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Framework of Family Business Process Reengineering Success and Failure Factors

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Abstract: The study aimed to build a family framework to re-engineer family businesses' success and failure processes in the Kingdom of Saudi Arabia. Documentary methods are the techniques used to categorize, investigate, interpret and identify the limitations of physical sources, most commonly written documents, whether in the private or public domain (personal papers, commercial records, state archives, communications, or legislation). The data that will be examined is the data for the period 2021-2022. The data was obtained through observations and documentation. The study revealed that family businesses in the Kingdom of Saudi Arabia need to be restructured to keep pace with the Kingdom's vision 2030 and the requirements of the local and international capital markets for achieving tangible success in the business sector in Saudi Arabia.

Keywords: Process Reengineering; Failure Factors; Success Factors; Framework; Family Business

I. INTRODUCTION

One of the top priorities in the growth of global entrepreneurship is the family business. Make the case; for instance, those family businesses are a new subset of entrepreneurship that has developed through the years and is still forming. Family businesses make up most of the businesses we see today and are known to make up most enterprises in many different countries. According to earlier research, one family or other controls roughly 92% of the enterprises in the United States. Family enterprises are the most prevalent kind of company in the United States, according to Davis and Harveston (1998). They account for about 90% of all firms in the country, their significance cannot be overstated. They are evident in the development of wealth, economic expansion, and job opportunities. For instance, a survey said that family businesses produce 78% of all new jobs and around 59% of all U.S. jobs. According to research, family companies generate nearly 50% of the country's GDP. Given the progress and donations made by small businesses in recent years, this is a fantastic contribution anticipated to occur in most countries worldwide.

Since the early stages of economic development, families have been the backbone of society. The family company is essential to a country's economic growth and a powerful generator of jobs and tax revenue for all economies. Additionally, family firms have traits with small enterprises in that they are adaptable and agile, allowing for management or control by owner-managers who are often family members.

Family enterprises in Saudi Arabia generated 250 billion riyals ($66.7 billion) in total income or 12% of the country's GDP. The average worth of these businesses is about 22.5 billion riyals simultaneously. In contrast, 70 and 95 percent of the companies operating in the European Union nations are based there, accounting for around 70% of the region's gross domestic product. In

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comparison, there are about 20 million small businesses in the United States, accounting for 49% of total production. These ratios on the size of the national economy are national.

In Saudi Arabia, family enterprises play a crucial role in the economy since they account for 63% of all firms, employ thousands of people, and produce around 12% of the country's total output. In addition, they use more than 76% of the labor force, or over 269,000 people in the Kingdom, for a year. Some businesses fail and do not maintain their accomplishments despite this momentum and this significant contributor to the national economy. Why do you stumble? There are several causes, including the demise of the company's founder and the inability of the heirs to carry on, as well as the splintering of investments, the lack of a long-term strategic plan, family conflicts following the demise of the company's founder's management, the abdication of responsibility, the loss of capable family members to employment outside the business, and the weakness of the succession of generations. These and other factors contribute to success' downfall and eventual abolition.

To be regulated and dedicated to preventing the collapse of these firms in the case of the death of its founders or the presence of any disputes between them, companies must be converted into closed joint-stock companies and registered in the stock market. With assets over 500 billion riyals, family businesses account for around 70% of investments in the private sector, either via wholly-owned businesses or with majority shares. They also contribute approximately 60% of our national economy. The family business is going through a period of financial instability, competition, and the strengthening of its local and worldwide position due to the variance in the aims and visions of family members, their various orientations, and the level of their devotion to growth or not.

The challenge of reaching a consensus on expansions and obtaining knowledge from outside the family is brought on by family members holding prominent positions in family businesses without the essential competence and experience. However, other attributes, such as quick decision-making and the desire to take on the biggest challenge for the family's survival and future, enable it to go on, compete, and flourish. Family companies play a crucial role in helping the government and national transformation initiatives achieve the Kingdom's goal for 2030.

1.1 Research Problem

The Saudi ministries are moving quickly toward the future after the 2030 vision. The quality of life for Saudi nationals will improve thanks to several new restrictions. For businesses, these changes are coming quickly and with force. Any organization needs to have a vision and a mission to fulfill it, but in this case, they also need to be interested in a new goal that is just as important as their goal as an organization. Another poses a challenge to family-owned businesses, questioning how they would survive for second and third generations without considering personal gain.

This research aims to answer the following questions:
- What are the Success and Failure Factors of Family Businesses in Saudi Arabia?
- What is the Framework of Family Business Process Reengineering Success and Failure Factors?

1.2 Research Scope Management

The scope of the research is within the context of Saudi Arabia, which focuses on a case study of one Saudi family company.

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1.3 Importance of Research

Families conduct a substantial portion of Saudi business. Many of these enterprises are now run by the first or second generation. If we keep the industry alive, company lives will rise, and the unemployment rate will fall. Due to the fact that they operate in a governing sector that is unaffected by emotions, employment satisfaction will increase. The continuation of family ties won't impact or harm the company.

