

Exploring the Nature of Human Resource Management Practices at Family Businesses in Palestine

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Abstract

This article provides substantial and current information on HRM knowledge and practices in Palestine and particularly explore the nature of HRM practices at family businesses within Palestinian context.

The population consisted of all Palestinian family businesses employ 50 employees and above. Data was collected by means of a written questionnaire sent to all Palestinian family firms.

Questionnaires were distributed and interviews were conducted with managers including HR managers.

Findings show that family firms are far away from applying HRM practices and some family firms apply it partially and sporadically. The study leads to a better understanding of family firms in Palestine.

Recommendations to the owners and managers of family businesses to change the attitudes and values of family firm's management staff through organization development sessions and techniques to devote more effort for human resources by applying human resource management practices.

Key words: Human resource management practices; Family businesses

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INTRODUCTION

Much of the literature relating to human resource management has attempted to demonstrate that human factor is the most valued asset in any organization, as one of the important aims of HRM is to add massive value to the delivery of goods and services, along with the increased level of quality of the work life for employees (Analoui, 2008). No organization can accomplish its objectives without the presence of competent personnel; in this context Ulrich (1997), state that the most enduring and the most difficult thing to achieve is gaining competitive edge from the improved organizational capability of people.

In the West, large companies have revolutionized their approach to the training and development and other HR practices in order to maximize their competitive advantage through their personnel.

Palestine as an emerging “state” with the absence of natural resources, human factor becomes the only mean for economic and social development. Recent studies which are rare comes to the conclusion that different local organizations in general and family businesses in particular are far away from implementing HRM practices and thus should be studied as a separate case (Jabari, 2009; Jabari, 2010)

In this emerging “State” family business considered the backbone of domestic economy due to social, political and cultural dimensions. Therefore, this study achieves twofold goals: First, to describe the HRM practices at family businesses in Palestine to try to fill the gap in this field. Also, to study the family businesses as a separate unique case.

As very little is known about HRM practices within the small- to medium-size business (SME) and even less is known about the practice within a family business in Palestine. Therefore this study comes to identify HRM practices within the family firms employing more than 50 employees in Palestine and to explore its nature.

(1) Research Questions

This study is intended to answer the following three questions:

- a. What is the level of implementing Human Resources and specifically with regard to recruitment, selection, training, performance appraisal, compensation, promotion, and health and social care at Palestinian family establishments employing more than 50 workers?
- b. Do family members enjoy more and better HR practices than non-family members?
- c. Is there any difference in the level of HRM practices between family firms employing less than 100 workers but more than 50 (medium sized) and those employing more than 100 workers (large sized)?

(2) Research Objectives and Significance

The goals of this study are to explore the reality of Human Resource Management Practices (HRMPs) at family businesses working in Palestine and to suggest recommendations for its improvement.

Besides, there are a number of reasons for this study, which can contribute to management research and literature. First, the economy of Palestine is growing, making it imperative for scholars and practitioners to understand HRM practices and challenges in Palestine. Second, it is essential to determine whether HRM practices and policies developed in the West also hold in a non-Western country. Third, from a practical perspective, the study draws management attention to the fact that there is a need to develop HRM practices that can enhance the effectiveness and sustainability of businesses in Palestine. Finally, Family businesses comprise the backbone of the Palestinian economy and this study is important for further improvements in this important sector. Therefore, the present study is of significant value for practitioners and scholars alike.

(3) Definition of Terms

a. Human Resource Management Practices (HRM practices): In this research Human Resource Management Practices used to refer to the, recruitment, selection, training, compensation, performance appraisal, promotion and health and social care practices at Palestinian family establishments employing more than 50 workers?

b. Family businesses: all firms which owned and managed by family members.

c. Size of family businesses: by firm size, the researcher denotes to the number of employees working in an organization and in this research all firms that employing above fifty will be included.

d. Scope and Limitations:

The researcher noticed the following limitations:-

a. Due to the closure of Gaza Strip and East Jerusalem the study is limited to West Bank only.

b. The study limited to those establishments employing 50 employees and above, establishments that have less

than 50 employees are excluded.

