprises were family-run businesses (as cited in Open Developing Cambodia, 2013).

1.2 Problem Statement

The contribution of family businesses to the economy is well recognized in many countries around the world, including Cambodia. In 2009, the National Institute of Statistics (NIS) reported that there were around 72 percent of Cambodian enterprises are family-run businesses (as cited in Open Developing Cambodia, 2013). Even though the great number of family business in the economy, but not much of research has been conducted to show how family business contributes to the economic growth in Cambodia.

1.3 Research Questions

The questions of this study:

1. How do the family businesses contribute to the economic growth?

2. What kinds of classification of family businesses?
3. What does the employment classification in family businesses?

1.4 Research Objectives

The study has several objectives, as follows:

1. To define family business and explain how family businesses contributed to the GDP by examining relevant literature review
2. To determine the percentage of family businesses in each kind of family business definition and the percentage of family business.
3. To determine the percentage of class employment in the family business

2. LITERATURE REVIEW

2.1 Family Business Definition

There is a lack of consensus on the family business definition among scholars. The criteria used to define family business includes: the percentage of ownership, voting control, power over strategic direction, involvement of multiple generations, active management by family members, and others. According to Astrachan and Shanker (2003), who classify family business into three definitions:

- **Broad Definition** (Little direct family involvement): effective control of strategic direction and intended to remain in family
- **Middle Definition** (Some family involvement): founder/descendant runs company and legal control of voting stock
- **Narrow Definition** (A lot of family involvement): multiple generations, family directly involved in running and owning, more than one member of owner family having significant management responsibility

The study of the family business contributes to economy is investigated on the three definitions provided by Astrachan and Shanker (2003).

2.2 Family Business Contribution to GDP around the World

A growing literature shows that family firms are extremely well-placed to assist economic growth in many activities in the private sectors, as they combine a number of unique sociological and economic characteristics that make them extremely important in the early stage

of the growth of the firm. Additionally, the way in which economic development produces changes in dominant family patterns has been advanced much more often than the view that family patterns can affect economic development.

The research on the importance of family businesses in an economy is well conducted in developed countries. Tharawat Magazine (2014) (as cited in Birdthistle & Hales, 2023) reported that family business contribution to national GDP among 28 developed countries (in Table 1) ranges from 28% to 90%. Family businesses in Mexico made the largest contribution (90%) to its national GDP, followed by Brazil (85%) and the lowest contribution is Bahrain (28%). However, it was unclear whether the family businesses reported in the Magazine based on what narrow or broad definition provided by Astrachan and Shanker (2003) or all of those definitions.

Interestingly, family businesses also play an important role in economic development. According to PwC survey report in 2019 reveals that family businesses in Thailand are a key driver of the economy, accounting for more than 80% of GDP while also contributing to society and developing Talent. One-third of the firms listed on the Stock Exchange of Thailand (SET) are family-owned (PwC, 2019). Whereas, in Vietnam (communist country), family businesses play a less important role in economic development, the 100 largest family businesses in Vietnam contribute about 25% of the country's GDP (Ai et al., 2023).

Table 1 Percentage of Family Business Contribution to National GDP

N0	Country	% of GDP	N0	Country	% of GDP	N0	Country	% of GDP
1	Mexico	90	11	Franc	60	21	Ecuador	51
2	Brazil	85	12	Portugal	60	22	Uruguay	50
3	Dominican Rep.	80	13	El Salvador	60	23	Venezuela	50
4	Philippines	76	14	Columbia	60	24	Singapore	50
5	Peru	75	15	Costa Rica	60	25	S. Korea	48.2
6	UK	70	16	Chile	60	26	Fin-land	40-45
7	Malaysia	67.2	17	US	57	27	Argentina	30

8	India	66	18	Belgium	55	28	Bahrain	28
9	China	65	19	German	55			
10	Spain	65	20	Netherlands	53			

Source: Tharawat Magazine (2014) (as cited Birdthistle & Hales, 2023).

2.3 Family Business Contribution to Employment

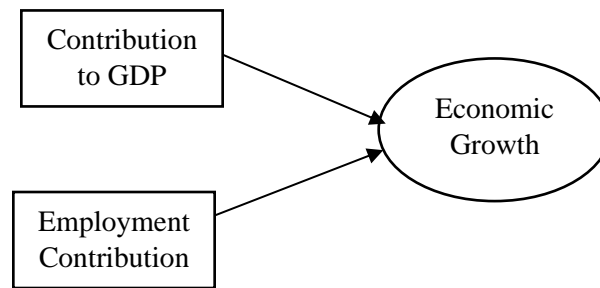
According to Sundaram (2019) family firms are a driving force for economic development and societal well-being, in addition to contributing to job creation, technological growth, and innovation. Interestingly, Osunde (2017) found positive implications of family businesses for the economy. The implications include 1) Family businesses show higher profitability and generate significant revenue for the government in terms of corporate and employee taxes, 2) Family businesses retain and hire employees even in times of economic recession, 3) Family businesses engage in corporate social responsibility activities, 4) family businesses are innovative and employ strategy as a means of sustaining their businesses from generation to generation, and (5) Family businesses are less likely to raise debts and are widely deemed financially prudent. Recently found that there are 24.2 million family businesses in the United States. Family businesses employ 62% of the workforce. Family businesses contribute 64% of the GDP, a 7% increase (Van Der Vliet, 2021). According to Oxford Economics (2022) family businesses are truly the backbone of the UK economy in that in 2020 they found that there are 4.8 million family businesses, generating £575 billion in gross value added (GVA) contribution to UK gross domestic product (GDP), employing 13.9 million workers. Family Capital (2021) has found that Germany's top 500 family businesses employed over 6.4 million people globally in 2019, generating over \$1.8 trillion in revenues, which accounted for nearly 43% of the country's GDP. Recent research found that the largest 500 family businesses employ 24.52 million people, up 1.4% from 2021, and are distributed across 47 different jurisdictions (Robertsson, 2023).

Besides creating job in economy, family ownership is often associated with a double role for the family as that of owners and managers of the firm. In economic

terms, families make firm-specific investments in human capital, which makes them reluctant to give up control. This, and the fact that typically a higher share of the owner's wealth is invested in the firm, creates a long-term commitment to the survival of the company and results in family firms being more risk-averse than other firms.

2.4 Conceptual Framework

Figure 1: Conceptual model of family businesses contribution to economic growth



Source: Own Authors' Development

3. METHODOLOGY

Because all registered companies in Cambodia, have no obligation to disclose information. It is very difficult to get financial data to answer research objective 1. Therefore, to meet this objective, the study used relevant data from literature reviews around the world to explain how family businesses were defined and made contributions to the economy, and to answer research objectives 2-3, the study used an online survey of 191 micro and small businesses. After coding the data, the nature of business frequency was analyzed to determine the important role in each family business, and the frequency of degree of family involvement was also analyzed to determine the percentage of each kind of family business, finally the frequency of class employment and percentage of employment provided by the family business was also investigated.

4. RESEARCH FINDINGS

a. Nature of Family Business

After screening the data, 29 respondents were dropped due to incomplete information, remaining 191 respondents were analyzed. Table 1 reveals that the most

frequent nature of business in the sample is retail business, which accounts for 62.3% followed by service accounts for 14.1%, and finally, coffee shop accounts for 11.5%. The three natures of business totally account for around 88%.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	2	1.0	1.0	1.0
	Coffee	22	11.5	11.5	12.6
	Manufacturing	7	3.7	3.7	16.2
	Restaurant	12	6.3	6.3	22.5
	Retail	119	62.3	62.3	84.8
	Service	27	14.1	14.1	99.0
	Real estate	2	1.0	1.0	100.0
	Total	191	100.0	100.0	

b. Degree of Involvement in the family business

Astrachan and Shanker (2003), classify family business with three definitions. Table 2 reveals that family business in narrow definition accounts for 32%, followed by broad definition accounts for 28.3%, and finally, in middle definition accounts for 25.7%. Among 191 businesses, the total number of families was 165 or 86%, whereas the remaining about 14% were non-family businesses.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No family involvement	26	13.6	13.6	13.6
	Little family involvement	54	28.3	28.3	41.9
	Somewhat family involvement	49	25.7	25.7	67.5
	A lot of family involvement	62	32.5	32.5	100.0
	Total	191	100.0	100.0	

