1. Introduction: The Asian entrepreneurial family enterprise

Hung-bin Ding and Phillip H. Phan

The definition of a family enterprise, that which is owned, controlled, and managed by a family, is rigidly defined in the practice or the literature. Many family enterprises consist of owners from unrelated families. The population of this type of enterprise is also heterogenous, with very different levels of family control, ownership, and management styles. Yet, the topic of family enterprises has been a popular source of inspiration for writers and researchers across cultures and mediums. The commercial success of Downton Abbey and, for the more vintage among us, Dallas, are just two fun examples.

Scholars have observed that in the business landscape, family enterprises are among the most noteworthy. First, as a class they are the longest lived continually operating organizations, as long as 600 years old. These enterprises are still controlled and/or managed by the founding family or other family. Some have familiar names – Beretta (firearms), Zildjian (cymbals), Ford (automobiles) – while others, Kongo Gumi (construction), Barovier & Toso (glass), Richard de Bas (paper), are less familiar. Their long lives contrast with the 30 percent 10-year survival rate of United States private enterprises.

Second, family enterprises are entrepreneurial in nature and values. They have to be so, to survive as long as they have. They vary in size from large multinational corporations (Ford, Samsung, Walmart, and Volkswagen) to small boutique ones (Barovier & Toso, Richard de Bas, and Ed Meier) that few people know of. The ones that grow large often come to dominate the economies in which they operate. They represent brands that have transformed such industries as information technology (Tata), retail (Walmart, Aldi), construction (Toll Brothers), and transportation (Swire) (Bain, 2020).

Third, they are ubiquitous. With the exception of centrally planned economies in which private ownership of capital is prohibited, these enterprises and the social institutions (hospitals, schools, culture, community assistance) they support comprise 50–90 percent of the gross domestic product of economies around the world (Neubauer & Lank, 1998: 10; Colli, Perez, & Rose, 2000; Donckels & Frohlich, 1991).
The family enterprise has been studied from a multitude of disciplinary lenses. Business ownership represents a family’s choice in how it will make a living. Such choices are intertwined with the historical, sociological, cultural, psychological, economic, and political tensions impinging on the family unit over long periods of time. For example, understanding the environmental factors driving the motivations to launch a business enterprise was a focus of early sociological studies. The American laundry industry used to be dominated by Chinese immigrant families from the late nineteenth century through to most of the twentieth century. Such dominance was not the result of coordinated action among early Chinese immigrants but the consequence of institutional changes in nineteenth-century America that pushed them toward this industry (Jung, 2007; Siu & Tchen, 1987). In the mid-nineteenth century Chinese laborers were imported to the United States in great numbers to build the Transcontinental Railroad (Chang, 2019). The Chinese eventually came to comprise 90 percent of the labor force for the western part of the railroad and this led to an increase in social tensions that resulted in anti-Chinese movements from as early as the 1850s (Boswell, 1986; Siu & Tchen, 1987). The regional movements coalesced into a series of national campaigns in the 1860s and 1870s that culminated in the 1882 Chinese Exclusion Act (Boswell, 1986; Office of the Historian, n.d.). As a consequence, Chinese laborers and their families were forced to leave their jobs in farms, construction sites, and mines to move into industries, such as laundry, that were considered undesirable by the Americans (Jung, 2007; Siu & Tchen, 1987).

This example illustrates the importance of a multidisciplinary perspective in researching family enterprises. Only a historical sociocultural perspective can explain the origins, heterogeneity, and consequence of immigrant family enterprises. The history of the Chinese-American experience is intertwined with the formation of the American laundry industry. Therefore, scholars looking for theories or general descriptions of the phenomenon should not ignore its distinctive aspects because these will be determined by region, culture, and history. Isolating these distinctive aspects of the experience provide greater explanatory power for the status quo. From a methodological perspective, such historical observations provide unique insights into the dynamics of the family enterprise and their interactions with the immigration experience, host institutions, and other immigrant family networks.