1. THEORETICAL BACKGROUND

1.1 Definition of Human Resource Management

Different writers have developed diverse, yet complementary definitions of Human Resource Management. For instance, Gary Dessler define Human Resource Management as “the process of acquiring, training, appraising, and compensating employees, and attending to their labor relations, health and safety, and fairness concerns” (Dessler, 2005).

In a broader sense, John Storey suggests that human resource management is a “distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques” (Storey, 2004).

A more pragmatic definition given by Schermerhorn (2001) is that “HRM is the process of attracting, developing and maintaining a talented and energetic workforce to support organizational mission, objectives and strategies”.

1.2 The Practice of HRM in Developing Countries

Studies have identified several HRM practices, challenges and prospects faced by HR managers in the developing countries. For example, in a study entitled “The reality of practices of HRM functions in large Jordanian public and private sector”, Abu Doleh and Salhieh (2005) study the activities of Human resource planning, job analysis, staffing, training and development, performance appraisal, compensation and reward system at Jordanian establishments, results revealed that the above practices were applied at a minimum level at both public and private sectors.

A study by El-Kot G and, Leat M (2007) shows that HRM practices are traditional, not systemized and affected by cultural context of Egypt.

Anakwe (2002) in a study of HRM practices in Nigeria found that traditional HRM functions, such as training and development, recruitment and selection, performance appraisal, among others, are practiced by HR professionals. Also, social issues of tribalism and corruption are some of the challenges identified that need to be addressed in Nigeria (Okpara and Pamela, 2008)

In another study by Ghebregiorgis and Karsten (2006), they found that the concept and knowledge of HRM practices, such as training, recruitment, compensation, performance appraisal and reward systems, are practiced in Eritrea.

In Mozambique, a survey by Webster and Wood revealed little evidence of leading edge human resource practices and continued reliance of many firms on

low-paid and low-skilled workers and on autocratic paternalism (Webster and Wood, 2005).

It is clear that there is a considerable mix in the ways in which HR practices are used, some HRM functions such as recruitment and selection were used more than any other practice (Cassell et al., 2002).

Also it is clear that the HR practices that developed in Western countries don't necessarily held in developing countries, here, (Hofstede, 1980) has questioned the transferability of Western management techniques to non-Western societies.

1.3 The Practice of HRM and its Context in Palestine

As a geographic term, Palestine can refer to "ancient Palestine," an area that today includes "Israel" and the "Palestinian territories", as well as parts of Jordan, Lebanon and Syria. According to Palestinian estimates, the population in the Palestinian Territories stands at 3.8 million.

The Palestinian infrastructure is mediocre, compared to the Israeli. Over the 16 years of autonomy, there has been some growth in the Palestinian industry, motivated by optimism for the future, but this has been halted by lack of funds, heavy unemployment which revolve around 25% and uncertainty about what Palestine is coming to. The Palestinian areas try to expand beyond agriculture, small scale service and industry establishments arise, and recently the Palestinian government announced an economic growth of 8% in 2010.

Little is known about human resource management processes within the Middle East region in general and Palestine in particular (Jabari, 2009). In Palestine there are lack studies demonstrating the effectiveness of HRM practices.

Even though it is believed that some aspects of management theories developed in the West may apply to the Palestinian context and many other practices are contingent upon contextual circumstances. (Jabari, 2010).

In this context Tayeb denoted that HRM practices and policies are not entirely an internal organizational matter "There are various factors outside the formal boundary of an organization, which influence HRM: national culture, government policies, industrial relations' rules and regulations, are examples of factors, which have direct or indirect bearing on an organization's HRM." Tayeb (1998, p. 335-6)

Thus HRM policies are designed in relation to the socio-cultural context within which organizations operate and include the national culture, ideology, economic conditions and legal system. Religions have a certain degree of influence on the cultural characteristic of their people and institutions (Tayeb, 1998).