1.4 Research Objectives

The following points can summarize the aims of the research:

- Re-study each business model and revise the vision and mission.
- Re-building the company depends on the business model and strategy.
- Restructure the companies
- Setting a key performance indicator that turns on responsibility and authority
- Develop the supporting department in achieving the government's regulation
- Assets utilizations
- Increasing human capital efficiency
- Decreasing Expenses
- Transforming the cost center to the profit center
- Decreasing the tasks of the CEO makes him focus on his vision and mission
- Achieving government requirements

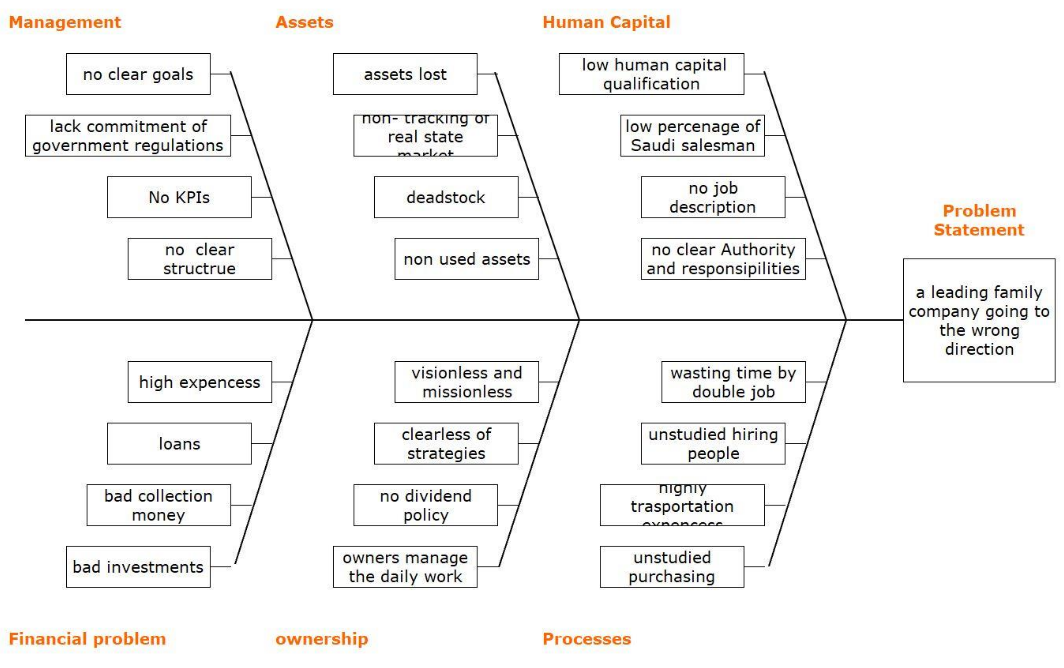

Figure 1: Fishbone diagram shows some problems on family company.

1.5 Expected Findings

The expected findings of this work can be summarized in the below points:

- Working smoothly under new regulations from the government.
- Optimize the expenses and profit of each company.

- Increase the efficiency of the supporting department.
- Precise the goals and increase the market share.
- A new structure for each company.

II. Background and Literature Review

Although it has ancient roots, the family company idea is now seen as an emerging area for entrepreneurial growth. In the past, children received knowledge and trade from their parents, and the branding in the lineage of the ancestors was carried on. Hoy claims that the family company is an emerging idea for the growth of entrepreneurship. The idea is even more in the spotlight in academia, where the emphasis is on the elements that support business processes for effective implementation and align with current expectations and problems.

2.1 Family Business

One of the top priorities in the growth of global entrepreneurship is the family business. Make the case; for instance, those family businesses are a new subset of entrepreneurship that has developed through the years and is still forming. The majority of the companies we see today are family firms, which have been recognized to make up the most significant proportion of businesses in many countries. According to earlier research, one family or another controls roughly 92% of the enterprises in the United States. Family enterprises are the most prevalent kind of company in the United States, according to Davis and Harveston (1998). As they account for about 90% of all firms in the country, their significance cannot be overstated. They are evident in the development of wealth, economic expansion, and job opportunities. For instance, a survey said that family businesses produce 78% of all new jobs and around 59% of all U.S. jobs. According to the research, family companies generate nearly 50% of the country's GDP. Given the progress and donations made by small businesses in recent years, this is a fantastic contribution anticipated to occur in most countries worldwide.

Family firms account for a significant share of the corporate sectors in most industrialized nations, including the USA, Japan, and other developed nations. More than 90% of active businesses are family-based, employing 60% of the labor force and producing 57% of the nation's gross domestic product. On average, eighty percent of these businesses had earnings of above 10 percent in 2018. In the United Kingdom, family firms account for 85% of all enterprises, generate approximately 25% of the GDP, and employ 50% of the workforce. Family enterprises make up 86 percent of the economy in China, contribute 41 percent to the GDP, and use 41 percent of the workforce. Families own between 70 and 95 percent of the European Union's businesses, which account for 70 percent of the country's gross domestic output (AlRebdim & Mohamad, 2021).

Family businesses in the Arab Middle East constitute up to 90 % of all companies, employ 80 % of the workforce, and contribute 60 % of the region's GDP (Samara, 2021).

Since the beginning of the economy, the family company has been a source of strength and influence. The family company is essential to a country's economic growth and a powerful generator of jobs and tax revenue for all economies. Additionally, family firms have traits with small enterprises in that they are adaptable and agile, making it possible for their owner-managers, mostly family members, to direct or maneuver them. However, discussing what makes up a family business is still in top gear. Therefore, the authors and researchers working in the field of family business haven't agreed on a single definition; hence there is a varied range of definitions used for family businesses. However, in the research domain of social sciences, some researchers have made efforts to reach a specific definition through different views on the definition of a family business (Lorna, 2010; Handler, 1990; Churchill & Hatten,1987). For example, Hoy proposed this "What is family business? People seem to understand the concept of the family business. Still, when asked to define it, they realize that there are a lot of complexities and factors associated with the term 'family businesses. Therefore, multiple situations can be used to define family business which is as follows:

- A business owned by a family but run by non-family managers
- A business owned by a large-scale, multinational corporation but run by a local family
- A business jointly owned by two unrelated partners, each of whom has a son in business" (Hoy,1997)