The co-evolution of societies and the families in them suggest that the study of family enterprises needs to include an understanding of the social dynamics in an economy (Martinez & Aldrich, 2014). The wide variation in the success and failure of family enterprises around the world has inspired business scholars to explore the reasons for these outcomes (Donnelley, 1964; Yasuoka, 1984; Ward, 1986). These early scholarly pathfinders led to the inception of the Family Business Review in 1988, in which the creation of this academic
forum and other similar venues effectively facilitated the growth of family enterprise research in business schools. The resulting scholarly inquiry into the distinctiveness of family business organizations and their strategic choices related to survival and growth greatly increased in the last three decades (Martinez & Aldrich, 2014; De Massis, Frattini, & Lichtenthaler, 2013; Perez & Lluch, 2016; Calabrò et al., 2019).

This volume is a collection of intellectual contributions from eight interdisciplinary research teams. They represent recent attempts to expand the frontier of family enterprise research, often by locating the research in less well-researched contexts (countries, industries, and strategic situations). Deliberately, these chapters represent a diversity of contexts and issues in family enterprises while still being rooted in the scholarly traditions typifying research of the family–business interface. Furthermore, the growing research on family enterprises from other social science disciplines has provided us with new lenses for examining the phenomenon and these perspectives have been introduced, where appropriate, in the chapters.

The purpose of this chapter is to offer a framework for viewing the most recent discussions on family influence in business enterprises, and of the chapters in this book. Although the family of an entrepreneur can be viewed as separate from the business, a family enterprise is defined by the sometimes indistinguishable overlap between the family and the enterprise. These overlaps represent potential sources of theoretical insight and innovation from a research standpoint, and potential sources of competitive advantage for the family enterprise from a practical standpoint.

This subject of family–business interconnectivity or coupling is perhaps a defining area of research in family enterprises. It is one of the earliest topics of inquiry in the field (Ward, 1986). Research in this area falls into the intersection of family and business as shown in our illustration of Davis and Tagiuri’s (1989) three-circle model of the family enterprise (Figure 1.1). Here, we discuss what this intersection means, the implications, and highlight the research in succession and governance as the two structural issues most commonly investigated. Our objective is not to review the extensive literature on family and business dynamics, of which many have been conducted, but to highlight the unique issues emerging from the interface of the family unit and an economic organization. For example, in any firm the problems associated with top management team (TMT) processes and performance and firm governance are critical issues, but in the family enterprise these topics take on additional layers of complexity because of the inheritance and succession questions (Ward, 1986; Schulze, Lubatkin, Dino, & Buchholtz, 2001; Young, Peng, Ahlstrom, Bruton, & Jiang, 2008). If done right, effective governance and succession can rejuvenate the entrepreneurial spirit of an established
Innovation, growth, and succession in Asian family enterprises

family enterprise (Anderson & Reeb; 2003; Au, Chiang, Birtch, & Ding, 2013). If done wrong, these can lead to ossification, decline, and failure.

We then discuss family-related matters that are independent of the business enterprise but are no less important to the understanding of these enterprises. We discuss the fact that a family is a social system in its own right. Some family factors have significant implications for the enterprise. For example, women tend to assume traditional gender roles in paternalistic societies. These often spill over into the roles assumed by female members of the business enterprise (Lyman, 1988; Overbeke, Bilimoria, & Perelli, 2013). When these roles evolve because of changing social norms, enterprise leadership is also affected. Over time, women’s roles have expanded from primary caregiver in the home to primary provider; so that in more paternalistic societies, we are witnessing more family enterprises being led by women, where before such events were relatively rare (Jimenez, 2009). Finally, the family is a dynamic social system, which means that system-specific factors, such as the relationship between the family and its social environment, matter (Combs, Shanine, Burrows, Allen,
Traditionally, these questions have fallen squarely in the family-only domain of the three-circle model (Figure 1.1) but we are seeing more research to link the family social system to the broader societal system, so that a more expansive model now includes a “societal” circle. Societal systems do not always interact directly with the business system, except in the regulations that impact the business or changing consumer demands for its products and service. Societal systems do interact directly with the family system since an aspect of family continuity is its legitimacy in the society in which it is embedded. Hence, in the case of the family enterprise, societal dynamics are more closely connected to the business, because of the family, compared to non-family enterprises.