Recent research in HRM practices in Palestine (Jabari, 2010) revealed that selection interview and application forms are used by almost all organizations regardless of

its size, ownership or sector. Formality of selection is used by all government and NGOs institutions and it is used by only one third of the private organizations. Training is nearly open in NGOs, but it is almost limited to family members in family businesses and concentrated at middle management level with regard to government sector; here training budget is used widely in NGOs while used only for very few organizations in the private sector and to moderate extent at government institutions, also training programs in public sectors are conducted sporadically and according to the availability of these courses from the side of donors and not pre-planned.

With regard to performance appraisal it is used by all NGOs, and by two thirds of government institutions while used by minority of private organizations.

At the government sector level in Palestine, recently started to practice clear criteria for recruitment, selection, training, and many other HR practices; here, civil servant bureau and different ministries in cooperation with the ministry of finance start regulating and coordinating many aspects of HRM practices; even though the present article does not profess a blind transfer of Western HRM practices to developing countries in general, and Palestine in particular.

1.4 HRM Practices in Family Firms

Entrepreneurship research supports the general finding that small and family organizations are more likely to operate in an informal and flexible manner than are larger firms (Pfeffer, 1994) and these patterns of informality tend to repeat themselves in HRM practices. In attempts to explain these HRM patterns, some scholars argue that an informal approach is more suited to the small and family firms. For instance, Hill and Stewart (1999) suggest that smaller firms should be more flexible and informal to be able to cope with the higher levels of environmental uncertainty. In addition to being characterized as informal, family firms are often held to be less specialized than larger firms (Bacon et al., 1996; Jackson et al., 1989; Wagner, 1997). Employees in smaller and family firms often have to perform a greater variety of tasks than do employees in larger firms. Specialists are also less likely to be found in these firms. Heneman and Berkley (1999) confirm this trend within the HRM function. In a random sample of 117 companies with less than 100 employees, they find that only 15 have a HRM department. Nevertheless, in the same study, the use of a Human Resource manager is associated with significantly higher retention rates. (Heneman and Berkley, 1999).

Literature search reveals that to date, simple research has been done on the nature of HRM practices in Palestine in general, and none on this particular topic.

Accordingly, there are few studies demonstrating the effectiveness of HRM practices outside western countries and even very few covering family business sector. Thus, there is no clarity in understanding human resource

practices in this sector and how they are executed in Palestine; this study tries to clarify the nature of family businesses.

1.5 About Family Businesses

There have been many definitions of family businesses, and most of them have revolved around ownership, control and sometimes expectation or realization of succession. Jabari (2009) defines a family business as an enterprise that is controlled by members of a single family. Daily & Dollinger (1992) define family firms as those firms which are owned and managed by the family while Chua, Chrisman & Sharma (2001) distinguish between theoretical definitions and operational definitions of family business, they define a family business as “The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.” (p. 25).

By any definition, family businesses are important in the economic landscape, as 80%-90% of businesses in the United States are owned by family (Shepherd & Zacharakis, 2000), 75% of businesses in the UK, 80% of businesses in Spain, more than 90% of those in Sweden, 99% of those in Italy, and 85% of businesses in the European Union can be classified as family controlled (Upton & Petty, 2000).

In Palestine the family firms shape the domestic economy as this sector forms 85% of small and medium enterprises and 45% of the workforce employed within this sector (PACPA, 2010) Thus it is acknowledged that family firms constitute a significant proportion of businesses in the world economy, even though most of the literature has rarely acknowledged the role of family related variables in shaping the strategy of the firm (Dyer, 2003), and most importantly for this study the conceptual literature in family businesses suggests that family businesses have difficulty in managing their human resources, and the same stated by King et al., (King S., et al., 2001)

1.6 Extended Family System

Attention has been drawn by several reports on differences which may exist between family businesses and non family businesses (Dunn, 1995; Reid et al., 1999). Family firms are often smaller than non family firms (Jorissen et al, 2002). They are also less complex than non family firms in that they are less specialized, less likely to have an HRM department (Reid and Adams 2001), and less likely to use formal accounting and planning practices than non family firms (Jorissen et al. 2002).

As stated above a country's culture is expected to influence the HRM practices within a society's cultural contexts. Anakwe (2002, p. 1047) asserts that “country-

specific characteristics, such as culture, socio-economic factors, political-legal climate and technological factors influence the meaning, interpretation and implementation of foreign practices.” And one of the country's cultural dimensions is the extended family system that has further implications on HRM.

