

Theorising on Arab Family Businesses

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Abstract The article identifies the distinct characteristics of family businesses in the Arab world and argues that management practice of *Arab family businesses (AFB)* differs significantly from previous testaments of international family business practices. It is also explained that constructs like *Namus, Wasta, Diwan* and *Asabiyyah* are vital to distinguish between international understanding of family businesses and Arab family businesses.

The differentiating factors of Arab clans are precisely the ones that provide competitive advantages and security from competitive pressures. Concepts of knowledge reservoir, social networking and emotional and symbolic capital have significant influence on family business practice in the Arab world. The main contribution of this article is to develop propositions as a way to both simplify and clarify the key constructs (*Namus, Wasta, Diwan and Asabiyyah*) in a middle range theory (Arab family business) with the approach of modelling-as-theorising and to define *Arab family business*.

Keywords Family business • Arab culture • Networking • Namus • Wasta • Diwan • Asabiyyah

1 Introduction

Family business studies have been a fruitful extravaganza in the last 20 years. The majority of the businesses operating globally resemble the family business type (Debicki et al. 2009; La Porta et al. 1999). The family business sector is dominant in the Arab world and MENA (Middle East and North Africa). According to Ernst and Young (2015) studies, more than 90% of businesses in MENA are family businesses, 65% are first and second generation, but less than 20% have established formal rules like a family constitution, and less than 30% have a formal family council. There are roughly 5000 family firms in the Middle East owned by medium to large families, with net assets up to USD 600 billion. These companies constitute

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75% of the private sector economy and employ 70% of the labour force, while 48% of the families account for more than 60% of the wealth in Arab Gulf region (Pearl Initiative and PwC 2012).

There is a higher dominance of family firms in the MENA region vis-à-vis other regions. Two key factors contribute to their growth and subsequent power in the region: (1) a cultural preference and (2) solid political connections (Al Masah 2011). The latest trends, though, suggest that there is a decline in the influence of family businesses in the region, and in addition there is a shift from 100% family ownership to mixed modes and IPOs. Competition, globalisation, the World Trade Organization and cyclicity in economy are the main reasons for the change. In fact, this could lead to changes in the traditional family business governance (Arabic Knowledge@Wharton 2010).

There used to be a lack of family business studies in the Arab world, but in recent years, with the emergence of Perle Institute, Tharawat Family Business Forum, Hawkamah Institute, Family Business Associations (Dubai and Bahrain), intense participation of Global Consulting Agents (Ernst & Young and KPMG) and Wharton Global Family Alliance (University of Pennsylvania, USA), there has been a growing body of knowledge on family business and Arab culture. Additionally, contributions like Weir and Hutchings (2005) on cultural embeddedness, Hutchings and Weir (2006a, b) on *Wasta* and networking, respectively, Weir (2005, 2008) on *Diwan* and Mohamed and Hamdy (2008) and Cunningham and Sarayrah (1993) on *Wasta* and reflections on cultural studies with characteristics of the Arab and Islamic thought (Metcalf 2006; Ali 1995, 1999, 2005; Dodd 1973; Izraeli 1997; Lalonde 2013; Kabasakal and Bodur 2002) are of great importance.

There is a widespread “popular” understanding on what a family business is. It is commonly assumed family businesses are only composed of family members. However, Tagiuri and Davis (1996) define it in a very detailed and a different way. They refer to family business as comprised of:

- Ownership
- Business
- Family

They state that before this three circles model, business owners, thinkers and members of a family thought that the most important factor of family businesses was the business itself, but Tagiuri and Davis (1996) proposed an extended explanation to family businesses, and it is not only limited to family members as family businesses also comprise nonfamily members. The ownership and family factors were usually ignored before this three circle model. There has been academic controversy about the definition of family businesses, but the publishing of the three circles model emphasised the strengths and weaknesses of the three systems.