All the chapters in this book explore the family factors that impact business decisions. While some of them build from the management literature, others have extensive references to studies from sociology, anthropology, and economics. Next, we briefly introduce each chapter and discuss them in relation to the framework in this chapter.

WHEN FAMILY AND BUSINESS OVERLAP

Individuals pursuing business ownership do so with a wide variety of motivations (DeMers, 2015). The successful outcome of this economic choice requires significant commitment from the entrepreneur. Many business owners work longer hours than employees. A recent survey to the subscribers of the New York Enterprise Report found that 33 percent of small business owners work more than 50 hours a week. The same survey also reports that about a quarter of the responding business owners work more than 60 hours a week (Sutter, 2019). While many business owners feel that the extra work is overwhelming (Callahan, 2006), another survey reported that they considered the work justified by the independence they enjoy (Di Gangi, 2016).

Becoming an entrepreneur involves a series of decisions to manage personal and economic trade-offs. While entrepreneurs can sometimes choose to earn less money in order to improve family life, the sources of these tensions exist throughout the business life cycle (Jahanmir, 2016). For example, starting a home business can be an economic solution for young parents to manage child caregiving but can translate to longer working hours because the natural barrier between home and workplace disappears. The family enterprise is a special case of this phenomenon, especially if more than one family member is involved or has ownership shares. In this circumstance, the family enterprise embeds the trade-offs between home, work, and extended family. Additionally, although families are traditionally considered a common source of startup funds, not all family-invested startups become family enterprises. It depends on the interest of family members to participate, whether a succession
Innovation, growth, and succession in Asian family enterprises

to the second generation from founding occurs, and the continued interest of family investors to support the growth of the firm. Hence, a family enterprise becomes one when the family, not just the founder, eventually controls and manages the business.

Since family resources and labors were contributing factors of a new business venture’s survival or success, the family becomes an influential stakeholder of the family enterprise. Therefore, although the venturing process of a family enterprise and a non-family one are conceptually similar (opportunity identification, resource orchestration, risk mitigation, investment for growth), the organizations created through these two processes can be very different (Hoy & Verser, 1994).

The degree of interconnectivity or overlap between the family and the business enterprise varies. In some instances, the family enterprise is the family because it provides the economic means for the family to be sustained. In the United States, for example, Asian Indian immigrant families are commonly found in the motel industry. Motels are multi-employee businesses and therefore natural job creation “machines” for family members. More importantly, in these businesses the workplace and living place greatly overlap. Historical accounts of the immigrant businesses in the United States provide detailed descriptions of immigrant families living in the retail store such as Chinese laundries (Jung, 2007; Siu & Tchen, 1987) and Korean groceries (Min, 2011). These home-based family enterprises are not related to immigrant families only. Recent observations from Mexico (Ramirez-Solis, Baños-Monroy, & Rodriguez-Aceves, 2016), Taiwan (Shieh, 1993), and Australia (Holmes, Smith, & Cane, 1997) offer a few other examples.

Family enterprise researchers often use the three-circle model (Tagiuri & Davis, 1982) to capture the relationship between the family and business ties and the business owner. One way to visualize this model is that the circles can overlap to different degrees. If we consider the degree of family–business interconnectivity on a spectrum, the home-based family enterprise represents a situation in which the family and the business completely overlap. On the opposite end of the spectrum, there is no overlap between the family and the business. The family enterprise may still own majority shares or control the board through alliances, but no family member remains on the payroll.