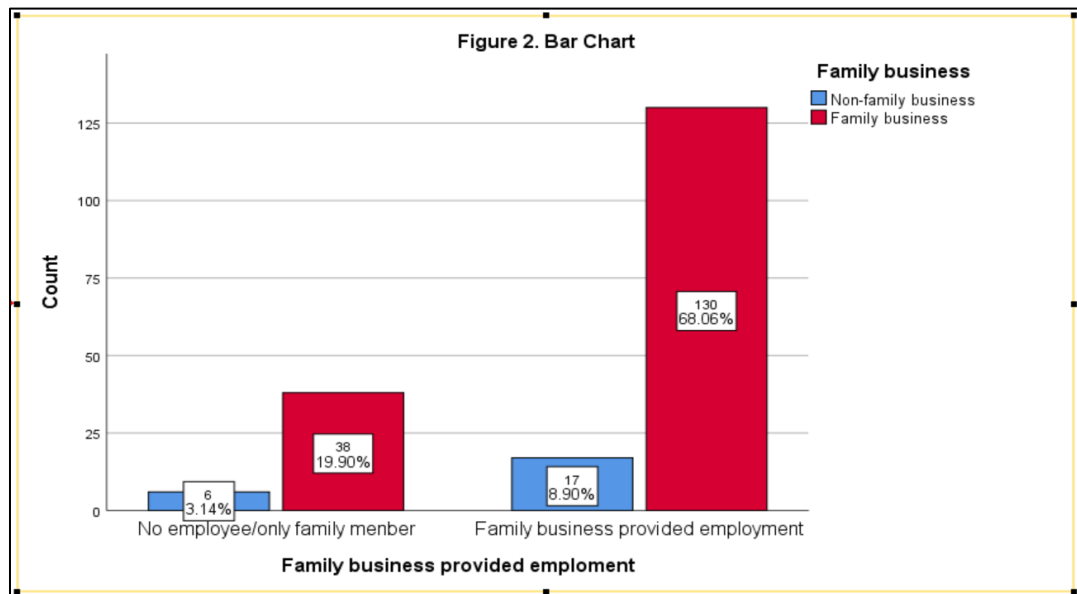
c. Number of employments provided by the family business

Table 3. Number of employee					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Only family member	45	23.6	23.6	23.6
	1 to 10 employees	114	59.7	59.7	83.2
	11 to 50 employees	32	16.8	16.8	100.0
	Total	191	100.0	100.0	

Table 3 shows the total number of employees and percentage provided by the family businesses and non-family businesses. The highest percentage of employees provided by micro-business (1 to 10 employees) consists of 59.7% and small business (11-50 employees) consists of 16.8%.

As indicated earlier, one of the objectives of the study is to determine the percentage of employment provided by families (micro and small business). Table 4 and Figure 2 shows the percentage of employment provided by family and non-family business. Family businesses that had no employees or only family members consisted of 19.9% and the family businesses that employed employees were 68.1%.

Table 4. Family business provided emploment * Family business Crosstabulation					
			Family business		
			Non-family business	Family business	Total
Family business provided emploment	No employee/only family member	Count	6	38	44
		% of Total	3.1%	19.9%	23.0%
	Family business provided employment	Count	17	130	147
		% of Total	8.9%	68.1%	77.0%
Total	Count		23	168	191
	% of Total		12.0%	88.0%	100.0%



5. CONCLUSION

The first objective of the study is to explain how family businesses contribute to the economy. According to the literature reviews, the contribution of family businesses to GDP has been recognized by many jurisdictions around the world, especially in democratic countries. The contribution to GDP ranged from 28% to 90% of GDP. Based on a 2009 report from the National Institute of Statistics (NIS), around 72 percent of Cambodian enterprises are family-run businesses (as cited in Open Developing Cambodia, 2013). At the same time, Cambodia's GDP grew by around 8.7% (World Bank, 2022). The second objective of the study is to determine the percentage of family businesses in each kind of family business definition and the total percentage of family businesses. The result of the study indicated that the total percentage of family businesses was 86% (the sample included only micro and small businesses), in which the narrow definition of family business accounts for 32%, then 28.3% and 25.1% for the broad definition and middle definition, irrespectively. In addition, the final objective of the study is to determine the percentage of employment provided by family businesses. The finding indicated that the family business employed about 68.06% of micro and small businesses in the sample. Therefore, it is finally concluded that the family business plays an important role in Cambodia's economic growth.

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**A WAY TOWARDS THE UNIVERSITY AUTONOMY IN CAMBODIA: A Case Study
of National University of Management**

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ABSTRACT

Nowadays, higher education systems are becoming more complex, monitoring and managing this sector is tuning into a more specialized task. Consequently, the old model of absolute control from the central ministry of education is becoming unsustainable and is being gradually replaced by other models. Autonomous university as the freedom of institution to run its own affairs without direction or influence from any other level of government. The main purpose of this study is to find out how public universities are ready preparing for moving towards the autonomous universities. The case study of NUM to reflect the key dimensions of autonomous university such as accountability, institution autonomy, financial autonomy, academic autonomy, and staff autonomy. Qualitative method is used through descriptive analysis from the data collected from management and academic staff of the National University of Management through interviewing survey face to face from 5 to 10 minutes on four key dimensions of university autonomy and how it's facing with the implementation at NUM. The results found that NUM has been growing very fast in terms of student enrollments, staff capacity improvement, physical infrastructure development, curriculum development and diversification, financial and management system, etc. However, NUM still faced many challenges in order to move towards autonomous university in the future, such challenges as the level of autonomy in finance, human resource management, governing boards, leadership of the university, curriculum diversification.

Keywords: *Autonomy, accountability, institution autonomy, financial autonomy, academic autonomy, staff autonomy.*

1. INTRODUCTION

1.1 Background

Nowadays, higher education systems are becoming more complex, monitoring and managing this sector is tuning into a more specialized task. Consequently, the old model of absolute control from the central ministry of education is becoming unsustainable and is being gradually replaced by other models (Fielden, 2008). This change in governance has got a name of a shift from “*State Control*” to “*Self-Regulation*” (Askling et al., 1999). Self-regulation emphasizes “the self-regulatory capacities of higher education institutions within a regulatory framework provided by government. It is a combination of (less) governmental control and (more) institutional autonomy” (Berdahl, 1990).

In Cambodia, the government introduced a new policy in the mid-1990s to allow the private sector to participate in the provision of Higher Education (HE). Another important reform was the transformation of Public Higher Education Institutions (HEIs) into Public Administration Institutions (PAIs). This reform laid down the criteria for public agencies and institutions to transform themselves into autonomous agencies/institutions (Visalsok et al., 2014).

1.2 Problem Statement

Visalsok et al (2014) found that increased autonomy to HEIs has brought about major changes in governance structure, financial management, academic freedom, and especially student uptake. Although higher education reform has been underway for several years, many expected results are still to be achieved. It has thus been argued that increased autonomy in higher education has not yet been successfully implemented as a result of unclear understanding of Public Administration Institutions (PAIs), limited management ability, lack of experience in planning, and immaturity among HEIs.

The reform, however, is slow and selective. Only ten HEIs, as of 2010, had been granted the status, and many public HEIs are reluctant to become PAIs, for fear of stringent financial control from the government and loss of government subsidy (Leang and Say, 2018).

1.3 Research Questions

Based on some issues found in the implementation of the status for the Public Administration Institutions (PAIs) and toward autonomy of HEIs in Cambodia, the following questions would be proposing as research questions of the study:

1. What are the real dimensions of autonomy for HEIs?

2. What challenges for Cambodia's Public HEIs as well as NUM to transform university into the autonomous university?
3. What strategy for NUM to transform the university into autonomous university?

1.4 Research Objectives

The main objectives of this study are:

1. To overview the concepts and dimensions of the university autonomy, based on experience of autonomous universities on the world;
2. To discuss the current challenges of Cambodia's HEIs to become the autonomous university;
3. To highlight key strategic directions for NUM as public higher education institution to ready for implementation of autonomous university;
4. To develop some guidelines for efficient and effective implementation of autonomous university in Cambodia.

2. LITERATURE REVIEW

2.1 What is Autonomous University?

Anderson & Johnson (1998) defined university autonomy as the freedom of institution to run its own affairs without direction or influence from any other level of government. University autonomy has also been described as the degree of freedom of the university to steer itself or a condition where academia determines how its work is carried out (Raza, 2010). Von Prondzynski (2012) defined the university autonomy as independence in formulating a strategy for the university, and in choosing the tools and approaches to achieve the set goals. Bleiklie (2007) describes institutional autonomy as: "the extent to which the institutions are free to make choices regarding their daily management of teaching and research as well as to formulate strategies for their future development".