Another definition suggested by Lorna quotes, "Family business is the one whose management and control is passed from one generation to another" (Lorna, 2011). These definitions give an impression of family business models and, thus, how there can't be one definition. Handler proposed the meaning of a family business as a business run by at least one family member (Handler, 1990). According to Churchill & Hattena, "a family business is a founder-operated business with the anticipation that business will be passed from one generation to another" (Churchill & Hatten, 1987). In a more directional and precise manner, the family business is solely a business that is owned and managed by a family, either by the founder or any other of his child, mainly the eldest son. The literature was examined using a variety of frameworks and family business models to determine the theoretical and empirical applicability of earlier investigations. Lorna looked at the various family-owned successions and their effects. Her research offered a comprehensive model of diverse stakeholder consequences on company succession. Her conceptual approach emphasized the various factors influencing a business's succession plan. The elements might include people, organizations, families, and environments. However, her research had significant flaws, such as the assertion that these elements may have different effects on the succession process.

Additionally, some of these elements are not crucial in her study. As a result, they may not significantly impact how the family company is passed on. Second, the report solely discusses the succession procedures without emphasizing how these succession processes may impact family business continuity (Lorna, 2011).

Miller's studies examined intergenerational succession change and failure in the family business. The study argued that strategy, organization, government, and culture affect three significant succession patterns. These succession patterns can be considered conservative, rebellious and wavering successions (Miller, 2003). Hence the study opened the opportunity to study intergenerational succession. Although the study aimed to understand the succession and failure factors in a family business, there were two major issues and weaknesses. Firstly, it failed to cover the understanding of how intergenerational succession can bring about family business succession and continuity, and secondly, how the failure of the family business can be affected by succession.

There is another study conducted by Lam (2007) on the critical factors which determine the success and failure of the family business succession. The study suggested that two major factors affect family business succession. These factors are the father, the founder, and the son, the successor (Lam, 2007). However, the study did not cover external factors. For a successful family business succession and re-engineering, it is also important to include external factors. Otherwise, it will be considered an incomplete succession plan. Though both father and son are crucial factors for family business succession and continuity, the study could not be used to list all the factors necessary for re-engineering the family business.

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Castillo (2009) examined family business success factors and plans. He also offered a framework for an effective succession plan for family-owned businesses. His model discussed various factors such as relationships, creating and managing teams, leadership, and preparing successors. These factors influence the succession process more than the succession plan but affect the family business continuity (Castillo, 2009).

Kurakto (2004) also presented a very interesting family business model. In his model, he discussed the influence of environmental factors as the only key factor that affects the success and failure of the family business. For his study, he grouped the family members and non-family employees into two groups and then studied the succession processes and found that internal and external factors are the only key factors that affect succession in the family business (Kuratko, 2004). Even though this study provides the crucial factor, it seems to be limited and not very comprehensive to address the factors in detail.

If we sum up all these points, one thing consistent across all the models and research is that certain elements influence family business succession, which ultimately influences the firm's success and continuity—or failure—. Therefore, the current research highlights the critical variables that affect a family company's success or failure and how they affect the family business continuity. For a deeper knowledge of the family business models, numerous more viewpoints were looked at in order to gather more information on the family company re-engineering success factors.

For example, Hoy & Verser (1994) examined family business models in relation to the emerging entrepreneurship field, emerging business, and the family firm. For this, they reviewed the definition of the family business and then presented a broader definition of the family business (Hoy & Verser, 1994). Ramona, in another study, investigated the relationship between the family system and entrepreneurial behavior in the family business. Based on this, the study noted that the majority of the businesses today are all family businesses (Ramona 2008).

Scientists concur that this field has received little attention. Because of this, research into the variables that affect the success or failure of family companies moves slowly. More study in this area of research has been requested, nevertheless. For instance, leadership has been examined in connection to the performance of family businesses. In 1999, Matheew Moorree & Fialko investigated the relationship between family business and leadership. The parent leader and child successor in a shared leadership succession model were analyzed. The study of the succession process as the parent leader prepares the child leader for the family business succession benefited from the cognitive categorization of the founder and successor (Matthew, Moore & Fialko, 1999). The only limitation of this model is that it does not discuss the continuity of the family business.

Westhead (2003) proposed in a study exploring the internal and external environments as the influencing factors for family business success and decision-making processes. His study discussed the founder of the chief executive officer's retirement period and the successor that the CEO can prepare and nurture to succeed or manage and control the processes after him. His study further addressed the need for the plan by CEO for succession. This streamlines the techniques and also provides transparency while re-engineering things at business. He concluded that external factors determine the success of re-engineering in the family business (Westhead, 2003). However, like other studies, this one failed to address how succession and re-engineering factors could ensure the continuity of the business.

In a study conducted by Ting in 2009, he examined succession in the family business. The study noted the correlation between a family business and enterprise development. Even though the authors

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have been arguing about succession as one of the major problems and challenges of the family business in both practical and academic, this study successfully linked the factors of success and the continuity of the family business.

Ting examined that family businesses lead to the development of enterprises. He argued about it by saying, "The way to deal with a succession of the family business issues will be directly related to the continuing operations of the enterprises" (Ting, 2009). The study suggested that a succession plan should be supported by the team, who will be responsible for developing and training the successor.

Handler, in 1994, reviewed past studies on the factors influencing the success and failure of family businesses. Based on his review, he came up with five major issues in the family business, which are as follows:

1. Process of succession
2. Role and function of the founder
3. Point of view of the incoming generation
4. Critical and SWOT analysis
5. Characteristics of successful succession (Handler, 1994)

The only limitation of this study was that the issues related to succession and continuity were not discussed.