This diffusion on the definitional side of family business is studied by Chua et al. (1999), who reviewed 250 papers in the family business literature. They identified three qualifying combinations of ownership and management: (A) *family owned and family managed*, (B) *family owned but not family managed* and (C) *family*

managed but not family owned. There is a general consensus on qualifying the type A combination as a family business, but there are pending disputes with regard to the other two. They argue that theoretical definitions have to follow an “inclusive” rather than “exclusive” rationale. Conclusively, they suggest the following definition adopted here: “The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by the 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”.

Management in the Arab world has been criticised as being autocratic, informal and favouring family members. It is very common in the Anglo-Saxon community to view the world from the westernised perspective, impairing the ability to understand the structures in different religions and cultures. Needless to say, there is a growing pressure on Arab corporations and family businesses to adapt to westernised models. Henceforth, our claim is that the differentiating factors of Arab clans are precisely the ones that provide competitive advantages and security from competitive pressures and make family businesses in the region long-lasting and prosperous.

This study identifies the distinct characteristics of family businesses in the Arab world and argues that the management practices of Arab family businesses differ significantly from previous testaments of international family business practices. It is also explained that concepts like *Namus*, *Wasta*, *Diwan* and *Asabiyyah* are vital to distinguish between international understanding of family business and Arab family business.

In this article we conceptualise and define the Arab family business based on the following suppositions:

- *Namus* is the heritage and organisational identity of unique familiness in Arab family businesses.
- *Wasta* is the immediate network for influencing business decisions and preserving family business unity.
- *Diwan* is the unique governance and knowledge transfer process in Arab family businesses.
- *Asabiyyah* is the bonding power among the members of Arab family business and the cause of solidarity.

2 Literature Review: Theories Reflecting on Family Business and Arab World

There are some interesting notions in the Arab culture that are associated with family and family businesses, but there is no universal recognition of such terms in business life and family business literature. Arab family businesses need further conceptualisation and operationalisation towards a unified paradigm.

Hutchings and Weir (2006b) recognise a strong association between Arab culture and Islam, and they suggest three (3) factors that are core components in Arab countries' business and society: (1) global philosophy of Islam, (2) assumption of good practice of Islam and (3) that Muslim society is networked. Welsch and Raven (2004, 2006) identify four Arab derivatives (influences) common in Arab societies: (a) influence of religion, (b) influence of family, (c) influence of nationality and (d) influence of culture.

To the present day, the peoples of the Middle East remain famous for their loyal attachment to their families, distinctive rituals of hospitality and conflict mediation and effective and flexible kin-based communities, such as the lineage and the tribe. According to Lalonde (2013), there are three main roots of Arab culture. Firstly, a strong family orientation with inclination to patriarchy and loyalty to family members is of cardinal importance. Secondly, the Bedouin ethos that advocates group solidarity, generosity and hospitality proves to be essential as well. Thirdly, it is an absolute necessity to possess a strong sense of family relations and loyalty, coupled with clan honour.

Introducing social constructs like *Namus*, *Wasta*, *Diwan* and *Asabiyyah*, that are central to the organisation of Arab family business, can help us to understand the Arab family business better.

2.1 Family Identity, Familiness and the Namus Context (Family Essence)

Habbershon and Williams (1999) describe family business resources as the *familiness* of the firm. It is the bundle of resources and capabilities that are distinctive to a firm as a result of family involvement. Cabrera-Suarez et al. (2001) consider that a high degree of family members' commitment, dedication, common family responsibility, customers' trust and perceptions of quality, a special technology or commercial know-how can lead to a competitive advantage.

Habbershon et al. (2003) identify family business as a family business social system that is comprised of three subsystems: (A) the *controlling family unit* representing the history, traditions and life cycle of the family, (B) *the business entity* representing the strategies and structures utilised to generate wealth, and (C) *the individual family members* representing the interests, skills and life stage of the family owners/managers. The system must have a function that is identifiable and positive and cannot be generated by the subsystems; systemic interaction must create synergy and "unsystemic aggregation". Therefore, *familiness* is a characteristic that evolves in family firms due to the confluence of the three subsystems, and it can lead to competitive advantage, if it is "unique, inseparable and synergistic" and becomes a hard-to-duplicate capability (Nordqvist 2005; Habbershon et al. 2003).