In Cambodia, increased autonomy to HEIs brought about many remarkable changes, including to: student enrolments, admission and student management, academic programs, decision-making structures, administrative procedures, financial management and corporatization, and staff management and evaluation (Visalsok et al., 2014).

2.2 Why is University Autonomy?

Institutional autonomy plays a significant role in attempts to define international standards of university governance. Its importance derives from the fact that research universities, in order to achieve their distinctive mission, must have a great deal of decision making freedom, particularly in matters related to self-governance, financial management, the appointment of members of academic staff, the selection of students, the choice of curriculum, and the determination of academic standards (Tight, 1992 in Yulianto, 2017).

The main objectives of reform were to reduce the financial burden on the government, to shorten budgetary processes of public HEIs, and to enhance the quality and relevance of higher education to meet the requirements of the labor markets, and social and economic development (Visalsok et al., 2014). Lang (2008) also found that the main driver of change is the state, which heavily reduced its public expenditure on higher education in order to save resources and consequently increase the competition for tuition fees, research funds, and other competitive resources.

Granting autonomy means that the state recognizes the special needs of universities in terms of their management. Therefore, the key principle behind most of the autonomy reforms is that “institutions should, as far as possible, be free to manage their own affairs” (Fielden, 2008 in Valeria Gulieva, 2013).

2.3 Dimensions of University Autonomy

The European University Association’s Lisbon declaration (2007) identified four main dimensions of university autonomy:

1. Organizational autonomy is closely associated with institutional governance, in particular, the university leadership, decision-making processes and accountability.
2. Financial autonomy deals with acquiring and allocating funding, the ownership of the building and equipment, the ability to charge tuition fees, to borrow and raise money.
3. Academic autonomy is the capacity to define the academic profile, start new study programs, develop their structure and content, assure the quality of education, and control student admissions.
4. Staffing autonomy is defined by freedom to recruit staff and settle the terms of employment.

However, the core of the university autonomy dimensions is the balance of university autonomy and accountability. The following figure is presenting the conceptual model of the university autonomy:

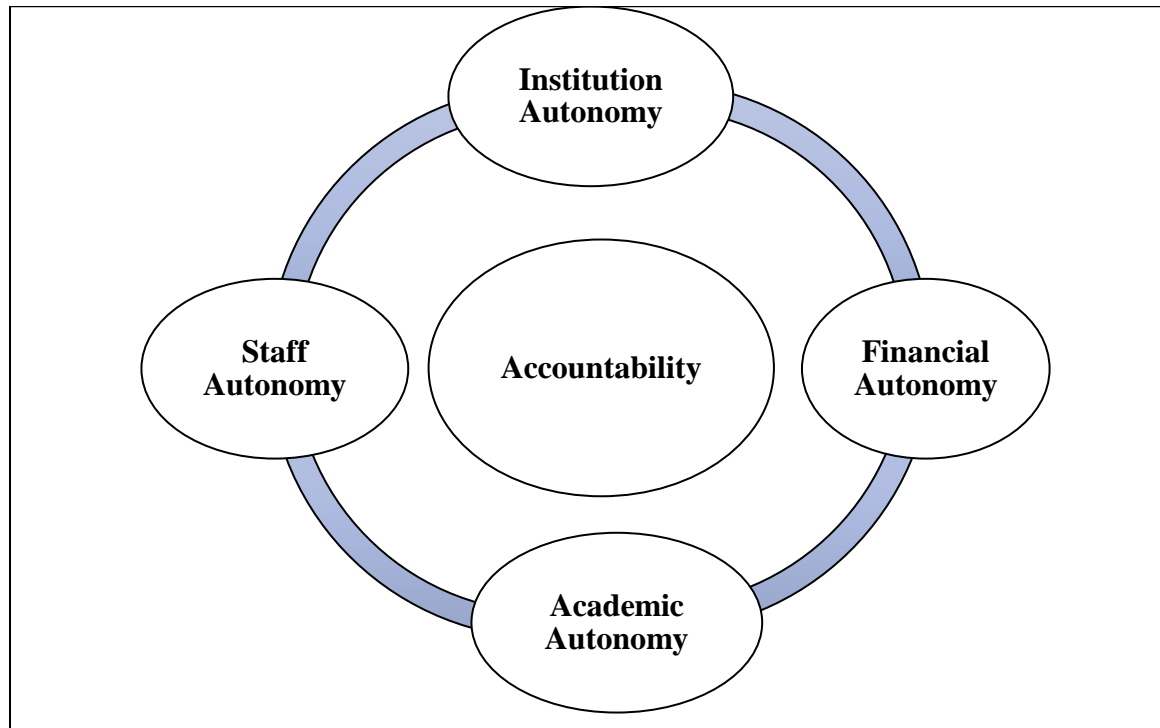


Figure 2.1: Conceptual Model of University Autonomy

2.3.1 Accountability

At root level, autonomy means having the capacity to self-govern, which is the ability to act independently, responsibly and with conviction (Motioba, 2018). Although many higher educational institutions enjoy considerable freedom to decide on their own policies and priorities but still they are bound in one or other aspect by the state governments. This reflects the essential issue of finding an effective and mutually acceptable balance between society's need to have a sufficient level of control over the university versus the university's need for an appropriate level of independence in handling its own affairs (OECD, 2003).

Autonomy and Accountability are really two sides of the same coin. Any complex task of a continuing nature which requires the participation of different people at different places, requires a management system which can determine and assign responsibilities, laying down who will do what, where, when, etc., and also the freedom to take the initiative without

interference from outsiders who are not accountable to the management for the achievement of organizational objectives (Gandhi, 2013 in Yulianto, 2017).

The interest in and debates on university autonomy are as old as the institution itself. The justifications for such control or accountability are: (i) higher education produces wider social and economic benefits and therefore such benefits must percolate to the whole society (ii) Equity considerations requires that low-income students are not disadvantaged; (iii) students, employees and the wider society need to have confidence in the quality of higher education qualifications (McDaniel, 1997).

In order to have a proper balance of freedom and accountability, the government may ensure fiscal accountability, accountability for quality teaching-learning process and research and protecting the interests of vulnerable and disadvantaged section of the society. The remaining issues should be left to the discretion of higher educational institution (OECD, 2003).

2.3.2 Organizational Autonomy

Organizational autonomy is the focus on the university's ability to establish structures and governing bodies of its own and to choose the type of leadership appropriate for a particular institution (Estermann & Nokkala, 2009). Organizational autonomy takes the corporate view on university autonomy and is including three major components: managerial, policy and governance (Enders et al., 2013). The managerial component identifies the decision-making freedom of the university's governing bodies in terms of allocation of financial and other resources, solving staffing issues and management of production factors, such as logistics, housing, and organization. Policy autonomy displays the extent to which a university can take independent decisions about the services it delivers, the groups of population it targets, the location for conducting its operations and other strategic developments. Governance autonomy is related to the extent to which the universities develop their internal academic and administrative structures and processes (Gulieva, 2013).

2.3.3 Financial Autonomy

Financial autonomy concerns the universities' dependency on governmental funding and alternative sources of income (Enders et al., 2013; Kontamaki & Lyytinen, 2004). To extend the notion, two major aspects of financial autonomy can be identified: the procedural framework of public funding and the universities' financial capacity (Estermann & Nokkala, 2009). The former falls into a number of aspects:

- The extent to which universities can accumulate financial resources and keep profits

- Ownership of the building universities occupy
- The ability to set tuition fees
- The ability to borrow money from different sources
- The ability to make financial investments

2.3.4 Staffing Autonomy

Staffing autonomy focuses on the capacity of the universities to attract, develop and retain qualified staff. The ability of universities to recruit their own staff relates both to academic and financial issues. Staffing autonomy includes managing overall salary costs and setting individual salary levels, as well as being flexible when recruiting staff. The staff in a fully autonomous university is directly employed and paid by this university, not the government. At the same time, performing the recruitment procedures, universities partially form their academic profiles. Therefore, this type of autonomy occupies an intermediary position between financial and academic autonomy and should be looked at in relation to them (Estermann & Nokkala, 2009).

2.3.5 Academic Autonomy

This includes independence in determining the directions of academic development of the institution and avoiding interference in questions of the content of academic programs and methods of teaching and research. Following Estermann and Nokkala (2009), the components of academic autonomy are:

- The ability of the university to define its institutional strategy – its general mission in terms teaching orientation and research and perform the activities to achieve their mission
- The ability to decide on its academic profile and build the research in the directions supported by the university's governing bodies
- The ability to develop the content for degree programs
- The ability to be free in terms of student admission processes.