Sardeshmukh & Corbett 2011 examined the development of successors at the organization's internal and external levels according to the opportunity and recognition in the firm. It also investigated the correlation between success and opportunities in the family business according to entrepreneurial behavior. Different factors of the successor influence the re-engineering of the family business. These factors are as follows:

- Self-efficacy of the successor
- Education
- Work experience
- Perception about entrepreneurial opportunities (Sardeshmukh & Corbett, 2011)

The study concluded that the opportunities and successors are significant factors for re-engineering the family business processes and can be determinants of success and failure. However, the only limitation of the study was that it didn't discuss the success of the business in terms of continuity.

Jose studied the factors of re-engineering in the family business through succession processes. He studied the succession process in the Molson family business, where they adopted a longitudinal approach for identity verification and evaluation of important activities and techniques that have assisted in the successful succession and re-engineering of the family business (Jose, 2007). The study suggested that when the succession plan is effective, the conflict can be avoided for the process to re-engineer the factors for the success of the family business (Jose, 2007).

A study by Bocatto, Gispert & Rialp in 2010 examined family-owned businesses' re-engineering and succession factors. According to this study, the pre-performance of the successor influences the nomination and decision-making of family and non-family members. This study was conducted in Spanish firms. The study focused on the relationship between pre-performance, re-engineering, and succession factors. Using the resource-based view theories, a stepwise logistic regression with a bootstrap procedure, the study suggested that good pre-performance at the firm would increase the chances of selecting a successor, eventually making it easier to re-engineer the factors for success according to the new challenges and goals.

On the other hand, there are fewer chances of being a successor with a negative performance review. The study concluded that the performance would not affect the successor's nomination in the family-owned business. Still, the directive experience will affect the approach and perspectives in redesigning the factors for the organization's success (Bocatto, Gispert & Rialp, 2010).

In another review, Reay and Whetten (2011) contended on the central issues of what establishes a hypothetical commitment in family-owned company research. The study zeroed in on some of the significant parts of family-run company research that could offer more understanding. The review fought that many examinations in this space need strong and critical hypothetical commitments. They further contended that scientists in family-run company space ought to consistently give genuine thought to the promise of their paper exploration and afterward interface their examination question to the hypothetical gap. Despite the way this review introduced significant spaces of privately-owned companies, the space of progression and what it means for privately-run company coherence is fairly immaculate (Reay and Whetten, 2011).

Lorna (2011) has affirmed that family-run company congruity is a significant region in a progression that should not be ignored since it provides a considerable extent of work in countless countries. The absence of genuine progression in the family-owned company has turned into the worst thing about family-owned company coherence. On this note, this paper centers around how obvious progression could prompt family-owned company congruity.

2.2 Motivation to Join the Family Business

Motivation to participate in family business is essential. Business owners should motivate their family members on the importance of various business operations (Pornprawee, 2021). According to Gagne et al. (2019), most family businesses are inherited by goal-oriented family members. The family members are motivated to increase productivity and allow the organization to achieve more revenue. The heirs also have significant tendencies to handle the family business. Again, the heirs are more committed to putting their best effort into the family business. The study also shows that motivated heirs have improved customer satisfaction (Gagne et al., 2019).

2.3 Challenges of Family Business Succession

Alhashim and Khan (2021) noticed that family-owned businesses had various challenges, such as finding the right people from outside the family, succession, customer satisfaction, financial issues, and government regulation. Nawah Healthcare company remarked that being in a senior leadership position in a leading healthcare enterprise was challenging. However, the main challenge was to strike a balance between family and work. Another challenge was the ability to manage the company while growing at a fast pace, especially the leadership aspect.

Family businesses may be more resilient to economic crises due to the willingness to support the business with family savings and family resources; however, the preference to not use external financing for a financial crisis can sometimes lead to loss of growth opportunities, which can be detrimental to the business's future performance (Amanquah, 2021).

Dettori and Floris (2022) found that pruning the family tree helps manage intragenerational and intergenerational conflicts, highlighting that managing emotions is a driver to ensure a family firm's success. Pruning is a helpful tool for managing emotions and conflicts between family members, mainly from conflicts of interest between active and passive siblings and family members.

2.4 Succession planning in the family business

It is evident through research that various factors can cause resistance to the plan to transfer responsibility to the heir in the family business. These factors can be classified into a few types: related to the founder, family-related, and workers-related factors (AlRebdi, & Mohamad, 2021).

- Factors related to the founder: The founder appears to have severe psychological resistance to planning for retirement, and the most prominent types of factors that appear in the individual are fear of death and his aversion to relinquishing power, also his feeling of losing his justification and his bias against planning and his failure to choose among his children and finally his feeling of jealousy and competition.
- Family-related factors: Other factors emerge from the resistance to planning to transfer responsibility to the heir. There is, for example, the wife's resistance to change. She sees her husband's retirement losing many of the important roles she used to enjoy in and around the company from social matters.
- Factors related to the workers and the environment surrounding the company: Due to the transfer of responsibility from the organization, employees may experience a loss of job security, which might obstruct the transition. Senior executives close to the founder believe that the new management may bring about significant changes in the business that could threaten their position and authority there and that clients and suppliers outside the business might not want to have confidence in the new owner. The founder believes these things are reflected in the new management.

2.5 Family firms' innovativeness

Cesaroni et al. (2021) revealed that family firms' innovativeness might evolve from founder to successor through four processes (see Figure 1): it may remain "as is" through a preservation process or may change by decline, transformation, or consolidation. Exploring these evolution processes, we noted that the occurrence of one dynamic rather than the other was influenced by the founder and successor's approach to innovation.