According to Zahra et al. (2004), it is the multiplicity of the variables that influence the family business culture and makes it distinct and difficult to imitate. The family firm's culture is an important strategic resource and can give a strategic advantage which is difficult for rivals to imitate. Another variable that is also unique and difficult to copy or imitate is the *family identity*. This concept includes both internal and external benefits and is assumed to be one of the three dimensions of familiarity (organisational identity, essence, components). "Many family firms also realise that capitalising on their family firm status may be a way to build a distinct corporate brand" (Zellweger et al. 2010a). Organisation identity sheds light on interesting concepts for our study including family firm image, family pride, community social ties and long-term orientation of family businesses (Zellweger et al. 2010b).

2.1.1 *Namus* Context and Arab Family Business Identity

Namus is the Arabic word for a concept of an ethical category, a virtue, in Middle Eastern patriarchal character. *Namus* in Arabic may mean "law", "custom" or "honour" and in Greek "νόμος" (νόμος) means "law, custom". Literally translated as "virtue", it is now more popularly used in a strong gender-specific context of relations within a family described in terms of honour, attention, respect/respectability and modesty (Sevan 2010). We treat *Namus* as an extension of the English word Name, but we incorporate the full essence of the name. Although almost always translated as "honour" when rendered in English, Meeker (1976) considers it a "sexual honour" and a "symbolic attribute" of a patrilineage. For King (2008) *Namus* can be "a symbolic attribute of a larger group as well, but in such instances patriliney is retained conceptually and metaphorically".

Ird can be translated as honour, good repute or heritage process, which is a "controlling value, legitimating the family structure and the "modesty code" required for both men and women". *Ird* has the following characteristics: (1) It is a secular value and not a religious one. (2) It is related to both individuals and groups. (3) There is an enforcement system of *Ird* within the family. (4) Once lost, it is difficult to regain. (5) *Ird* of a family can be raised or lowered. (6) *Ird* is a matter of reputation even more than of fact (Dodd 1973).

The other term that is used for honour is *Sharaf* which represents a collective attribute that can be gained or lost, but represents family and tribal honour. *Sharaf* is central in Arab culture and is closely related to dignity (*karama*) which "precludes submission to others" (Lalonde 2013). Also, this is connected to a social unit such as tribe or family and signifies social status characterised by pride and dignity that comes along with good reputation. In reference to the tribe or family, the group acts within a mind-set of responsibility or co-liability (Cinthio and Ericsson 2006).

We delineate *Namus* as a common sense link of family values and heritage, and it can be recognised not only as a *distinct familiness* (Habbershon and Williams 1999) concept but as a *family image concept* (Zellweger et al. 2010b) as well. An individual's identity, decision and social reputation are profoundly influenced by his or her kin group. *Namus* (*Ird* and *Sharaf*, total influence) constitutes the symbolic capital of Arab family business that must be preserved and increased, horizontally (keeping family and kin ties) and vertically (within family generations). The identity of the family firm's owner is inextricably tied to the organisation that usually carries the family's name. Due to this strong association of family business with family name and due to possible public condemnation that could be emotionally devastating for family members, family businesses take particular care of their positive family image and reputation. This inadvertently causes the lines between family and corporation to be rather blurred, inevitably causing emotions to permeate the organisational structures (Berrone et al. 2012).