3. METHODOLOGY

A descriptive design is used to describe and discuss the case the national university of management in preparing to move toward full autonomous university in Cambodia. This study identified key dimensions of autonomous university and its implementing challenges for Public Administrative Institutions (PAIs) in Cambodia. The primary data will be collecting from

management and academic staff of the National University of Management through interviewing survey face to face from 5 to 10 minutes on four key dimensions of university autonomy and how it's facing with the implementation at NUM. Secondary data such as sub-degree of PAI status for NUM, strategic plan 2019-2023, policy, structure, curriculum, and other reports will also be using as the foundation for discussion in this study. Qualitative method is used through frequency analysis from SPSS software to find out the challenges and the readiness for NUM on the journey towards full Autonomous University in the future.

4. DISCUSSION OF UNIVERSITY AUTONOMY IN CAMBODIA

4.1 The Reform of Higher Education in Cambodia

The Cambodian Higher Education (HE) has made significant progress during the last decade as shown in the significant expansion of public and private provision. The number of institutions climbed drastically from eight to 45, of which 32 were private in 2005 and more than doubles to 121, of which 73 are private, in 2017-2018 (Leang & Say, 2018).

Public institutions have been granted partial autonomy in curriculum design, recruiting teaching staff and charging tuition fees from students in order to significantly cover operation costs and ensure long term sustainability. The private institutions generally have greater autonomy, especially in staff recruitment and financial management (HRINC, 2010 in Tithsatya, 2017).

According to Moniroith (2012), there are three categories of higher education in Cambodia:

1. The first category is the academy, an institution responsible for carrying out research. There is only one academy, the Royal Academy of Cambodia (RAC), which is under the supervision of the Council of Ministers. Although this institution is primarily assigned to conduct research, it also provides advanced courses ranging from Masters to PhD programs.
2. The second category is the university which provides the course of bachelor (4 years), master (2 years) and PhD degree (3 years).
3. The third category is the institute, which mainly offers training in a particular field, but does not provide a wide range of research or training in multi-disciplinary subjects. As distinct from a university, institute is specialized in a professional field, for example, in engineering, medicine, agriculture, education and so forth.
- 4.

4.2 The Autonomy of HEIs in Cambodia

4.2.1 The Public Administration Institutions (PAIs)

The Cambodian government introduced a Royal Degree on Legal Statutes of Public Administration Institution (PAI) since 1997. This reform laid down criteria for public agencies and institutions to transform themselves into **autonomous** organizations. The important reform of Higher Education in Cambodia was the transformation of public HEIs into Public Administration Institutions (PAIs). The objectives of this reform were to reduce the financial burden on the Government, to shorten budgetary processes of public HEIs, and to enhance the quality and relevance of higher education to meet the requirements of the labor markets, and social and economic development. A PAI university can develop new educational programs and be held accountable for its educational services. Increased autonomy to HEIs brought about many remarkable changes, including to: student enrolments, admission and student management, academic programs, decision-making structures, administrative procedures, financial management and corporatization, and staff management and evaluation. Increased autonomy provided more academic freedom, increase resource flows, attract qualified human resources, and, in particular, improve governance and management of the university. Furthermore, decentralization of budget operations ensures that education institutions have the resources to run effectively and allows for more flexible spending decisions at the grass-roots level. Increased autonomy made public HEIs more responsible and accountable to their stakeholders (Visalsok, Ngoy, & Virak, 2015).

4.2.2 Organizational Management of PAI

The highest body for policy directions is the Board of Directors (BoD) and to which the Rector is accountable. The HEI leadership is made up of the Rector for the University and is supported by the necessary number of Vice-Rectors. A public HEI Rector is proposed by the technical supervising ministry to the Prime Minister and is appointed via a royal decree. Vice-rectors (and deans) are proposed by the technical supervising ministry to the Prime Minister and appointed by sub-decrees. A PAI HEI rector is likewise proposed by the technical supervising ministry to the Prime Minister and appointed by a royal decree too. After the appointment, the rector then nominates his/her vice-rectors (if a vacancy exists), and the candidates shall be proposed to the board for approval before the normal process at the national level. For public and PAI HEIs, the informal rule is to have no more than five vice-rectors, although the number varies and can exceed the limit in actual practice.

4.2.3 Financial Management of the PAI

Higher Education Financing in Cambodia has deep roots in historical and/or political funding (Hauptman 2007 in Leang, 2019). This archaic model is inappropriate for creating a robust and responsive system. The customary practice of line-item budgeting, which allows little room for flexibility and creativity, is obsolete. Bureaucratic financial management has reportedly created many loopholes and obstacles. Public HEIs rely on tuition fees for institutional survival. Tuition revenues chiefly go to salary top-ups, teachers' wages, and infrastructure investment. There is little or no investment in research and innovation (R&I) and capacity development. Funding from development partners depends on the HEI's agenda, interests and ability to attract funding, but is mostly minimal. Reliance on tuition fees and lack of externally funded research or research collaborations have turned public HEIs into privately oriented teaching enterprises. Financial management of public funds must follow the rules and regulations set out by the Cambodian government, especially the MEF. The annual budget plans of public HEIs need to be approved by, and incorporated into, the budget of the technical supervising ministry before any budget negotiation with the MEF. The MEF's Financial Management Manual determines the expenditure mechanisms and procedures, including petty cash and the transfer of budget allocations across lines and chapters. Procurement and petty cash management follow rules and regulations made by the Ministry of Economy and Finance (MEF) (Leang, 2019).

4.2.4 Academic Management of the PAI

HEIs have considerable substantive autonomy in many academic areas including curriculum design and development, research policy formulation and implementation, entrance standards and admission policy, evaluating teaching and research, identifying research priorities, teaching load guidelines, degree classification, and international linkage agreements (ADB, 2011). In principle, curricula should be sent to the technical ministry for approval, though in practice this is more for pro forma purposes and to ensure compliance with legal requirements and national academic standards and criteria (Ngoy, Say & Leang, 2019).

4.2.5 Human Resource Management of the PAI

Full-time academic staff who are civil servants are on the government payroll and have life tenure once appointed. They must adhere to the rules set out in the Common Statute of Civil Servants, and the decision-making authority for their appointment, promotion and ring rests with the technical ministries concerned. Once the 2013 Royal Decree on the Professoriate is

implemented, the power to appoint and promote professors will be in the hands of the government with candidature proposed by a technical committee. Nevertheless, the appointment, promotion and ring of academic staff (i.e. civil servants) remain centralized and rigid. Public HEIs have more institutional autonomy in procuring the services of contract staff and civil servants, mainly for teaching fee-paying programs, paid for with revenues from tuition fees and other sources. While the practice of hiring contract staff allows public HEIs more flexibility to recruit the kind of academic staff they desire and gives them discretionary power to recruit and fire some teachers, it has created a culture of “taxicab lecturers,” as a lecturer of a public HEI put it (Ngoy, Say & Leang, 2019).

4.3 The Current Situation of NUM

4.3.1 Historical Background

NUM was founded in 1983 as the Economic Institute (EI) and located in the central capital city of Phnom Penh. NUM is widely recognized as one of the leading public universities in business and management education in Cambodia, its mission is to serve the nation by providing competent and socially responsible managers and entrepreneurs. In 1989, it was renamed to the Institute of Economic Science (IES) and comprised academic major fields in economics and business. In 1994, in response to political and economic reform towards democracy and free economic markets, IES was renamed to the Faculty of Business (FOB), it launched academic major fields in business management, marketing, accounting, and finance. In 1998, FOB was renamed to the National Institute of Management (NIM), and the first private payment programs were introduced to all levels. In 2004, NIM was transformed into the National University of Management (NUM) with broadly expanded some departments faculties and provided training for all academic levels from Bachelor, Master to Doctoral degrees. In 2005, NUM was granted the legal status of a Public Administration Institution (PAI) under technical governance of Minister of Ministry of Education, Youth and Sport (MoEYS) and financial governance under the Minister of the Ministry of Economy and Finance (MoEF), which operating as financial autonomy and under major decision-making and approving by the Board of Directors (NUM Prospectus, 2019).