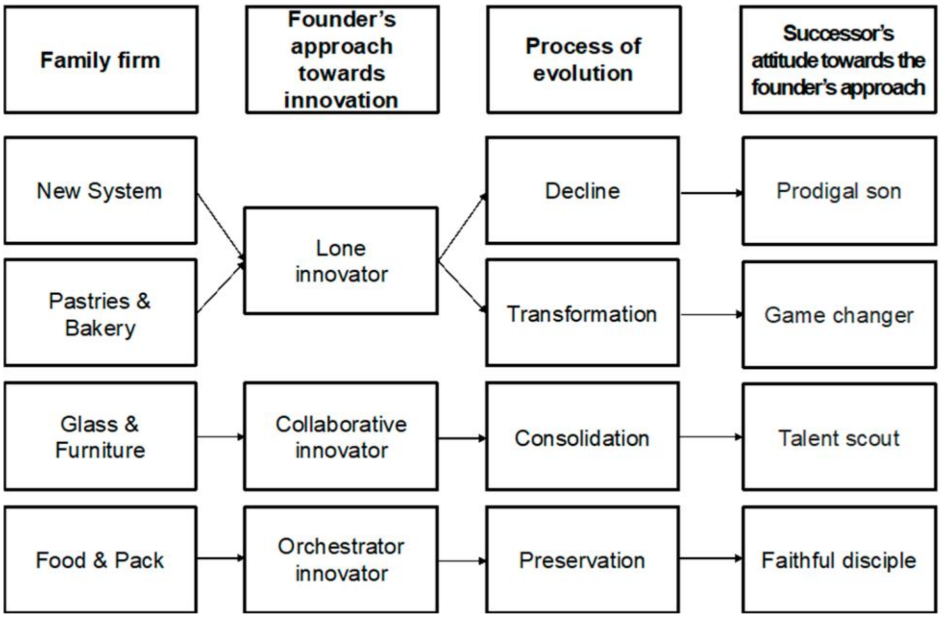

Figure 2: of the family firm's innovativeness from the first to the second generation (Cesaroni et al., 2021, 11) The evolution

2.6 Family Business: Evidence from Saudi Arabia

The family business represents a significant percentage of Saudi businesses. Nowadays, many of these businesses lead by the second or first generation. The company's lives will increase if we save the industry; the unemployment rate will also decrease. Employment satisfaction will increase because they work in a governance business unaffected by emotions. Family bonding will continue without effect or affect the business.

In Saudi Arabia, family-owned businesses play an essential role in economic development. Saudi Arabia has many family-owned businesses representing 51% of total employment in the country and contributing revenue of 232.5 billion Saudi riyals (Alhashim & Khan, 2021).

Ramady and Sohail (2010) indicated that family businesses could play both a positive and potentially negative role in the Saudi Arabian economy. They are the backbone of the current private sector-driven national economy diversification. They account for the lion's share in employment and the number of companies in operation.

Jolly Sahni and Al-Assaf, (2017) concluded that most of the family-owned business interviewed has expanded their business into other branches related to business in the medical, real estate, finance, tourism, and marketing field, and few are focused on the field of customer services. We may infer from the results that most family companies adhere to and uphold the same ideals of honesty, integrity, and strong dedication. This seems to be their ingrained success philosophy for the family-owned company under investigation, which they use daily to retain the firm's competitive edge and survival.

The challenge of reaching a consensus on expansions and obtaining knowledge from outside the family is brought on by family members holding prominent positions in family businesses without the essential competence and experience. The ability to make decisions quickly and the will to take on the major task for the family's survival and continuance are some of its strengths, on the other

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hand, which enable it to continue, compete, and flourish. Family companies play a crucial role in helping the government and national transformation initiatives achieve the Kingdom's goal for 2030.

III. RESEARCH AND ANALYSIS

3.1.1 Company information

The head office of the company is located in Jeddah. It has several activities such as stores of over 100 branches, maintenance centers of over 30 units, Real estate, Property Management, castings factory, schools, and selling software. The legal status of the company as a limited liability company.

Ownership: A person owns more than 50% of the company's ownership, and the rest of his family holds the rest of the shares in simple percentages that do not exceed 5% per person. They depend on ownership, the biggest owner leading the companies on a trusting base without a proper structure, task, policies, or procedures.

Organization structure: There is an organizational structure, but it is not used properly, and the winner is the one who has the strongest relationship with the big owner.

3.1.2 Vision, Mission, and Goals

The company does not have any vision, mission, specific goals, or strategy for growth and study of market challenges.

3.1.3 Responsibility and authority indicators

The authority is related to the relationship with the biggest owner and there are no specific responsibilities or tasks directed to a person or department except sales.

3.1.4 Achieving governments regulation.

The company's response is feeble to all regulations. The investigation is carried out at the minimum level and without the presence of competencies.

3.1.5 Efficiency of the collecting department

The efficiency of the collecting department is weak due to the presence of many bad debts, as well as money that has not been collected from the market for a long time.

3.1.6 Portfolio Management

Portfolio management is widely used in different areas and mainly relates to managing financial assets through various strategies. The aim is to help investors or other interests to maximize the revenue collected but with minimum risk throughout the process. Poor portfolio management is directly related to low payments collected with increased risks. Therefore, investors or portfolio managers should conduct proper portfolio management to increase the chances of collecting large revenues and operating in risk-free business environments. Modern portfolio management theory states that when designing a portfolio, the ratio of every asset has to be chosen, and then the selected ratios should be combined carefully in the portfolio to generate maximum revenue at minimum risk (Alruwaitee, 2021)

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There is no investment portfolio for the company owners, which makes it difficult to benefit from the profits. It makes those profits subjected to loss or poor utilization in expanding new investment projects.