The field of HRM is an especially sensitive area for family businesses; having been criticized for engaging in nepotism and in some cases failing to provide management training for family members (Ried R et al, 1999).

The notion of (personal relation/kinship) influences recruitment practices, particularly in family owned firms, because for them it is logical to employ someone they know and trust. Hence, it is not uncommon that employment usually tends to be of kin, friends and family members of neighbors or acquaintances. The system more or less operates like the Chinese *guanxi* (personal contacts), an explicit condition of employment and a highly regarded aspect claimed as crucial in getting a job (ZHU and Dowling, 2002), and like the *wako-niwako* employment culture of Zambia, which is a tendency to recruit and promote relatives (Muuka and Mwenda, 2004). In Palestine and the Arab world the term “*wasta*” is used to denote that employment is based on favoritism and mutual benefits and not based on skills, abilities and aptitudes.

From a Western HRM point of view, it may be negatively labeled as nepotism or favoritism but, to a certain extent, it manifests employers' need for initial credibility through a third party (e.g. a family member or friend) and there is a belief that people usually recommend candidates with the skills and caliber required by the employers (El-Kot and, Leat, 2007).

In countries like Great Britain, Belgium, The Netherlands, Denmark and New Zealand, there have been an effort to unravel the HRM practices and its contribution to the organization in respective companies. These HRM practices are significantly related to organizational productivity (Stavrou-Costea, 2005). This was the main reason for taking up the study. Therefore, the necessary starting point for family businesses in Palestine is to identify their current HRM practices in order to identify any strengths and weaknesses which may exist.

2. METHODOLOGY

Based on lists obtained from the Palestinian Statistical Bureau, data was collected by means of a written questionnaire sent to all Palestinian family firms employing more than 50 people. Family organizations employing fewer than 50 employees were not included in the initial list because researcher wanted to target organizations with enough personnel to warrant the use of some formal human resource practices. The total number

of these organizations was 57, 84 usable survey forms from 28 family firms were obtained (three questionnaire for each family firm). In the forms collected, some firms reported that they employing little fewer than 50 employees; these firms were still included in the study because they had experience of employing a larger number of employees. As for the purposes of this study, organizations employing fewer than 100 people but more than 50 were considered medium sized businesses and those that employed more were considered large businesses (Jabari, 2009). A similar classification was used for Northern Ireland by Reid and Adams (2001), and for Northern Cyprus by Cem Tanova (2003) except that they consider those businesses employing less than 100 were small. According to this classification, 30 family organizations were categorized as medium and 15 family organizations as large businesses. questionnaires were sent to all HR managers and senior managers because managers at HR department or in senior-level have the knowledge and ability to provide answers to questions regarding the overall use of HRM practices; if there was no HR manager then the manager responsible for personnel issues should complete it.

The questionnaire included 47 questions divided into two distinct sections. These sections were respectively: the profile of the organization and respondents, and section concerned with practices of human resource management namely: recruitment, selection, training, compensation, appraisal, promotion and health and social care.

2.1 Validity

The researcher distributed the questionnaire to a panel of three academics in the field of HRM and two HR managers in order to establish validity. Almost no modifications asked and if any it was corrected by the researcher.

2.2 Reliability

Reliability analysis conducted on all items on the original instrument resulted in an overall Cronbach's $\alpha = 0.75$. The acceptable range of Cronbach's α coefficient is between 0.7- 1.0. As a result, the instrument, on which the dissertation questionnaire was based, was shown to have sufficient internal consistency (Creswell, 2005). In addition the reliability for each sub-scale has been computed and ranged from 0.72-0.83.

In addition to collect data through the questionnaire survey, a qualitative data collection technique involving one-on-one interviews with selected respondents was conducted. Selection of a quota sub-sample of 11 establishments for in-depth interviews was done. These firms are part of the original firms selected for this study. The 11 establishments included seven firms employing less than 100 and four employing more than 100. Three personnel/HRM professionals and eight line and top managers participated in the in-depth interviews. Line

managers were interviewed because they are too involved in human resource activities (Jabari, 2009).