Family inclusion is sometimes crucial to the survival of many family enterprises. In part, this is because of human capital costs but more importantly, immediate family members are more trustworthy in cash-dominant businesses. Many Chinese immigrants’ laundry and Korean immigrants’ grocery businesses in America probably would not have survived if the founders’ spouses and children were not actively involved in operations (Jung, 2007; Siu & Tchen, 1987; Min, 2011). In addition, family members provide important social capital. The business networks created by generations of Chinese
migrants in South East Asia are closely associated with the family networks of their business owners. Ethnic Chinese business families dispersed their business interests, sometimes intentionally, to locations around the world to manage the risks of unfamiliar environments (Redding, 1995). The uncertain environments they face require managers to be given high degrees of autonomy in personnel and financial decision making. Hence, the branch managers in these “bamboo network” locations are usually family members (Weidenbaum & Hughes, 1996). While the family network and business connected through family ties maximize the survivability and long-term success of large, multigenerational family enterprises in South East Asia, the network stemmed from collaborative relationships among different families in a single region creates highly flexible and agile hubs of small manufacturers in suburban and rural Taiwan (Shieh, 1993) and played a significant role in the emergence of Chinese family enterprises (Bian, Breiger, Galaskiewicz, & Davis, 2005).

Both the family system and business system have specific requirements for effectiveness. These can be aligned through appropriate structural designs, which is the overarching theme of Chapters 3 and 7 in this volume. Here, the two most frequently studied topics are succession and governance. In the general management literature, succession in the TMT is an important issue. Extant TMT research has identified the environmental, organizational, and personnel factors driving successful and unsuccessful executive team turnover (Barron, Chulkov, & Waddell, 2011) and chief executive officer succession (Berns & Klarner, 2017). While the findings from the TMT literature are instructive for researchers on family enterprise succession, they do not consider the importance of the family in these decisions. Seldom are family enterprise successions solely the decision of the founder when family members are involved in the operations of the firm or when ownership is shared by family members or branches of the family tree.

Family enterprise succession is a business founder’s plan for exiting the business but unlike typical successions in a non-family enterprise, family enterprise founders have the option to leave the ownership, control, and management of the business to other family members to ensure that their departure does not decouple the family from the business. More importantly, succession is often accompanied by a transfer of control and wealth from one generation to another or from one branch of the family tree to another. Therefore, the decision is deeply fraught with political and social considerations, and also historical implications for the family and its relationship to the community in which it is embedded. In a way, the prolonged coupling of family and business is one reason for the long-lived nature of these enterprises, since families tend to have more enduring legacies than economic organizations.

Managing family succession is challenging in practice. Early studies on succession have identified such issues as training and the selection of succes-
Innovation, growth, and succession in Asian family enterprises

Sors (Seymour, 1993; Scranton, 1992) and the planning (Schaefer & Frishkoff, 1992; Lansberg & Astrachan, 1994) and implementation (Welsch, 1993; Schwartz, 1954) of succession processes. Several writers have suggested that a family enterprise may need to plan 15–20 years ahead of the succession (Ward, 1990; Stalk & Foley, 2012). Given the complexity and attention needed to keep the family enterprise in the hands of the family, successful execution of succession across the generations is a key factor in family enterprise longevity (Stalk & Foley, 2012).

Underlying the succession event is the corporate governance of an enterprise. The general literature has shown that good corporate governance practices minimize the opportunistic behaviors of managers while safeguarding the interests of shareholders (Neubauer & Lank, 1998). Good corporate governance also ensures or improves organizational performance (Neubauer & Lank, 1998; Mirela-Oana & Melinda-Timea, 2015). Although many corporate governance studies do not examine the specific challenges of family enterprises, their findings are still applicable to family enterprises in which the family and business operations do not overlap, i.e., they no longer employ family members. These organizations are still considered family enterprises because their boards of directors are controlled by family members through the ownership structure. However, family members may not hold executive positions in these organizations anymore. For example, Anderson and Reeb (2003) studied the relationship between family ownership and performance of Standard & Poor’s (S&P) 500 list of the largest United States public corporations. They canvassed the S&P 500 between 1992 and 1999 and identified 141 family enterprises. While the founding families still owned fractions of shares, few have family members that are employed in them. Although the founding families may exercise strong influence on the board, the family–business overlap is much weaker than an enterprise that is fully controlled, owned, and staffed by family members.