Assets utilization: There is a weakness in Assets utilization and recycling of the company's assets due to the weak efficiency of the staff.

3.1.7 Human capital efficiency

There is a significant weakness in human capital efficiency, and recruitment is not based on certificates and experiences but on Cronyism and trust.

3.1.8 Decreasing Expenses

The company needs to manage the expenses, reduce those expenses, and restructure those expenses workforce by distributing tasks until the redundant employees are dismissed.

3.1.9 Cost/Profit Efficiency

The company has a good operating profit, but the operational costs are high due to poor management.

3.1.10 CEO Characteristics

CEO is Passionate/adventurous/evasive / believes every word, and trusts every person.

3.1.11 Market shares' current situation

Listing on the stock market means that the company's business becomes a matter of public. Depending on the capital market authority or other legal requirements may be required to satisfy investors and shareholders and to promote the image of the company. The company's share price is related to the expectations of the outside shareholders.

Most companies that undertake IPOs have good performance. Investors tend to be overly optimistic and to focus excessively on information from the companies regarding higher returns and higher profits, with the expectation to begin to gain the initial returns (I.R.s) and ignore the company's constitution and the disclosed public information (Yousif et al., 2018).

Comparative laws allow people's companies (solidarity, simple recommendation) to become joint stock companies. The possibility of turning these companies into joint-stock companies entails a fundamental change in the partner's legal status, as his liability will be limited to the number of shares he owns after his responsibility is personal and non-personal. It is limited for the partners in the simple company and is a joint liability for the general partners for all the company's obligations (Al-Khalidi, 2016).

The company is private and has not been listed in the stock market, despite the diversity of its activities and branches and the high volume of its capital. One of the development goals is to organize and then initial public offering (IPO).

3.1.12 Dividend policy

There is no clear policy for distributing the company's profits to the owners, but the primary owner can choose the dividend due to his big shares.

3.1.13.1 Control environmental pollution

The company has no control over environmental pollution.

3.1.13.2 Workforce Nationalization

The workforce is localized at a minimum salary, and workers are hired without high professional qualifications or experience.

3.1.13.3 Empowering Women in Business & Management

There is no empowerment of women in business and management.

3.1.13.4 Corporate Social Responsibility

The company has no policies, plans, or programs concerned with Corporate Social Responsibility.

3.2 Lean and Six Sigma

Lean is a purposeful strategy for lowering or eliminating tasks that hinder the success of the process. It eliminates inefficient workflow processes and only executes those that provide value. The Lean technique guarantees customer satisfaction and great quality. It makes it simpler to decrease inventory levels, hasten the delivery of products or services, and minimize or eliminate the chance of defect production. Since it uses an illimitable method of garbage disposal, it encourages a continual cycle of innovation. Any process may minimize waste by using the five lean concepts stated below:

1. Define value: Customers decide if a good or service is worth their money. Consequently, the first step is to determine who the main clients are. What the customer value is a question that must be considered. Lea? n what the consumers are looking for in the products and services offered by the company. Determine the valuation, enabling merit, and non-value-added processes for the operations.

2. Value stream mapping: The steps of an item or service's process are shown on the value stream diagram. The value stream mapping aids in the identification and elimination of NVA activities. Through this, a company can steadily cut down on process delays and improve the final item or service quality.

3. Flow creation: By establishing a continuous flow system when manufacturing goods or rendering services, a company may create a flow to the client. The process will be optimized by the flow to provide maximum process effectiveness.

4. Pull establishment: By surpassing the system's deadline, develop a pull strategy. The beat time is the rate at which an item must be produced to meet customer demand. The JIT (Just in time) approach makes the Pull system operate more efficiently. This guarantees that the process will keep going as planned. Furthermore, it helps lower inventory levels.

5. Continuous improvement: To meet the always-changing demands of the customers, a company must consistently work to enhance its current corporate practices. As a result, waste and flaws in free gifts are eliminated, and top-notch customer service is guaranteed.

A data-based approach to issue solving is called Six Sigma. Customer satisfaction is prioritized above process modifications, even though they are the primary focus. This approach seeks to improve procedures while reducing mistakes continually. A structured approach to issue resolution is Six Sigma. DMAIC is a problem-solving strategy used in Six Sigma (Phanden *et al.*, 2022; Kumar *et al*., 2023).

A data-driven, evidence-based improvement approach called Lean Six Sigma prioritizes fault avoidance above defect diagnosis. Companies get a competitive advantage by reducing volatility, waste, and throughput times, as well as by encouraging the use of statistical process control and flow. This also improves client happiness and financial performance. Every employee needs to participate in it since it is relevant whenever there is a waste. The methods of Lean and Six Sigma are combined in lean six sigma. Process waste may be reduced or even eliminated using lean concepts. A crucial part of Six Sigma is lowering process variance. Utilizing the principles of Lean Six Sigma, the procedure is subsequently made more efficient and of a high standard. The following are the three essential components:

- Customers: After using the product or service, a customer's whole outlook is altered. Customers now have access to additional information and options. They would expect assistance throughout their product experience and want the best at the best prices. This requires using the core Lean Six Sigma methodology, which takes an outside-in perspective on organizational operations.

- Processes: The business process's value chain must be built using an outside-in approach. Customers won't be charged for inefficiencies like rework, modifications, or waste; instead, they will only be charged for the products. Lean Six Sigma assists businesses in consistently delivering high-quality output and enhancing the value chain to ensure that clients get the finest products within the anticipated time frames.

- According to Peter Drucker, "culture eats strategy for breakfast." Events may veer toward the status of a clear plan for business process transformation that is not developed from the bottom up. Lean Six Sigma has to be ingrained into the organizational culture for all stakeholders to speak the same language and act on the advice given.