The questions are mainly based on the literature by Delery and Doty (1996), but modified to suit the family business sector. The following questions were asked:

- (1) What methods do you use in recruitment and selection?
- (2) Does your firm have a current HR policies?
- (3) What are the most appraisal techniques practiced at your organization?
- (4) Do think that family members have priority in selection, training, promotions and other HR practices?
- (5) In case of financial difficulty facing the company, who will first fired, the unqualified and less efficient employees, or the non-family employees regardless of their abilities?
- (6) Generally speaking, do family members enjoy more and better HR practices than non-family members?

The interviews lasted on average about 20 minutes and notes were taken as managers refused to record the interviews. The transcripts were then analyzed using direct interpretation. Direct interpretation is considered as one of the approaches for qualitative data analysis. This method involves an evaluation of respondents' answers and making meaning from it.

3. DATA ANALYSIS

Characteristics of the sample:

The data that were sought from the respondents are presented in table 1. The characteristics of the sample concerned the size of the organization (No. of employees), Occupational position, Education category, Availability of HR department, Age, Years of experience in the current position, Age of the organization, Sector, and Sex.

In this regard the following conclusions can be drawn:

17 organizations (61%) of the sample are employing 50-100 workers, while the rest of the organizations are employing more than 100.

86% of the sample organizations were drawn from manufacturing sector, while the rest were drawn from the service sector.

43% of the respondents were General Managers and only 11% were HR Managers.

The percentage of female respondents was only 14%, while the rest were male.

The majority of respondents age (71%) was 31-50 years.

The majority of respondents (61%) were holding B.A degree.

Great majority of the organizations (71%) have an HR department.

89% of the organization's age was more than 10 years.

57% have an experience less than 10 years.

From the above results, the researcher concluded that:

It is reasonable that females comprise only 14% from the surveyed sample since the majority of the family businesses are belonging to the manufacturing sector which naturally dominated by male workers in addition to the fact that Palestinian society is conservative.

Even the results showed that 71% of the organizations have an HR department the researcher observed that only one to three employee at most are working partially in these departments.

The great majority of the respondents is well educated and thus have the capability to adopt new ways of management if their attitudes changed towards the importance of human resources and if they trained properly.

Table 1
Characteristics of the Sample

Variable	No. of organizations	Percentage
Number of Employees		
50-100	17	61%
More than 100	11	39%
Occupational position		
General Manager	12	43%
Department Head	6	21%
HR Manager	3	11%
Others	7	25%
Education Category		
High School	7	25%
Diploma	3	11%
BA	17	61%
High Education	1	3%
Do you have an HR Department		
Yes	20	71%
No	8	29%
Age		
Less than 30	5	18%
31-40	11	39%
41-50	9	32%
Above 51	3	11%
Years of Experience in the current position		
Less than 10 years	16	57%
10-20 years	6	21%
21-30 years	4	14%
Above 30 years	2	8%
Age of the organization		
Less than 10 years	3	11%
10-20 years	9	32%
21-30 years	11	39%
Above 30 years	5	18%
Sector		
Manufacturing Sector	24	86%
Service Sector	4	14%
Others	0	0%
Sex		
Male	24	86%
Female	4	14%

The analysis of the different questions and their outcomes are discussed below:

Question No.1: What is the level of implementing Human Resources with regard to recruitment, selection, training, performance appraisal, compensation, promotion, and health and social care at Palestinian establishments employing more than 50 workers?