4.3.2 Organizational Structure

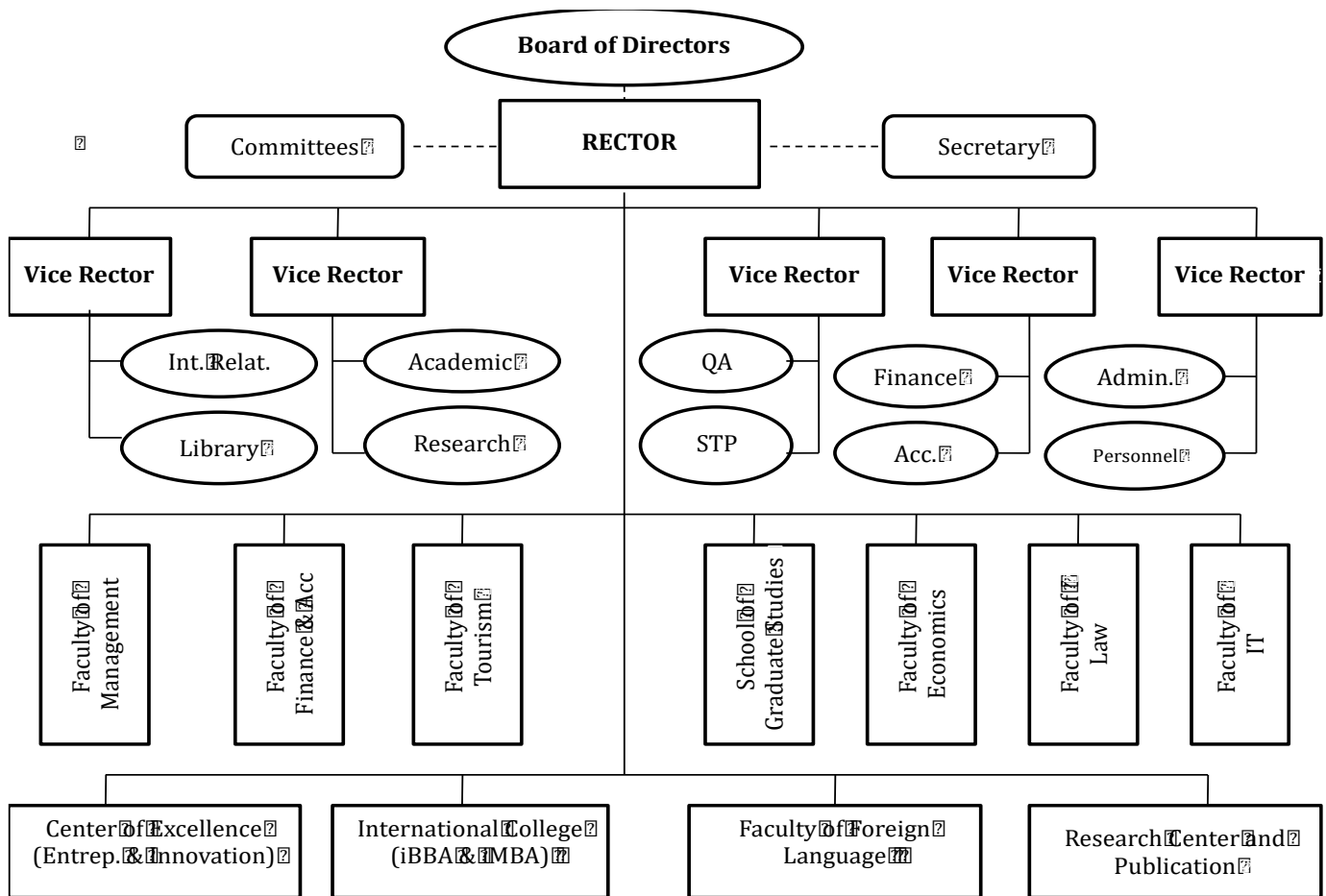


Figure 4.1: NUM Organizational Structure (2019)

4.3.3 The Board of Directors (BoD)

The highest body for policy directions of NUM is the Board of Directors (BoD). Board of Directors is comprised of 5 members:

- (1) Representative of the Ministry of Education Youth and Sports (Chairperson)
- (2) Representative of the Ministry of Economy and Finance (member)
- (3) Representative of the Council of Ministers (member)
- (4) Rector of NUM (auto member)
- (5) Representative of NUM staffs (auto member)

The Mission of the Board of Directors is responsible in guiding and monitoring the process of NUM. Having accounted for this mission, the BoD shall:

- (1) Monitor and approve on long and short-term strategic plan of the university
- (2) Monitor and approve the budget plan and annual procurement plan of NUM
- (3) Check and approve the financial statement, property and procurement reports
- (4) Define structure and determine roles and responsibilities to subordinated units
- (5) Define selection process, promotion, incentives and other benefits for NUM staff conform to the internal regulations and other relevant government standards
- (6) Review and approve the requesting for the required number of NUM staffs
- (7) Periodic review and evaluate the results of the university performance (annually, semiannually, quarterly) and propose recommendation for future improvement.

(Revised draft of sub-degree of NUM-PAI status, 2019)

4.3.4 Leadership and Management

Rector:

NUM is managed by one Rector appointed by the Royal Degree following the request of the Prime Minister proposed by Minister of the Ministry of Education Youth and Sport. NUM's Rector is the Executive Director of the University who responsible for:

- (1) Conduct the meeting of the Board of Directors
- (2) Implement all decisions (policies, strategies, action plan) made by the BoD
- (3) Prepare development plan for the Board approval
- (4) Prepare annual budget plan for the Board approval
- (5) Prepare procurement plan for the Board approval
- (6) Prepare financial, property, and procurement reports for the Board approval
- (7) Prepare the state property inventory for the Board approval
- (8) Certify on the duties of subordinated units under its supervision as necessary
- (9) Propose organizational structure and define roles, responsibilities, required numbers of NUM staffs to the Board for approval,
- (10) Propose the requesting of incentives, bonuses, other benefits for NUM staff to the Board for approval
- (11) Manage and implement the procurement processes conforming to the regulation and the public standards
- (12) Comply with all administrative procedures and manage all affairs assigned by the decision of the BoD.

(Revised draft of sub-degree of NUM-PAI status, 2019)

Vice Rectors:

- (1) Vice Rector in charge of academic affairs and research
- (2) Vice Rector in charge of quality assurance and strategic plan
- (3) Vice Rector in charge of finance
- (4) Vice Rector in charge of international relations and library
- (5) Vice Rector in charge of personnel and administrative affairs

Deans:

- (1) Dean of School of Graduate Studies
- (2) Dean of Faculty of Management
- (3) Dean of Faculty of Economics
- (4) Dean of Faculty of Tourism
- (5) Dean of Faculty of Finance and Accounting
- (6) Dean of Faculty of Law
- (7) Dean of Faculty of Information Technology

(NUM Prospectus, 2019)

4.3.5 NUM Administrative Staff

According to NUM-IQA (2019), NUM has total administrative staff of 74. Among that, 46 got doctoral degree, 20 have master degree, 7 have bachelor degree, and only 1 has high school degree.

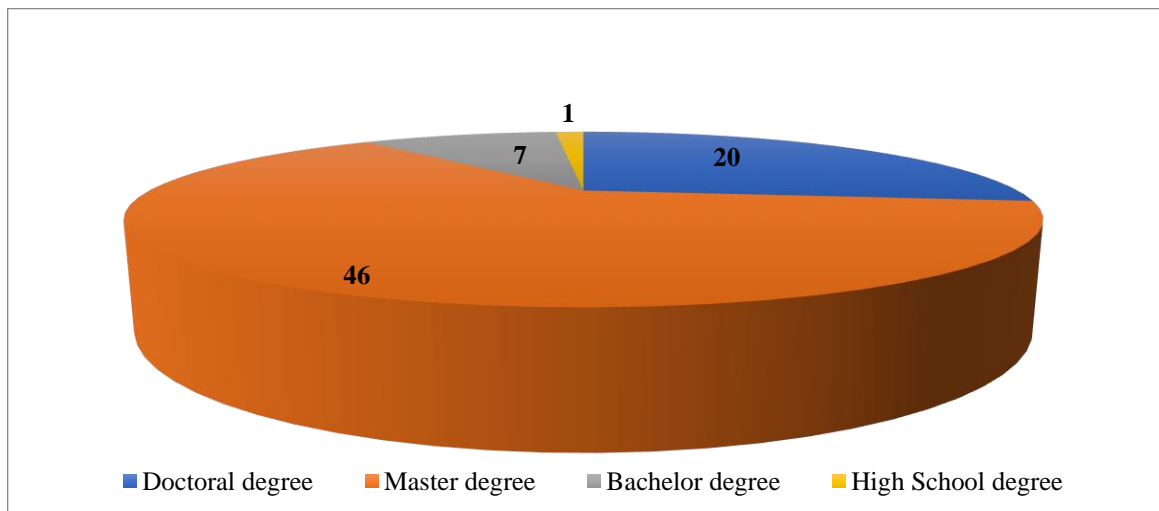


Figure 4.1: NUM Administrative Staff, Source: NUM-IQA (2019)

4.3.6 Faculty Members

There are two parts of NUM faculty members: full-time and part-time faculty. The following chart presents the number of full-time and part-time faculty members at the NUM from academic year 2016-2017; 2017-2018; and 2018-2019.