3.3 Governance:

Governance is a set of rules that manage the work process in the company.

Policies: setting a policy is one of the most important things to make fairness between employers. No one can pass it without authority.

Procedures: how each step can move in the company. How long must I take this step?

Authority: it must match the responsibilities assigned to the employee.

IV. RESULTS AND DISCUSSION

4.1 Results

The transformation to a holding company structure.

4.2 Discussion

A holding company provides significant benefits when there is no need to withdraw huge amounts of assets quickly and when those assets are used to grow businesses or are invested in growing asset value. (Defalla, et al., 2021). The company's division into companies requires the presence of a holding company that supervises the subsidiaries.

The company must study the conditions of listing in the Saudi stock market and international stock markets, design a plan for listing in those markets, and try the requirements and conditions of the local stock market and international stock exchanges by structuring the company's capital, increasing the financial position, and transforming the company from a family form to a shared form.

The company must design a portfolio and manage an investment portfolio that organizes the untapped surplus of profits. The proposed board of directors manages this portfolio, and participation in the investment portfolio is optional with the approval of the company's owners.

Board of directors the composition of the board of directors does influence corporate performance. Other factors, for example, a tenure-diverse board of directors, show significantly higher CEO performance-turnover sensitivity (Al-Adeem, & Al-Sogair, 2019).

The company does not have a specific board of directors, making it difficult to control its inputs, operations, and outputs. Therefore, an effective board of directors must be built to be appointed by the company's owners to make the most of its resources and monitor its operations and activities.

The board of directors sets the vision and the message, where the company's owners agree to the vision, and the board makes the appropriate structure for the company of directors. It selects competent employees by developing measuring tools for these employees. The General Assembly shall approve the profits proposed to be distributed and the date of distribution, and the eligibility for profits, whether cash profits or bonus shares, shall be for the owners of shares registered in the company's records at the end of trading on the day of the General Assembly meeting. The decision to announce the distribution of profits shall be a separate topic on the agenda of the ordinary general assembly of shareholders.

The dividend distribution amount shall be determined upon the recommendation of the Board of Directors when the initial distribution of the company's net profits for the preceding year or quarter is approved. The company informs shareholders of the procedures for distributing profits by publishing this information on the Capital Market Authority (Tadawul) website and the company's website.

The company's consolidated net profits, after deducting all general expenses, other costs, and provisions, including Sharia zakat and other provisions and reserves, shall be distributed to the shareholders as follows:

- (10%) The net profits shall be set aside to form a statutory reserve, and the association may discontinue this deduction when the said reserve reaches half of the capital.

- Upon the proposal of the Board of Directors, the Ordinary General Assembly may set aside a certain percentage of the net profits to form a consensual reserve and allocate it for a specific purpose or purposes.

- The rest will then be distributed as a down payment to shareholders equivalent to at least (5%) of the paid-up capital, either in cash or free shares, in case the General Assembly and the competent authorities approve it.

After the above, a percentage not exceeding (10%) of the remainder shall be allocated to reimburse the members of the Board of Directors, taking into account the regulations and instructions issued by the Ministry of Commerce in this regard, and the remainder is then distributed to shareholders as an additional share in the profits.

The key motive of any company is to get as good business results as possible. When searching for the best solutions for the future of their company, managers have at their disposal, among others, decisions on the company's status change. Decisions to be made by senior management on merger, consolidation, or split-up of their companies most definitely represent managerial options that can improve the business performance of the company for whose management they are responsible (Filipović, 2017)

The company under study has many activities, and the diversity of activities makes it difficult to control its operations and achieve the required returns. Therefore, the limited liability company must be divided into a group of companies so that each company specializes in a particular activity, for example, a real estate company, an education company, a company for products, and so on.

4.3 Framework of Re-engineering:

After diagnosing the case of the Saudi family company under study, I present a proposed scenario to re-engineer the factors of success and failure through mechanisms:

4.3.1 Establishment of the Nomination and Remuneration Committee

The task of the main committee is to nominate members of the board of directors according to the needs of the company or office

Also, making a system of rewards for members, and these reward criteria must be linked to the goals to be reached. The reward must be remunerative in order to attract distinguished people from the market. It must be related to the company's strategic goals. It must take into account the rights of shareholders in profits. You must take into account the continuity of the company.

4.3.2 Create an investment portfolio

An investment portfolio is an investment tool for the surplus of the family's money after distribution. Each individual's need for the distribution of funds is different, so there is justice. The distribution will be feasible for everyone, and whoever has surplus funds will re-run them in the investment portfolio. The portfolio will have a management method, fees, and professional people in management.

4.3.3 Establishment of the endowment company

A non-profit legal entity that aims to spend on those who waste their money from the family, and the spending is on the basics (education, housing, food...). It is separated from the family companies in the event of separation between family members and failure to adhere to the family pact. The family's financial conditions vary, so there will be an entity such as a line of defense to protect the family from poverty after wealth.

4.3.4 Establishment of the legal department:

The establishment of the legal department aims to:

1. Protecting the family from companies and vice versa.

2. Follow up on everything related to contracts, investments, activities, and their legality.

4.3.5 Establishment of the investment department:

The objective of establishing the investment department is:

1. Follow up on investments and companies.

2. Presenting the proposal to the Board of Directors to raise the investment in a company, reduce the investment, or liquidate it

3. Develop plans and notes on the invested companies

4.3.6 Develop the human resources of the family

The human resources of the family are developed through the:

1. Attracting talent

2. Prioritizing family competencies over external competencies

3. Setting criteria for employment and exit

4. Strengthening the relationship between employees and the family office

4.3.7 Establishment of corporate boards of directors

The objective of establishing corporate boards of directors is:

- Drawing up strategic plans for the company

- Follow up on the implementation of strategic plans

- Choosing the right CEO

- Corporate Structure Design

Follow up on the company's work and monitor the company's standard deviation from the plan.