When a family is still closely connected to the business it founded, the family enterprise may encounter two unique governance issues. The first is the agency problem between majority and minority shareholders (Schulze et al., 2001; Young et al., 2008). This principal–principal agency problem refers to the subversion of minority holders’ interest by the majority shareholders. In other words, when a family is a majority shareholder, but not sole owner of a business, the family can exercise control over corporate decisions that benefit the family but harm other shareholders. Additionally, when such business is part of a portfolio of companies controlled by the family, the latter can take steps to shift earnings and valuable assets to other wholly owned entities of the family. This minority shareholder exploitation tactic is known as tunneling (Johnson, La Porta, Lopez-de-Silanes, & Shleifer, 2000), which can have a negative impact on the performance of the enterprise (Johnson et. al., 2000).
The second governance issue is known as the bifurcation bias (Verbeke & Kano, 2010; 2012). This refers to the differential treatment of family and non-family employees in a family enterprise. When a family enterprise gives family employees preferable treatment over non-family employees such as higher compensation or faster promotion, non-family members can be demotivated or seek to pursue opportunities outside of the business. Therefore, reducing or even eliminating bifurcation bias helps reduce employee opportunism and turnover in a family enterprise (Verbeke & Kano, 2010; 2012).

NON-BUSINESS FAMILY FACTORS THAT AFFECT THE BUSINESS

Although business researchers tend to focus on the impact of family inclusion in the business–ownership dyad, the family social system is also affected by being involved in the business. As illustrated in Figure 1.2, the family and its business enterprise are recursively connected to each other. The influence of family is not limited to safeguarding family interests in the business or wealth creation for future generations. Other family factors independent of the family’s business interests can also impact business decisions. Family enterprise succession is a good example. Although the responsibilities of being head of the family and leader of the family enterprise are distinct and separate, many family enterprises combine these roles, especially if the founder and patriarch are still alive (Hamilton & Kao, 1990; Mehrotra, Morck, Shim, & Wiwattanakantang, 2013). These types of role configurations can lead business decisions to be suboptimal for the business but optimal for the family. For example, businesses are driven by efficiency considerations in decisions on asset sales and dispositions. Families, on the other hand, have longer time horizons and are more willing to take investment risks to grow family wealth for future generations.

These family factors fall into three categories. The first category is the family structure, which refers to the expected roles of family members and the relational boundary of the family. Some families define themselves by blood and marriage whereas others may define themselves more expansively. Within the definition of “blood,” the ties may vary according to the relational distance between a family member and the patriarch and founder. Spouses have special definitions that vary by family. If a spouse is employed by the family enterprise or is a co-founder of the enterprise, their status and influence in the family, because of the business, is likely to be more significant than a spouse who is simply connected by marriage. The degree of separation between a spouse’s partner to the patriarch and founder will similarly affect the degree of influence that person wields in the family, and by extension, the family enterprise.
Source: Litz, 2008: 225.

Figure 1.2 The family–business and business–family as a Möbius strip
Early studies on this topic looked at spouses’ interactions at home and how they balance the competing demands of family and business by role sharing and role specialization (Marshack, 1993; Pratt, 2009). More recently, there has been a growing interest on the topic of women in family enterprises, concomitant with the rise in general interest in women in the workplace and women as corporate leaders. In addition to co-founding businesses with their spouses, women become entrepreneurs to create supplemental income for the family (Oppenheimer, 1977). Many cultures encourage women entrepreneurship (Overbeke et al., 2013) rather than becoming engaged in the core business. These choices are often made because caregiving and other social roles demand more personal resources than full involvement in the core family enterprise can afford. Such limits to women entrepreneurs are particularly prevalent in developing economies (World Bank, 2018). Research has found that women entrepreneurs that are strongly supported by their families are more likely to succeed (Wu, Chang, & Zhuang, 2010) since such support allows them to ease the tension between caregiving and employment. That said, the research as shown that women’s social role as primary caregiver continues to influence their choices when navigating the tension between family and business aspirations (Lyman, 1988).