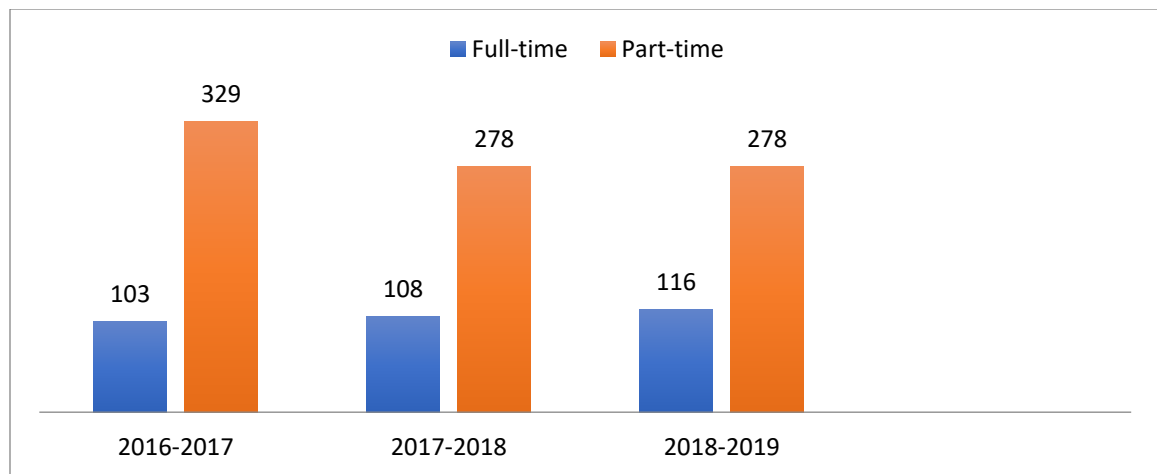


Figure 4.3: NUM Faculty Members, Source: NUM-IQA (2019)

4.3.7 NUM Students

The following chart presents the numbers of students at all levels from bachelor's degree, master's degree, and PhD degree from the academic year of 2015-2016; 2016-2017; 2017-2018; 2018-2019; and 2019-2020.

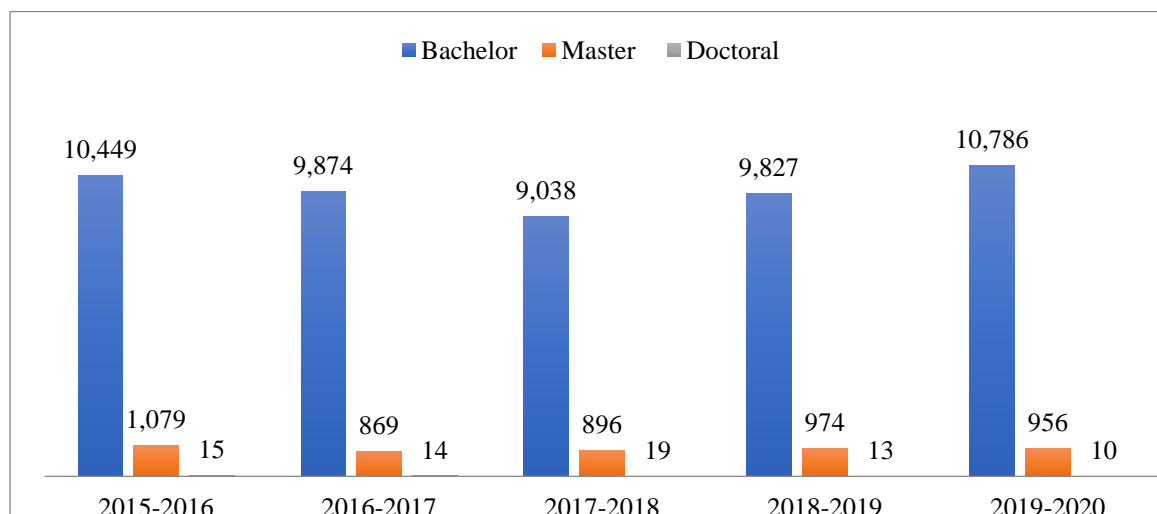


Figure 4.4: NUM Students (2015-2020), Source: NUM-IQA and Graduate School (2019)

4.4 The Challenges of NUM on the Journey Towards Autonomous University

To find out the challenges of NUM on the journey towards autonomous university in the future, the study has conducting face-to-face interview survey with management and staff of the university. There are five vice-rectors, five deans, five deputy deans, five department heads, and ten staffs have been conducting interview survey. The following table presents the different types of the respondents.

Table 4.1: Position of the respondents from NUM

	Frequency	Percent	Valid Percent	Cumulative Percent
Vice rector	5	16.7	16.7	16.7
Dean	5	16.7	16.7	33.3
Deputy dean	5	16.7	16.7	50.0
Head of department	5	16.7	16.7	66.7
Staff	10	33.3	33.3	100.0
Total	30	100.0	100.0	

4.4.1 The NUM-Public Administrative Institution

Table 4.2: presents the frequency of the answering of the question on is NUM-PAI operating autonomous university? There is 90% of the respondents answer no, only 10% answer yes. This means that even NUM was granted the legal status of Public Administrative Institution since 2005, NUM still operating under supervising of two Ministries, the technical Ministry of Education Youth and Sport (MoEYS) and the Ministry of Economy and Finance (MEF).

Table 4.2: Is NUM-PAI Operating Autonomous University?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	27	90.0	90.0	90.0
Yes	3	10.0	10.0	100.0
Total	30	100.0	100.0	

4.4.2 Autonomy and Accountability

The question on do you agree the autonomy and accountability must be balancing? 100% of respondents answer yes. They argued that the university autonomy must be accountable

for the outputs and outcomes, and the government generally required university to accept some form of external quality assessment as an accountability measure.

The question on do you agree there are four key dimensions of university autonomy: organizational, financial, academic, and staff autonomy? Most of the respondents agree on that, however, among four dimensions financial autonomy is ranking number one of most important dimension and the following by organizational autonomy, academic autonomy and staff autonomy.

4.4.3 Organizational Autonomy of NUM-PAI

Based on literature review, we measure the question on how does NUM-PAI implement organizational autonomy by five items using 3 Likert-scale (1 = low level of autonomy; 2 = somewhat level of autonomy; 3 = high level of autonomy). The result of these five items are shown below:

a. Governing board of directors

The result of interviewing survey from vice rectors, deans, deputy deans, department heads, and staff showed that 66.7% mentioned that the level of autonomy of the governing board is in somewhat level. They argued that most of the board members are representative from the ministries and the meeting and decision-making of the board are mostly based on policy restrictions on budget expenses, especially the representative from MoEF. Table 4.3 below presented the result of interviewing survey on NUM-PAI governing board of directors.

Table 4.3: NUM-PAI Governing Board of Directors

	Frequency	Percent	Valid Percent	Cumulative Percent
Low level of autonomy	1	3.3	3.3	3.3
Somewhat level of autonomy	20	66.7	66.7	70.0
High level of autonomy	9	30.0	30.0	100.0
Total	30	100.0	100.0	

b. Independent in choosing appropriate types of leadership

The table 4.4 shows that there are 63.3% of the respondents argued that somewhat level of autonomy in choosing the type of appropriate leadership for the NUM-PAI. The university

operates under the technical Ministry of Education Youth and Sport. So, the appropriate leadership is depending on the supervising Ministry.

Table 4.4: Independent in choosing the type of appropriate leadership

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low level of autonomy	2	6.7	6.7	6.7
Somewhat level of autonomy	19	63.3	63.3	70.0
High level of autonomy	9	30.0	30.0	100.0
Total	30	100.0	100.0	

c. Independent in developing strategic plan

The table 4.5 shows that the 66.7% of the respondents argued that NUM-PAI has high level of autonomy in developing its own strategic plan. However, 26.7% said that the developing strategic plan has to align with the strategy and policy of the government.

Table 4.5: Independent in developing strategic plan

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low level of autonomy	2	6.7	6.7	6.7
Somewhat level of autonomy	8	26.7	26.7	33.3
High level of autonomy	20	66.7	66.7	100.0
Total	30	100.0	100.0	

d. Independent in developing organizational structure

Table 4.6 shows the result of interviewing survey on independent in developing organizational structure. 63.3% of the respondents believe that NUM-PAI has high level of autonomy in developing its own organizational structure, however, 30% of the respondents argued that the level of autonomy in developing organizational structure is in somewhat because there some influencing from the Ministry of Education and Sport.