Proposition 1 *Namus is the unique and distinct family image and organisation identity construct of Arab family business.*

Proposition 2 *Namus is the unique and distinct symbolic and emotional capital of Arab family business.*

2.2 *Networking: Social Capital and Wasta Context (Nexus of Strong and Weak Ties)*

According to Johannisson (1998), all human beings are social animals, which means that everyone has a personal and social network. A person's self-image determines which connections are established, and the person's identity is shaped by her/his network. Jarillo (1988) recognises four types of networks and organising activities: classic market, bureaucracy, clan and strategic networks. This is an extension of the ideas of Williamson (1975) that recognises three such modes of networks and/or governance: markets, hybrids and hierarchies. Hybrids in the world of family business can be seen as kinships alternative.

Anchrol (1997) summarises five forms of business organisations: vertical integrated functional organisation, multidivisional form, matrix, network organisation and collateral organisation. He states that "all organizations are internal networks, and all organizations participate in external exchange networks" and suggests four types of such networks: internal market networks, vertical market networks, intermarket and opportunity networks. In such social exchange process, key characteristics of particular importance are *trust* and *social norms* (solidarity, mutuality, flexibility, role integrity, harmonisation of conflict).

Borgatti and Foster (2003) posit that “a network is a set of actors connected by a set of ties”. The actors can be persons, teams, organisations, concepts, etc. Hence, they recognise the importance of the networks as social capital and view it as “value of connections”.

Kogut and Zander (2000) view networks as “capabilities of coordination among firms”. It is exactly those capabilities that can be considered the knowledge of the firm and are of certain economic value and a source of competitive advantage. Chell and Baines (2000) suggest that “networking theory when linked with ‘social embeddedness’ creates a ‘glue’ -named ‘trust’- that without it, networking activity would not be possible”. Companies will network with *strong tie* (family and friends) or *weak tie* (socioeconomic hierarchy) partners in search for support (Granovetter 1985). Social embeddedness refers to the relationship between the actor’s economic behaviour and the social context in which it occurs (Le Breton-Miller and Miller 2009). According to Hoang and Antoncic (2003), in order to work with such networks, we need to understand further (A) the network content, (B) the network governance and (C) the network structure.

2.2.1 Wasta Context and Arab Family Businesses

Wasta is an Arabic word that means “the use of social connections to obtain benefits that otherwise would not be provided” (Mohamed and Hamdy 2008). *Wasta* is also a form of networking which translates to “connections (or pull)” force. Doing business in the Arab world “is to establish relationship first, build connections, and only then actually come to the heart of the intended business at a later meeting” (Hutchings and Weir 2006b).

The *Wasta* social network—that includes family and kin—is central to the transmission of knowledge and the creation of opportunity (Weir and Hutchings 2005). The power of *Wasta* overrides “established laws and traditions”, and this creates conflicts and challenges for established international business practices (Hutchings and Weir 2006a). *Wasta* can also be viewed as a mediation and consultative power and refers to both the act and the person who mediates or intercedes (Hutchings and Weir 2006b). *Wasta* is an institution and has been a part of Arab society since its creation. Its tribal origins focused its intermediary role that was associated with prevention of retaliation on interpersonal or intergroup conflict (Al-Ramahi 2008). According to Cunningham and Sarayrah (1993:190), “the *Wasta* paradox includes a psychic haven amidst the chaos of social change, providing individuals a sense of belonging to a social entity that provides unconditional acceptance, and assistance to the novice in solving problems that are commonplace to someone more experienced”.

Preexisting “bonds of trust” facilitate cooperative ventures among family members by attenuating problems of common ownership supervision and profit-sharing kinship substitutes for markets, also with regard to insurance and credit (Kuran 2011:48). Whiteoak et al. (2006) introduce a variable called the “utility of *Wasta*”, defined as the degree to which an individual perceives a person’s success as being

related to its ability to utilise connections with people, who are both able and prepared to change the course of natural events on that person's behalf. For Izraeli (1997) family, loyalty is the foundation of *Wasta*.