While caregiving can represent a limitation to the economic potential of women as business leaders, the role confers non-active women participants in the family enterprise a higher degree of influence compared to their male counterparts. As primary caregiver, women tend to focus on the durability of future generations and are the conduit by which family values are propagated forward in time. Hence, their willingness to participate in such matters as business succession, wealth transfer, and wealth accumulation is more likely to be taken more seriously. In the same way, spouses of family enterprise owners may perform work that is unpaid (Rowe & Hong, 2000), and hence create social and political capital that can be deployed in the future.

The contribution from spouses, especially wives, extends beyond free labor. Their role as caregiver confers the ability to mediate conflicts and foster cohesion among family members, which are important during times of crises. This cohesion-building function is particularly relevant when there are serious disagreements within the family over a course of action for the business (Campopiano, De Massis, Rinaldi, & Sciascia, 2017; Jimenez, 2009). Strong cohesion in a family creates the foundation for a strong family enterprise (Fernández-Aráoz, Iqbal, Ritter, & Sadowski, 2019). Finally, female family members are increasingly active family enterprise participants (Jimenez, 2009; Campopiano et al., 2017). They may join the board of the family enterprise or join the company as full-time employees. Increasingly, in traditionally paternalistic societies daughters and daughters-in-law are being seen as potential successors in their family enterprises (Overbeke et al., 2013).
Families grow over time. The growth of the family expands the number of family stakeholders, either through employment or ownership. The expansion of the family increases the complexity of stakeholder interests (Ding, 2008). The solution to such a complexity can be family-centric or business-centric. The two approaches are not mutually exclusive, but their foci are different. A family-centric approach generally focuses on ways to consolidate interests within family around ensuring the durability of the family. Common examples of the family-centric approach include family councils (Ward, 1986), family constitutions (Arteaga & Menéndez-Requejo, 2017), and family offices (Rosplock, 2014). The business-centric approach to resolving stakeholder conflict involves approaches to consolidating interests within family around ensuring the durability of the business. Common practices of this approach are to place family members in the family enterprise or to allow representatives of family branches into the board of directors (Ding, 2008).

A second category of family factors has to do with the family system. Family system refers to two different concepts in the family enterprise literature. The more common is the reference to the family sub-system defined in the three-circle model (Davis & Tagiuri, 1989; Hoy & Verser, 1994). According to this definition, a family system is a self-sustaining social actor whose members are connected by blood, marriage, or adoption. Hence, the family system has a well-defined boundary, often typified by a last name. The other definition of a family system comes from systems theory (Hall & Fagen, 1956), in which members of a family are connected by exchange relationships. Because these relationships can be semi-permanent, the definition allows for more porous conceptualizations of the family system. Of interest is the behavior of the system as a unit, for example, in how it adapts to environment shocks. A system has the property of being homeostatic, meaning that adjustments to the system’s responses to environmental change are always aimed at maintaining equilibrium between inputs and outputs. Family systems theorists study such factors as quality of communication among family members (Cabrera-Suárez, Déniz-Déniz, & Martín-Santana, 2014), family cohesion (Arteaga & Menéndez-Requejo, 2017), conflict (Claßen & Schulte, 2017), and family transitions including life events such as births, deaths, marriages, and divorce (Combs et al., 2020). The concept of the family system in this view allows for the system and its environment to co-evolve, so that the family can affect its environment (White & Klein, 2002). Hence, the degree to which a family system is embedded in the societal meta-system tells us the degree to which the family influences its environment.