Table 4.6: Independent in developing organizational structure

?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low level of autonomy	2	6.7	6.7	6.7
	Somewhat level of autonomy	9	30.0	30.0	36.7
	High level of autonomy	19	63.3	63.3	100.0
	Total	30	100.0	100.0	?

e. Independent in developing any university policy

Table 4.7 shows the result of interviewing survey on independent in developing university policy. There is 46.7% of the respondents believe that NUM-PAI has high level of autonomy in developing its own university policy, however, 46.7% of the respondents argued that the level of autonomy in developing university policy is in somewhat because there also some influencing from the Ministry of Education and Sport.

Table 4.7: Independent in developing the university policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low level of autonomy	2	6.7	6.7	6.7
	Somewhat level of autonomy	14	46.7	46.7	53.3
	High level of autonomy	14	46.7	46.7	100.0
	Total	30	100.0	100.0	

4.4.4 Financial Autonomy of NUM-PAI

Based on literature review, we measure the question on how does NUM-PAI implement financial autonomy by five items using 3 Likert-scale (1 = low level of autonomy; 2 = somewhat level of autonomy; 3 = high level of autonomy). The result of these five items are shown below:

a. Accumulate financial resources and keep profits

Table 4.8 shows 53.3% of the respondents argued that the accumulated financial resources and profits is in somewhat level of autonomy and 43.3% is in high level of autonomy.

Table 4.8: Accumulated financial resource and keep profits

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low level of autonomy	1	3.3	3.3	3.3
Somewhat level of autonomy	16	53.3	53.3	56.7
High level of autonomy	13	43.3	43.3	100.0
Total	30	100.0	100.0	

b. Ownership of building and equipment

Table 4.9 shows that 46.7% of respondents argued NUM-PAI has high level of autonomy in ownership of the building and equipment, however, 33.3% argued that NUM-PAI has low level of autonomy in ownership of the building and equipment. They mention that NUM-PAI has high level of autonomy because NUM can use the building for operating university.

Table 4.9: Ownership of building and equipment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low level of autonomy	10	33.3	33.3	33.3
Somewhat level of autonomy	6	20.0	20.0	53.3
High level of autonomy	14	46.7	46.7	100.0
Total	30	100.0	100.0	

c. Ability to set tuition fees

Table 4.10 shows that 70.0% of respondents argued NUM-PAI has high level of autonomy in ability to set tuition fees, only 23.3% mention that NUM-PAI has somewhat level of autonomy in ability to set tuition fees. They said that even NUM implement public administrative institution, NUM has to adapt the government policy on providing opportunity for all potential students to study at the university.

Table 4.10: Ability to set tuition fees

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low level of autonomy	2	6.7	6.7	6.7
Somewhat level of autonomy	7	23.3	23.3	30.0
High level of autonomy	21	70.0	70.0	100.0
Total	30	100.0	100.0	

d. Ability to borrow money from different sources

Table 4.11 shows 76.7% of the respondents argued NUM-PAI has low level of autonomy in ability to borrow money from different sources. Only 23.3% said NUM-PAI has somewhat level of autonomy in the ability to borrow money from different sources.

Table 4.11: Ability to borrow money from different sources

	Frequency	Percent	Valid Percent	Cumulative Percent
Low level of autonomy	23	76.7	76.7	76.7
Valid Somewhat level of autonomy	7	23.3	23.3	100.0
Total	30	100.0	100.0	

Table 4.12 shows 60% of the respondents pointed that low level of autonomy in the ability to make the financial investment. There 30% of respondents argue in somewhat level of autonomy and only 3% in high level of autonomy in the ability to make the financial investment.

Table 4.12: Ability to make financial investment

	Frequency	Percent	Valid Percent	Cumulative Percent
Low level of autonomy	18	60.0	60.0	60.0
Valid Somewhat level of autonomy	9	30.0	30.0	90.0
High level of autonomy	3	10.0	10.0	100.0
Total	30	100.0	100.0	

4.4.5 Academic Autonomy of NUM-PAI

Based on literature review, we measure the question on how does NUM-PAI implement academic autonomy by five items using 3 Likert-scale (1 = low level of autonomy; 2 = somewhat level of autonomy; 3 = high level of autonomy). The result of these five items are shown below:

a. Ability to be free in terms of student admission

Table 4.13 shows that 83.3% of the respondents said NUM-PAI has high level of autonomy in the ability to be free in term of student admission. Only 16.7% argued that somewhat level of autonomy in the ability of NUM-PAI to be free in terms of student admission.

Table 4.13: Ability to be free in terms student admission

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat level of autonomy	5	16.7	16.7	16.7
	High level of autonomy	25	83.3	83.3	100.0
	Total	30	100.0	100.0	

b. Ability to develop and innovate curriculum

Table 4.14 shows that 80.0% of the respondents said NUM-PAI has high level of autonomy in the ability to develop and innovate curriculum. Only 20.0% argued somewhat level of autonomy in the ability to develop and innovate curriculum.

Table 4.14: Ability to develop and innovate curriculum

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat level of autonomy	6	20.0	20.0	20.0
	High level of autonomy	24	80.0	80.0	100.0
	Total	30	100.0	100.0	

c. Ability to operate all levels of the academic programs

Table 4.15 shows that 70.0% of the respondents said NUM-PAI has high level of autonomy in the ability to operate all levels of the academic programs and 30.0% argued somewhat level of autonomy in the ability to operate all levels of the academic programs.

Table 4.15: Ability to operate all levels of the academic programs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat level of autonomy	9	30.0	30.0	30.0
	High level of autonomy	21	70.0	70.0	100.0
	Total	30	100.0	100.0	

d. Ability to design teaching, learning, and research orientations

Table 4.16 shows that 66.7% of the respondents argued NUM-PAI has high level of autonomy in the ability to design teaching, learning and research orientations and 33.3% said somewhat level of autonomy in the ability to design teaching, learning, and research orientations.

Table 4.16: Ability to design teaching, learning, and research orientations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat level of autonomy	10	33.3	33.3	33.3
	High level of autonomy	20	66.7	66.7	100.0
	Total	30	100.0	100.0	

autonomy in the ability to promote research activities and publication and 33.3% said somewhat level of autonomy in the ability to promote research activities and publication.

Table 4.17: Ability to promote research activities and publication

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat level of autonomy	10	33.3	33.3	33.3
	High level of autonomy	20	66.7	66.7	100.0
	Total	30	100.0	100.0	

4.4.6 Staff Autonomy of NUM-PAI

Based on literature review, we measure the question on how does NUM-PAI implement staff autonomy by five items using 3 Likert-scale (1 = low level of autonomy; 2 = somewhat level of autonomy; 3 = high level of autonomy). The result of these five items are shown below:

a. Ability to recruit and select the qualified academic staff

The table 4.18 shows that 76.7% of the respondents said somewhat level of autonomy for NUM-PAI in the ability of recruit and select the qualified staff and 13% of the respondents mention high level of autonomy. They said that for contracting academic staff, NUM-PAI has high level of autonomy, however, the university has low level (10%) of autonomy for recruiting and selecting the full-time government staff.

Table 4.18: Ability to recruit and select the qualified academic staff

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low level of autonomy	3	10.0	10.0	10.0
Somewhat level of autonomy	23	76.7	76.7	86.7
High level of autonomy	4	13.3	13.3	100.0
Total	30	100.0	100.0	

b. Ability to appraise and develop academic staff

The result shows that most of the respondents, 56.7% argued that NUM-PAI has high level of autonomy in the ability to appraise and develop academic staff and 30% of the respondents said somewhat level of autonomy.

Table 4.19: Ability to appraise and develop academic staff

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low level of autonomy	4	13.3	13.3	13.3
Somewhat level of autonomy	9	30.0	30.0	43.3
High level of autonomy	17	56.7	56.7	100.0
Total	30	100.0	100.0	

c. Ability to manage overall salary and other benefits

According the results of interview survey, 36.7% argued that NUM-PAI has high level of autonomy, 46.7% mention somewhat level of autonomy, and 16.7% said that NUM-PAI has low level of autonomy in the ability to manage overall salary and other benefits.

Table 4.20: Ability to manage overall salary and other benefits

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low level of autonomy	5	16.7	16.7	16.7
Somewhat level of autonomy	14	46.7	46.7	63.3
High level of autonomy	11	36.7	36.7	100.0
Total	30	100.0	100.0	

d. Ability to promote professorship for the academic staff

Table 4.21 shows 46.7% of the respondents argued that low level of autonomy, 43.3% said somewhat level of autonomy, and 10% argue high level of autonomy for NUM-PAI in the ability to promote professorship for academic staff.