Tables 2, 3, 4, 5, 6,7, and 8 show the percentages of the applications of Human resource practices

Table 2
Recruitment Practices at Family Firms

Items/Recruitment	Not applicable	Partly applicable	Always applicable
Recruiting family members is the priority of your business	36%	50%	14%
Recruiting new staff is done through family members by means of-the-word-of- mouth	7%	80%	13%
The criteria for recruitment is based on qualified candidates regardless whether they are family members or not	3.5%	39.5%	57%
Recruiting new staff is done through regular channels used by other businesses, such as newspaper advertising and other media	53%	28%	22%
Other recruitment channels	-----	-----	-----

Table 3
Selection and Appointment Practices at Family Firms

Items/ Selection and Appointment	Not applicable	Partly applicable	Always applicable
Selection and Appointment primarily is for family members	64%	28%	8%
Selection and Appointment is based on employees' recommendations due to their knowledge of the required skills	12.5%	25%	62.5%
Staff selection and appointment is done regardless of kinship and relationship with the managers and other staff	43%	39.5%	17.5%
Staff selection and appointment is done through normal channels used by other businesses (job application form, testing and interviews)	68%	25%	7%
Other methods	-----	-----	-----

Table 4
Training Practices at Family Firms

Items/Training	Not applicable	Partly applicable	Always applicable
On the job training is conducted through job rotation	3.5%	7%	89.5%
On the job training is conducted under the supervision of an experienced staff member	50%	25%	25%
Off the job training is done through external professional trainers	68%	28.5%	3.5%
Off the job training is conducted through training courses	75%	11%	14%
Other training methods	----	-----	-----

Table 5
Performance Appraisal Practices at Family Firms

Items/Performance appraisal	Not applicable	Partly applicable	Always applicable
Staff appraisal is done by the immediate supervisor only	50%	39%	11%
Staff appraisal is done through the supervisor with input from other staff members as well as self appraisals	57%	11%	32%
The employee knows in advance the objectives that s/he will be evaluated against.	68%	32%	0%
Appraisals are conducted for family and non-family members alike	68%	11%	21%
No appraisal techniques are used at your company	64.5%	3.5%	32%
Other performance appraisal techniques: Please specify	-----		-----

Table 6
Compensation and Benefits Practices at Family Firms

Items/Compensation and Benefits	Not applicable	Partly applicable	Always applicable
There is a specified salary system at your firm	7%	11%	82%
Annual salary increases are used as job incentives	25%	71.5%	3.5%
Financial incentives are linked to the number of customers served and/or number of units produced	14%	11%	75%
Equity is considered when developing the incentive system	53.5%	18%	28.5%
Other compensation and benefit techniques	----		----

Table 7
Promotion Practices at Family Firms

Items/Promotion	Not applicable	Partly applicable	Always applicable
Promotions are time based (annually, for example)	93%	7%	0%
Promotions are based on employee contributions to business objectives	78.5%	3.5%	18%
There is no clear promotion system in our business	0%	11%	89%
Promotion is based on years of experience	82%	7%	11%
Promotion is based on merit	3.5%	85.5%	11%
Other promotion techniques	-----		-----

Table 8
Health and Social programs Practices at Family Firms

Items/Health and Social programs	Not applicable	Partly applicable	Always applicable
Health insurance system is provided to all organizational members	57.5%	28.5%	14%
The family business contributes to employees health insurance	71.5%	14%	14.5%
Maternity leaves are paid to female employees based on the current labor laws	28.5%	3.5%	68%
The family business participates its employees in different social occasions (eg. Weddings, anniversaries)	0%	14%	86%
Other contributions	-----		-----

The results show that family firms have ineffective and poor HR practices. In fact, the researcher observed that many respondents were exaggerating, trying to paint a bright picture of their HR practices. Obviously, HR practices in family-owned businesses are almost absent except for social activities, which reflect the collective society in which we live. Family members are given priority for all employment opportunities except for inferior jobs. In addition, the results show that the legal requirements for work are not met, especially those related to female workers such as maternity leave.

Question Two: Do family members enjoy more and better HR practices than non-family members?

Here, the researcher intended to know if there were any differences in the application of HRM practices between family members and non-family members. For this purpose, eleven managers were interviewed about different but related issues, and their responses were analyzed, as explained next.

- Recruitment and selection

When considering recruitment and selection procedures, two out of the eleven interviewees said they had different systems for recruiting and selecting new staff members. They rely on interviews as an exclusive tool for selecting employees. Here is one of the comments made by an interviewee: “The most common methods we turn to here for recruitment are kinfolk and newspaper ads.”