The third category of family factors is related to the growth and development of future generations. The upbringing of family members is the caregiving and instruction that they receive during childhood. The sources of the caregiving and instruction may include parents and family (Avloniti, Iatridou,
The outcome of a child’s upbringing includes life skills (Martin, Côté, & Woodruff, 2016), personal well-being including personal safety, emotional competence, and social competence (National Academies of Sciences, Engineering, and Medicine, 2016), attitudes toward change (Lupu, Spence, & Empson, 2017), gender ideology (Dekas & Baker, 2014), and personal values (Pratap & Saha, 2018). The shaping of the upbringing outcomes can be intentional and formal, or unintentional and informal. For example, children develop a religious identity by following their parents’ religious guidance and participation in religious services (Bengtson, 2013). In the context of family enterprises, children develop attitudes toward work–life balance by observing their parents’ struggles to maintain the balance between work and family (Lupu et al., 2017).

Empirical studies have confirmed that children growing up in families with family enterprises are more likely to pursue entrepreneurial careers (Tarling, Jones, & Murphy, 2016). The training and education of the younger generation is a major topic of discussion in the succession planning literature (Walsh, Bruehl, & Di Loreto, 2020). Children growing up in a family that is constantly in conflict with each other are more likely to experience difficulty in maintaining a cohesive family system with their own siblings later in life (Avloniti et al., 2014). When these unresolved conflicts are transferred to the business, failure is not far behind. A recent study on the impact of material conditions on the development of leadership reports that children from families with high parental income are more likely to develop narcissism, which can negatively affect their future leadership effectiveness (Martin et al., 2016). At this time, the business literature is scant on the topic of upbringing in the family enterprise. We hope that this volume moves us away from this condition (Combs et al., 2020). That said, although none of the chapters in this book specifically examines the effect of upbringing, the research on conflict behaviors in family enterprises makes important contributions to this end.

CHAPTERS IN THIS BOOK

The chapter authors in this book report, from their various perspectives, on how family factors influence the family business enterprise. The following is a brief introduction.

Chapter 2 investigates the effect of long-term orientation in family enterprise innovation. Innovation in family enterprise is a quickly growing field of study. Family factors may affect the outcome and process of innovation activities in the family enterprise (Calabrò et al., 2019). Family may also play
Innovation, growth, and succession in Asian family enterprises

Chapter 2 focuses on the role of family involvement in innovation within family businesses. Huang, Ding, and Kao (2009) emphasize the importance of family members in setting priorities and objectives for innovation investments. In this chapter, Taylor, Aslani, and Zheng review the literature on family involvement and propose that long-term orientation, a trait of family enterprises, can moderate the relationship between family involvement and innovation output. This chapter provides new insights to the family enterprise and innovation literature by introducing a new influential factor to the ongoing debate.

Chapter 3 connects internationalization strategy and business succession to shed light on how these two business decisions interact with each other. Shi argues that family enterprise owners make decisions regarding successor selection and development, management transfer, and ownership transfer to support the strategic goals of internationalization. Based on data collected from 11 Chinese family enterprises, the author identifies three distinctive approaches to succession. By connecting two important and popular subjects of research in the field, this chapter brings new ideas to succession decisions.

Chapter 4 focuses on a different context and perspective of internationalization. Human families are governed by an institutional logic, which include a set of socially acceptable rules and guidelines for the family. The family institutional logic is relatively stable as long as the macro environment such as religion, community, law remain unchanged (Friedland and Alford, 1991). However, a major change of the macro environment will force the family to reconcile the differences of institutional logics between the home country and the new destination. The context of this theoretical study is the migrant family businesses. Two culturally similar societies can have very different institutional logics. The authors posit that the migrant entrepreneurs need to make sense of the different institutional logics of the host country when they formulate strategic responses to the new environment. Specifically, the immigrant entrepreneurs’ business decisions are moderated by the entrepreneurs’ identity commitment, institutional logic adherence, and efforts to obtain legitimacy in the host country.