Proposition 3 *Wasta is the unique and distinct social and family network of Arab family business.*

2.3 Knowledge Reservoir, Decision Governance and the Diwan Context (Locus of Knowledge)

According to Nonaka et al. (2000), knowledge is “a dynamic human process of justifying personal belief toward the ‘truth’”. There are two types of knowledge: explicit and implicit (tacit). Explicit can be expressed in formal and systematic language and shared in the form of data, scientific formula, specifications and manuals. Tacit knowledge is highly personal and hard to formalise. It is also context specific. Argote et al. (2003) suggest that knowledge creation occurs when new knowledge is generated in organisations. Knowledge retention involves embedding knowledge in a repository so that it exhibits some persistence over time. Knowledge transfer is evident when experience acquired in one unit affects another; these outcomes are related. Walsh and Ungson (1991) argue that the context of knowledge retention within an organisation includes individuals, structures, organisational culture and the physical structure of the workplace, and by extension these also mediate knowledge transfer.

Argote and Ingram (2000) conceptualise the “knowledge reservoir” that is embedded in the three basic elements of organisations—members, tools and tasks—and the various subnetworks formed by combining or crossing the basic elements. The “human components” of organisations are the members. Tools, including both hardware and software, are the technological components. Tasks reflect the organisation's goals, intentions and purposes. “Embedding knowledge in the sub-networks that involve people minimizes the likelihood of transfer to external organizations because knowledge in these reservoirs is least likely to fit other contexts” (*ibid*).

According to Zander and Kogut (1995), firms are social communities which use their relational structure and shared coding schemes to enhance the transfer and communication of new skills and capabilities. To replicate new knowledge in the absence of a social community is difficult. Argote and Ingram (2000) agree with that and suggest that social relationships matter for knowledge creation, retention and transfer.

The difficulty on the transfer of tacit knowledge has been recognised. Knowledge that is tacit has broad implications for understanding the difficulty of imitating and diffusing individual skills (Kogut and Zander 1992). Cabrera-Suarez et al. (2001), however, suggest that tacit knowledge embedded in the founder is a strategic asset that a family firm can develop and transfer more effectively than a

nonfamily firm. The reason is that in the case of a family business, there is a special relationship between successor and predecessor that reaches beyond enterprise and includes personal and family matters. On the other hand, *Ba* (context-knowledge place) as a shared context of knowledge creation needs a physical context (Nonaka et al. 2000).

2.3.1 Diwan (Majlis) Context and Arab Family Businesses

Diwan is the room, group of rooms or area which mediates between the household and the community. Therefore it is both a locus and medium of the communication of the occupant's status and character (Nagy 1998). Family meetings—which often include not only family but friends—mostly take place in the *Diwan*. The *Diwan* is a social gathering place organised for accommodating family meetings with the leadership of the Shaykh (head of family). The *Diwan* can thus signify a couch, a room, the holder of an office of state, a place, an organisation and a style of decision-making. It can also be a historical account or a mode of literacy production. Its multiplicities and connotations are understood by practically everyone in the Arab and Islamic worlds and by practically no one outside of this milieu (Weir 2008).

“The *Diwan* is a place of decision as well as of social intercourse. In the *Diwan*, decisions are the outcome of processes of information exchange, practiced listening, questioning and the interpretation and confirmation of informal as well as formal meanings. Decisions of the *Diwan* are enacted by the senior people, but they are owned by all” (Weir 2005). The formalities of social, family and political life are strictly preserved even in managerial settings. Thus, it is impossible to undertake any kind of meeting in an Arab organisation without the ubiquitous coffee or tea rituals, but the most significant cultural practices are those associated with the *Diwan*. To understand *Diwan* is to penetrate to the heart of why decision-making is fundamentally a different social process from that which occurs in Western organisations (Weir 2008). We assume that most of the knowledge preserved in the family is created, exchanged and transferred within the formal and informal gatherings of *Diwan*.

Al-Naser (2001) considers *Diwan* as central to family life and communication, a court for the exchange of ideas and information and a centre for knowledge. The *diwaniah* served as the centre of social discourse and as a centre for entertainment and recreation for young and old alike. The gathering of the men (or the women) bonded the individual, the family and society as one. Sharing and imparting knowledge to younger members of the *diwaniah* and passing on the understanding of the social order were all responsibilities of the learned and experienced elders.