Table 4.21: Ability to promote professorship for the academic staff

	Frequency	Percent	Valid Percent	Cumulative Percent
Low level of autonomy	14	46.7	46.7	46.7
Somewhat level of autonomy	13	43.3	43.3	90.0
High level of autonomy	3	10.0	10.0	100.0
Total	30	100.0	100.0	

e. Ability to retain the qualified academic staff

The result shows 53.3% of the respondents said somewhat level of autonomy and 46.7% said high level of autonomy for NUM-PAI in the ability to retain qualified academic staff. However, it is depending on the ability of NUM to hire qualified staff in the competing salary.

Table 4.22: Ability to retain the qualified academic staff

	Frequency	Percent	Valid Percent	Cumulative Percent
Somewhat level of autonomy	16	53.3	53.3	53.3
High level of autonomy	14	46.7	46.7	100.0
Total	30	100.0	100.0	

4.5 Key Directions of NUM Towards Autonomous University

4.5.1 Strategic Introduction

In line with the Policy on Higher Education Vision 2030, the Policy on Higher Education Governance and Finance for Cambodia, and the Cambodian Higher Education Roadmap 2030 and Beyond. NUM Strategic Plan 2019-2023 was developed to reshape the university towards sustainability, that is, toward a new way of doing things effectively and efficiency in order to meet the needs of national and international markets. The mission of the university is “*to cultivate innovative leaders, managers,*

and entrepreneurs for society”, and the vision is “to be the leading research university for entrepreneurship and innovation”.

4.5.2 Strategic Directions

To be ready for transforming NUM into autonomous university and integrating NUM into global ranking university, the following high lights of four key strategic directions have been developed (NUM Strategic Plan 2019-2023):

Goal #1: To improve quality of education and services

Objective 1.1: To improve teaching and learning

- Improve quality of student enrollment
- Develop curriculum linkages with private and public sectors
- Introduce new teaching methodology
- Strengthen capacity academic staff
- Increase full-time academic staff
- Modernize classroom and labs
- Upgrade teaching technology

Objective 1.2: To improve quality of services

- Improve communication systems
- Modernize library
- Develop counseling services
- Promote soft skills
- Promote student socialization activities

Goal #2: To promote research and innovation

Objective 2.1: To promote research writing and publication

- Develop research structure and strategy
- Promote group research specialists
- Encourage research writing and publication
- Seek national and international funds for research
- Encourage student internship and thesis writing
- Promote professorship through research

Objective 2.2: To develop entrepreneurship and innovation

- Promote entrepreneurship activities
- Promote business model competition
- Encourage students to do research and innovation
- Develop specialized innovation labs

Goal #3: To internationalization

Objective 3.1: To promote regional and international collaboration

- Promote International Programs/College
- Develop joint degree programs
- Promote joint research with international university partners
- Promote mobility and exchange programs

Objective 3.2: To integrate NUM into global ranking university

- Promote cooperating network with high-ranking universities
- Attract foreign faculties to support the international programs
- Encourage faculties and students to participate in international conferences

Goal # 4: To improve good governance and financial sustainability

Objective 4.1: To improve good governance

- Create academic board and activate advisory board
- Strengthen management system
- Redefine roles and responsibilities
- Strengthen quality assurance
- Enhance faculty and staff welfare
- Promote social responsibility and green environment

Objective 4.2: To develop financial sustainability

- Improve financial management system
- Increase tuition fees for international programs
- Raise funds from national and international donors
- Develop partnership with financial institutions
- Create and promote alumni association

- Initiate and create business activities
- Establish NUM Satellite Campus for promoting new programs

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The main purpose of this study is to propose some guidelines for NUM to move forewords from NUM-PAI to the real autonomous university in the future. However, different countries employ different levels of autonomy in different areas of university operations. Particular settings of autonomy levels depend on cultural characteristics, higher education traditions, as well as broader policy goals and the perceived role of higher education in the economy. Despite these differences, however, available evidence indicates that universities cannot perform well if they do not benefit from autonomy. The university autonomy does not mean that a university is at complete liberty or totally independent from the state policy directives and intervention. It does not mean that the state no longer funds autonomous university. University autonomy does not mean that the accounts of autonomous university cannot be audited and performance of autonomous university cannot be evaluated by the state. In 1997, the Cambodian government introduced a Royal Degree on the Legal Status of Public Administrative Institution (PAI) to transform public agencies and institutions into autonomous institutions. The main objective is to reduce the financial burden on the government, to shorten budgetary processes of public HEIs, and to enhance the quality and relevance of higher education to meet the requirement of the labor market, and social and economic development. In 2005, NUM was receiving the legal status of the Public Administrative Institution which operating as financial autonomy under supervising of the Ministry of Economy and Finance and technical supervising by the Ministry of Education Youth and Sports. Almost 15 years of experiencing implementation of PAI, NUM has been growing very fast in terms of student enrollments, staff capacity improvement, physical infrastructure development, curriculum development and diversification, financial and management system, etc. However, NUM-PAI still faced many challenges in order to move to autonomous university in the future, such challenges as the level of autonomy in finance, human resource management, governing boards, leadership of the university, curriculum diversification, etc.

5.2 Recommendations

In order to transform NUM-PAI into autonomous university, the proposed nine recommendations and implications should be considered as follow:

- **Recommendation #1:** The leadership should be clear vision and strong commitment on the way to transform the university into autonomous university. This implication, the vision of change must be clear and share to all people who participate in the implementation of autonomous university. Change agent with selective good qualification and strong commitment should be created to coordinate and facilitate the implementation of the change vision and communication strategy must be developed to overcome all resistances to change.
- **Recommendation #2:** The governing boards should be considered to restructure from small of five members with government concentric to seven or nine members with more external stakeholders involve particularly the representatives from corporate industries. This is because of the university is specialized in business and management education, so representative from corporate industry is very useful to support and to add the value of university to achieve the change vision.
- **Recommendation #3:** Strategic plan 2019-2023 should be translated into real operative actions. The university has already developed strategic directions for transforming to “the leading research university in entrepreneurship and innovation,” that is the roadmap for walking toward autonomous university. Involvement of key people in the university is very important for supporting and developing commitment of implementation the change vision. Empowerment and commitment of resources should be provided to remove all obstacles in the transformation implementation and all resistances should be dealing with very appropriated methods.
- **Recommendation #4:** The organizational structure should be redesigned to align with the strategic change vision and the roles and responsibilities should be redefined to adapt the strategic directions. The functional allocations should be clear to all units and appropriate delegation should be highlighted for accountability. Productive teamwork should also be considered for all change projects in the implementation toward autonomous university.
- **Recommendation #5:** The management systems should be upgraded with advancement of technology to respond the change vision of the leading research university in entrepreneurship and innovation. Big data system should be invested in order to upgrade

management systems though systematically connecting and synchronizing all units in the university.

- **Recommendation #6:** The alternative sources of finance should be considered to support the university transformation and should not be based only on tuition fees. Government block grants should be requested through the supporting of the governing boards and other sources such as consultancy services, commercial services, alumni donations, scholarships, joint research projects, international aids, or bank loans if possible should be proposed in the strategic financial plan. This is creating the mindset of long-term self-sustainability.
- **Recommendation #7:** The university should be given more freedom in the investment of development projects and be able to leverage funds from some kinds of loan for supporting high quality project implementation. The university should also be given the right to own some buildings, equipment, and other physical facilities for increasing effective and efficient university operations.
- **Recommendation #8:** Quality of teaching and learning, research and innovation, and services must be accountable for protecting the vulnerable and disadvantaged section of the society. Outcome-Based Education (OBE) should be introduced and encouraged. Curriculum must be radically reformed and linked closely to the corporate industries. Teaching methodology must be upgraded with applying new technology. Triangle model of course design must be adapted with clear assessment criteria (rubric method). Modernize classrooms and specialized lab must be improved with clean and green environment.
- **Recommendation #9:** Strategic human resource development and management should be developed. The university must create human resource management unit to develop human resource strategy for recruiting, selecting, developing, appraising performance and retaining the qualified staff. Numbers of PhD academic staff should be increased in the form of full-time contracts, potential civil servant should be encouraged to pursue higher degree of PhD, capacity building for staff should be proactively planned, performance based and salary structure should be introduced to motivate academic staff, other benefits and work-life balance should be designed.

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