Conflicts occur in families and can spill over into the businesses they run. Growing empirical evidence on the impact of family on family enterprises has grown with the interest in family conflict (Claßen & Schulte, 2017). Using the critical incident technique, the authors in Chapter 5 interviewed 22 Indonesian family enterprise members who have experienced recent conflict to identify contributing factors of conflict behaviors between family members in an enterprise. The authors identified six patterns of conflict behaviors dependent on an individual’s emotional regulation and conflict-resolution style. The authors also found that conflicts between individuals with certain conflict-behavior patterns can easily escalate the conflict while other combinations may not.

While Chapter 5 opens the discussion of family dynamics by zeroing in on conflict, Chapter 6 aims to explore the relationship between business strategies...
on family dynamics, with conflict embedded in the strategy-making process. The authors conducted qualitative data collection from three Chinese family enterprises after the Great Recession that ended in 2010. Their research reports that e-commerce adoption in these organizations was a reaction to the need to reach more markets by moving sales activities online. Such extensive strategy changes required managers to change business processes. Concomitant with these changes, family members found themselves having to change work–life patterns to adapt. Although the research design did not allow observations of the long-term effects, their findings open new ways to understand the interconnectivity between a family and its business.

Managerial coaching is an important talent-development practice in modern organizations. Although there have been many studies on coaching, this is a relatively new practice in Chinese family enterprises. The authors of Chapter 7 surveyed more than 900 part-time MBA students from 11 Chinese cities to analyze the differences between family and non-family enterprises. The results of the survey confirm the difference in the approaches to managerial coaching adopted in family and non-family enterprises. The authors also report a generational difference in coaching approaches when they compare their survey results from students in their 20s and 30s.

Chapter 8 employs an anthropological methodology to report on a feminist observation of a Taiwanese family enterprise. This case features a matriarch who is the sister of the co-founders. She becomes a paternal aunt when her brothers marry and have families, eventually assuming the dual roles of head of the family and the business. As the extant research on women’s participation in family enterprises focuses on the matriarch’s career decisions, this chapter redirects readers toward the role and influence of grown-up daughters in the family enterprise. As more family enterprises are transitioning through the succession process, daughters are playing more important roles (Campopiano et al., 2017), so this chapter offers a way to conceptualize this phenomenon.

Finally, Chapter 9 reports on a longitudinal case study of a Chinese agricultural business group. Based on multiple interviews and corporate documents, the authors report on the family decisions and related business choices of the Dawu Group from its founding in the 1980s to the present day. This case illustrates bifurcation bias theory (Verbeke & Kano, 2012), which we discussed earlier in this introduction. During a major crisis, the employees of Dawu demonstrated strong loyalty and commitment to the family enterprise. In order to maintain such loyalty, Dawu adopted an innovative organizational design, which also addressed potential feelings of inequity arising from the succession and governance challenges of the enterprise. While the Dawu approach may not be for every company, it is a unique example that might foster theory development in the organization theory domain.
In conclusion, it was our intention for this volume to be a resource for scholars in family enterprise research. The ideas presented in this book draw from extant knowledge of the field to support a framework that suggests less travelled contexts and new avenues of theory development. Entrepreneurial families continue to encounter new challenges and opportunities in their pursuit of business success. As a social institution, modern families are also evolving with new social mores surrounding gender roles, definitions of the family, and definitions of economic sustainability of business enterprises. This book is a snapshot of what we believe are the important dynamics of evolving family and business systems as they interact in the third decade of the twenty-first century.

NOTES

5. The authors ran an article search using “family enterprise” and “family business” as the key words on the EBSCO database. There were 175 peer-reviewed academic papers published before 1988. The earliest publication year was 1945. Using the same key words, EBSCO located 4,521 peer-reviewed papers published between 1989 and 2019.

REFERENCES

Introduction


Innovation, growth, and succession in Asian family enterprises