4.3.8 Creating a family council

It is a council made up of several individuals (3 of whom are independent) and the rest of the family to follow up on this plan and make sure that it adheres to the family charter and the system and suits the needs of the family.

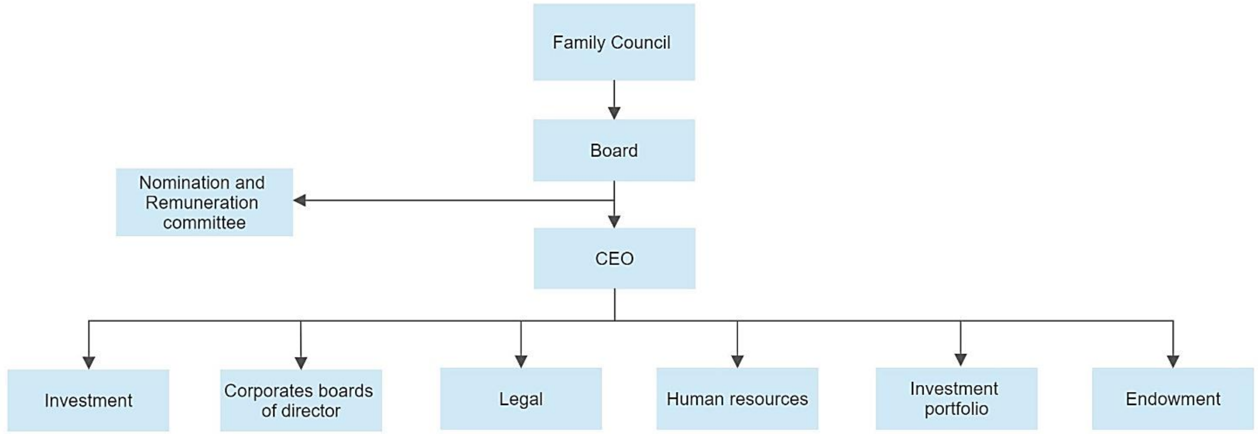

Figure 3: Organization structure of the family office

Figure 4: Family office flowchart.

V. CONCLUSIONS, RECOMMENDATIONS & LIMITATIONS

5.1 Conclusions

Every case is different and must be evaluated separately, and there is no easy way to recommend any way to run their business or assets. It seems that family businesses in the Kingdom of Saudi Arabia need to be restructured to keep pace with the requirements of the Kingdom's vision 2030 and the requirements of the local and international capital markets.

The first thing that anyone should do when thinking about the development of Saudi family businesses is to study the factors of failure and try to remedy those factors. The second thing is to search for success factors and maximize those factors for these family businesses to have continuity.

The third-generation stage of the family business is the most vulnerable stage in the company's growth to collapse due to the increase in the number of partners and the difference in opinions in the company's management, and a large number of internal conflicts at this stage, which led the governments of countries to establish family business governance, especially the Kingdom of Saudi Arabia. In addition to the International Finance Corporation of the World Bank, it has established controls and rules that must be observed to help sustain and sustain family businesses due to the impact of the country's economy.

The investment portfolio is a necessity for the continuity of family businesses in the Kingdom of Saudi Arabia, as it is built through surplus profits for family members, provided that this is done optionally, and this will enhance investment opportunities for the family business and expand in future projects that strengthen the financial position of the company.

5.2 Recommendations

1. Working on documenting the rights of women partners and giving them the right to see the progress of the company's business, the estimated and actual budget, and other expenses and revenues.

2. The principles of governance and the separation of ownership from management lead to improving the organizational performance in Saudi family companies. Thus their success and continuity, and applying the principles of governance, accountability, disclosure, and transparency, help the success and continuity of Saudi family companies.

3. The future of these companies must remain in the hands of the members of the family itself. There should be no external interference except for positive interventions that do not harm the interests of the family and its members, nor the interests of the company itself, its continuity, its activity, its business, its profits, and its growth, and this interference only takes place when there is a threat to the future of these companies.

4. The relationship between the family they own the companies, which is responsible for managing these companies, must be determined in a way that reduces problems and manages sources of conflicts, which will raise the contribution of these companies to the Saudi national economy.

5. Listing the shares of companies on the stock exchange means: finding a real and fair daily value for the shares of these companies, which facilitates the process of transferring ownership, whether in terms of (pricing of shares) or terms of (legal and ownership transfer procedures) in force in the capital market, when necessary, this will avoid family businesses from many of the

problems and disputes that may arise from the transfer of ownership shares between family members.

5.3 Research Limitations:

1. The current study is a case study of only one of the family businesses in the Kingdom of Saudi Arabia. Therefore I suggest conducting other future studies that deal with other cases of family businesses in the Kingdom of Saudi Arabia in order to gain a broader understanding of the factors of failure and success that affect the continuity of family businesses in the Kingdom of Saudi Arabia.

2. The current study did not address all the success and failure factors required by the Kingdom of Saudi Arabia's vision and the local and global stock market requirements. Accordingly, I suggest conducting other studies dealing with the factors of success and failure that affect the continuity of family businesses in the Kingdom of Saudi Arabia so that these studies include more and more in-depth factors.

3. Finally, this research did not explicitly analyze the impact of the COVID-19 pandemic on the continuity of family businesses in Saudi Arabia, which is a devastating effect. Therefore, I suggest conducting future research dealing with the impact of the Corona pandemic on the continuity of family businesses as one of the most important factors of failure and how to face this pandemic.

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