The mobility of the *knowledge reservoir*, as vertical (within generations) and horizontal (among family and kin) vehicles of knowledge, should be the main root of sustainable competitive advantage. *Diwan* should be central in such a process in Arab clans. The retention of the *knowledge reservoir* should be

explained due to accumulation and multiplication over generations, vertically and horizontally.

Proposition 4 *Diwan is the unique and distinct knowledge reservoir construct of Arab family business.*

2.4 Altruism, Kinship and the Asabiyyah Context (Collective Conscience)

Kinships play an important role in family businesses either as networks or social bonds. Peredo (2003) argues that in family firms, those networks are primarily recognised as kinships. There are three types of kin-based networked enterprises: (A) *blood and marriage* kin-based business, (B) *spiritual* kin-based business and (C) *community*-based enterprises. Each one of these kinship networks operates under two economic logics: the markets and the kinships. Keesing (1975) defines kinships as “biological relationships, culturally defined”. Karra et al. (2006) suggest that “the logic of the family can be transferred beyond family and near kin in order to build a quasi-family based on distant kinship and ethnic ties”. Moreover, they suggest that altruistic behaviour need not be confined to family and close kin but may extend through networks of distant kin and ethnic ties. The assumption of these authors is that individuals, households and firms are rational actors seeking to maximise their economic utility. More specifically, a key assumption in the family business literature is that in addition to economic goals, families may have non-economic goals such as providing employment for family members and building family cohesion.

Gierer (2001) has identified three levels of altruistic behaviour: the kinship, the reciprocal and the empathic. Kinship altruism surges for cooperation that extends towards individuals sharing, whether they are genetically related or not. Reciprocal altruism’s cooperation is reducing one’s fitness, but compensated by reciprocal cooperation with the partner leading to an increase of one’s fitness later.

It is obvious that altruism among relatives and cooperation based on expectations of reciprocity are strong motives in human society. Empathic altruism is the capability of feeling vicariously the needs of others and of sharing emotions of suffering and joy and anxiety and hope.

2.4.1 Asabiyyah Context and Arab Family Businesses

Gierer (2001) identifies in the work of Arab-Muslim historian Ibn Khaldun the basis of altruistic behaviour in the means of *Asabiyyah*, as group solidarity. According to

Ibn Khaldun, it arises naturally in groups of common ancestry, but is extendable to groups with social ties beyond common descent, including clients and allies in larger political units. The word *Asabiyyah* is a derivative from the Arabic root *asab* which means “to bind” people in groups. *Usbatun* and *Isabatun* are also derivatives of the same root, which means a group (*majmuah*). The term *Asabiyyah* being an Arabic word cannot be exactly and adequately translated into English, but the closest connotations for the term used are mainly “solidarity”, “group cohesion” and “group feeling” (Qadir 2013).

Baali (1988) recognises *Asabiyyah* as one of the most significant concepts in Ibn Khaldun’s work and as the most important factor in the development of society. It is derived from the Arabic root *asab* (to bind), i.e. to bind the individuals into a group (*asabun*, *usbatun* or *isabatun*). The term *Asabiyyah* has been translated as “esprit de corps”, “partisanship”, “famille”, “parti”, “tribal consciousness”, “blood relationship”, “tribal spirit”, “tribal loyalty”, “vitality”, “feeling of unity”, “group adhesion”, “groupdom”, “sense of solidarity”, “group mind”, “collective consciousness”, “group feeling”, “group solidarity”, “feeling of solidarity” and “social solidarity”.

Baali (1988) in Ibn Khaldun’s social system finds two types of social life: the nomadic (*badawa* or Bedouin) and sedentary (*hadara* or urban dwellers). Hourani (2013) understands Ibn Khaldun’s concept of *Asabiyyah*, as “a corporate spirit oriented towards obtaining and keeping power”. *Asabiyyah* or clannism is a force that informs the patriarchal family order that still underpins the structure of power in many Arab societies. Despite the overlay of modern systems of government and administration, *Asabiyyah* has proved a remarkably persistent phenomenon.