- HRM policy and current practices

When asked about the current policies and practices of HRM in their organizations, all interviewees said that they had no formal policies such as recruitment/selection, written job description, performance appraisal, training, or compensation and benefits.

- Performance appraisal

The interviewees said that their firms used a variety of informal performance appraisal systems. However, nearly 50% of them confirmed that they had a form of fairly ad hoc appraisals in their firms. One interviewee noted: “Our assessment method has caused us a lot of problems. It differs from one department to another, and we haven’t achieved a lot from it. It is very informal. It is not linked to anything, such as promotion, salary increase, etc. And on the top of it all, it is for non-family members.”

- Priority of family members with regard to HR practices

There were contradicting responses, whereby the interviewees’ family members mentioned that the priority is for the skilled and efficient employees. The non-family members said that the priority is for family members in all cases; if any financial difficulty faces the firm, the survivors are the family members. To sum up, family members, the researcher believes, enjoy more and better HR practices than non-family members.

Question Three: Are there any differences in the level of HRM practices between family firms employing less than 100 workers and those employing more than 100 workers?

Here, the researcher wanted to know if there were any differences in the application of HRM practices between large firms that employ more than 100 workers and medium-sized organizations employing 50-100 workers. For this purpose, an independent sample t-test was employed. Table 9 shows that the mean for medium-sized organizations is 1.2 with SD = 0.4 and the mean for large-sized organizations is 1.9 with SD = 0.26. Table 10 shows that there is a significant difference ($p = 0.000$) at confidence level ($\alpha = 0.05$). The hypothesis, therefore, is rejected, which means there is a difference in HRM practices between large- and medium-sized organizations in favor of the large ones as is shown by the means.

Table 9
T-Test

Overall HRM scale	Organizational Size	N	Mean	Std. Deviation	Std. Error Mean
	Medium-sized	17 (3 respondents for each firm=51)	1.2091	.40936	.04635
	Large-sized	11 (3 respondents for each firm=33)	1.9024	.26504	.03366

Table 10
Independent Samples Test

Overall HRM scale	T-test for Equality of Means					
	T	DF	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Intervals for Differences
	4.870	26	.000	.27896	.05728	.39227 .16565

CONCLUSION

This research has developed a conceptual framework that clarifies human resource management (HRM) practices in family businesses operating in Palestine and employing more than fifty (50) workers.

The survey has revealed that firms rarely utilize a full and complementary range of human resource practices. Indeed, many firms rely on traditional patriarchal-authoritarianism, and are reluctant to concede their workers even basic practices and benefits such as training and development, promotion, health care and performance appraisal.

The findings also indicate that recruitment and selection are practiced but by means of traditional techniques and family members, a word-of-mouth method. Promotions, if any, are based on favoritism and nepotism. These results are consistent with Okpara and Pamela (Okpara and Pamela, 2008).

The organizations, which participated in the study, were found using various performance appraisal procedures. They have shown evidence of certain difficulties mainly due to cultural values. In few organizations, performance appraisal was found to be conducted by multiple raters and for non-family members only.

Family businesses employing family members need

to address both these issues in many cases. Owing to the unique organizational structure of family businesses, HRM policies may require greater clarity in the areas separating ownership and management. Family businesses should be regarded as a special case regardless of their size since the long-term commitment on the part of CEO and family members involved in management requires those to balance not only management but ownership.

Based on the evidence presented so far, it can be concluded that the context in which HRM practices are implemented imposes certain challenges. The concept and knowledge of HRM practices, such as training, promotion, performance appraisal, compensation and rewards, almost do not exist in family businesses in Palestine.

Recommendations were sent to the owners and managers of family businesses and to all concerned parties, including the Palestinian Businessmen Forum, in an attempt to change the attitudes and values of family firms towards staff management, which can be achieved through holding professional development sessions, employing techniques devoting more effort and time for human resources and applying good human resource management practices, so that these firms can better compete in this turbulent environment. Some family business owners and managers admit that they are still lagging behind local and regional competitors due to unskilled and uncommitted employees. Finally, the researcher has submitted a copy of the results to the Palestinian Businessmen Forum and is planning to hold a seminar on the topic under discussion for the concerned parties.

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