Rosenthal (1967) in the translation of Ibn Khaldun work at Al Muqaddimah signifies *Asabiyyah* as a “group feeling”. However, in Ibn Khaldun’s mind, the term appears to have been associated with the related words *isbah* and “Qur’anic *’usbah*”, both meaning “group” in a more general sense. The group with which a human being feels most closely connected is primarily that of his relatives, the people with whom he shares a common descent. But as a feeling and a state of mind, the *Asabiyyah* can also be shared by people not related to each other by blood ties but by long and close contact as members of a group.

Baali (1988) finds that *Asabiyyah* is identical with Durkheim’s *collective conscience*. Durkheim (1965) believed that religion provided a social solidarity, a cohesion, a “oneness”; it unites members of society together, hence maintaining the society itself. Malesevic (2015) recognised two forms of solidarity: the mechanical and the organic.

Proposition 5 *Asabiyyah* is the distinct bonding power among the members of Arab family business and the cause of solidarity.

3 An Arab Family Business Conceptualization

Being familiarised with the constructs of *Namus*, *Wasta*, *Diwan* and *Asabiyyah*, it is rather safe to suggest a hypothesis on the definition of Arab family businesses. The main contribution of this definition is to differentiate from the family business ownership triad and set the cultural context that is in operation. Additionally, the definition provides conceptual clarity, inclusiveness, but still requires some evolution in order to be fully operational. There are no common grounds of Arab culture. Our study has focused in the Gulf Cooperation Region, since the Arab profile shows greater similarities, but our assumption is that it could work and extend further on to the majority of Arab population.

Arab family business is the nexus of kin-based relationships and entrepreneurial images or networks. Its *raison d'être* is to create value for the family embedded in the social context, preserve family loyalty, spread the sense of belongingness to all and enhance the family image in the social setting. The value could be monetary or non-monetary or both. Its governance is communicated within the traditional setting of *Diwan*, decisions are enacted by senior people but they are owned by all and knowledge is implicitly transferred horizontally and vertically over the generations. The structure of Arab family business is shaped from the hierarchical traditions and the influence of *Wasta* (networks) and *Asabiyyah* (social solidarity). Family members have to contribute to the added value of *Namus* (family essence) and the unique family identity (Fig. 1).

Palaiologos and Al-Ajimi (2017) examined this definition in the MENA societies. The outcome supports our definitional constituency. Along with other research of same authors, the last 3 years confirm that family business members feel more confident with the Arab family business definition above, when it is compared to the definition of Chua et al. (1999). Additionally, *Namus*, *Wasta*, *Diwan* and *Asabiyyah* have been identified as critical in the process of Arab family business (Table 1).

Fig. 1 Arab family business conceptualization

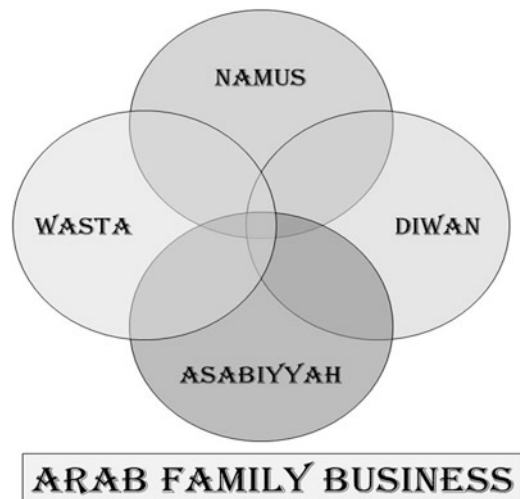


Table 1 The functions of Arab family business

Namus Function	Wasta		Diwan		Asabiyah	
	Reference	Function	Reference	Function	Reference	Function
Family identity (essence)	Zellweger et al. (2010a), Micelotta and Raynard (2011)	Networking	Hutchings and Weir (2006a), Weir (2008), Granovetter (1983)	Knowledge reservoir	Argote and Ingram (2000), Al-Naser (2001)	Tribal group cohesion Barakat (1993:52), Baali (1988:45)
Family image	Zellweger et al. (2010b)	Social embeddedness	Weir (2005), Granovetter (1985)	Knowledge transfer	Weir and Hutchings (2005)	Social solidarity Baali (1988:43), Rosenthal (1967:851), Malesevic (2015)
Prestige—competitive honour	Stewart (1994:59)	Cultural distinctiveness	Smith et al. (2012)	Hierarchy	Weir (2008)	Altruism Karra et al. (2006), Gierer (2001)
Worth—subjectified honour	Stewart (1994:15)	Trust	Kuran (2011:48)	Decision	Weir (2008)	Collective consciousness Durkheim (1965:97)
Personal honour	Stewart (1994:145), King (2008)	Mediation	Cunningham and Sarayrah (1993), Al-Ramahi (2008)	Information exchange	Weir (2005)	Group feeling Rosenthal (1967:851)
Sharaf (dignity)—ver-tical honour	Stewart (1994:148), Lalonde (2013)	Intercession	Cunningham and Sarayrah (1993)	Locus of communication	Nagy (1998)	Kinship Peredo (2003), King-Irani (2004)
Ird—hori-zontal honour	Stewart (1994:148), Meeker (1976)	Social-emotional capital	Berrone et al. (2012)	Socialisation—social institution	Al-Naser (2001), Redman (2014)	Clannism Hourani (2013)
Honour	Dodd (1973), Stewart (1994)	Informal institution	Brandstaetter (2011)	Consultation	Weir (2008)	Altruism Gierer (2001), Karra et al. (2006)

4 Conclusion

Familiness is a useful concept, which explains the distinctiveness of a family business. It can only be recognised as a valuable resource that under some certain environmental conditions can lead to optimal family business performance but could not a priori be seen as creating competitive advantage. In this project we explained it along with *Namus* but in light of more organisational, emotional and symbolic constituencies.

Furthermore, the accumulated knowledge of business family matters within the family network (internal and external) is a potential variable of competitive advantage. Context specific and spatial dimensions of knowledge are shared from all in *Diwan*. Family businesses seize their impact in society and enforce their power via a nexus of kinships and preferential networks—the *Wasta*—and social bonds based on altruism, the *Asabiyyah*.

There are other societies, though, that have similar social processes to *Wasta* like that of *Guanxi* in China (Hutchings and Weir 2006a), *Blat* in Russia (Peng and Luo 2000); to *Asabiyyah* for Persians, Jews, Assyrians, Greeks, Romans, Turks and Berbers (Baali 1988); to *Majlis* in India and Kurdistan (Meeker 1976); to *Namus* like *Ubuntu* in Africa (Hearn et al. 2016); and *Teme* in Greece (Stewart 1994:58). But we cannot identify a single situation in which all our four constructs fit. It is the multiplicity of the variables that influences the family business culture and makes it distinct and difficult to imitate (Zahra et al. 2004). The viability of family businesses across generations is secured, when *Namus*, *Wasta*, *Diwan* and *Asabiyyah* constructs are optimised.

The main contribution of this article is to develop propositions as a way to both simplify and clarify the key constructs (*Namus*, *Wasta*, *Diwan*, *Asabiyyah*) in a middle range theory (Arab family business) with the approach of modelling-as-theorising (Reay and Whetten 2011) and to define *Arab family business*. Further research is recommended to identify the functions of the constructs and relevant measurements. Moreover, it will be interesting to see how those traditional constructs respond in the eyes of modernity, globalisation and its analogy in small and medium enterprises (SMEs), multinationals (MNEs) and public companies.

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