CHALLENGES OF FAMILY BUSINESS SUCCESSION:
CHINESE-AUSTRALIAN CASE STUDIES

by

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ASSOCIATED PUBLICATIONS

Book Chapter


Journal Article


Conference Papers


ABSTRACT OF THE THESIS

This thesis explores the factors and values that have impacted on succession choices prior to the succession event in Chinese-Australian first-generational family businesses. Matters of succession, as well as leadership and ownership transfer and control, have constituted significant portions of family business research. However, less is understood about the effects of culture (particularly in an intercultural context) on succession choices within family businesses. The current research study explored and developed insights into how Chinese-Australian business owners, within their family-controlled business, perceive and decide family business succession.

The current research project has used an exploratory case study design to explore six Chinese-Australian family businesses cases, gathering qualitative data through in-depth, semi-structured, face-to-face interviews. This study recruited six Chinese-Australian family firms in Melbourne metropolitan and regional area, the capital of the Australian State of Victoria. Analysis of these case studies suggested that the particularity of Chinese-Australian family firm was closely related to the characteristics of the controlling owners and their owning family, including the founder’s motives and goals, the family context and the business nature. Research analysis revealed that the founder’s preferences and attitudes toward family business succession, which are influenced by both Chinese and Australian cultural values, were dependent upon the founder’s cognitive understanding of the environment through socialisation and experiences, which in turn informed the strategic direction of the firm and the way this vision was conveyed to both the family and nonfamily members.

The founders were found to have established and run their family firms for a variety of reasons. The current study revealed that the founders did not solely focus on wealth creation and job generation. Rather, the respondents to the study placed more emphasis on the noneconomic goals that was associated to individual attributes (i.e. a sense of individual
achievement, a self-determination of “making it happen” and a choice of lifestyle) and broader social benefits (i.e. social cohesion, integration of a local culture and/or a prevailing national culture). These types of goals to capture a founder’s genuine commitment to engage in the business were directly entwined with their motives for the business continuity in relation to succession opportunities.

Guided by an open-system approach relating to a family business system, a conceptual model of Chinese-Australian family firm is presented in the thesis discussion. The three layers of the individual, the family business system, and the environment system are used to illustrate contextual differences between the family system, the business system, company ownership and the management structures of Chinese-Australian family firms. Guided by the resource-based view and a “familiness” perspective, the nature of cooperation and collaboration (i.e. co-preneurship) was found in each case of Chinese-Australian family firm. Most notably, this study has illustrated that four work/family tensions emerged from the interface between the family and the business domains (i.e. tensions over “money”, tensions over decision making authority, tensions over work-life balance, and tensions over the desire to be independent). The intra-family conditions can be used to provide contextualised insights surrounding the multifaceted Chinese-Australian family firm context, including decisions related to business succession.

The current study revealed a tension in the context of succession relating to the development of Chinese-Australian family firms from the control of the founding owner-managers to the second-generation management. Founders at this stage of the business lifecycle demonstrated an oscillation between the choices of a family-based succession and a business-based succession, which was influenced by cultural values in relation to their children’s futures. This study has highlighted that internal family firm contextual factors (i.e. family structure, organisational culture, the founder’s managerial practices as well as the founder’s aspiration and visions) need to be considered, because these factors can all subsequently impact on succession decisions in terms of company ownership transfer and
management development.

This study has enhanced and encouraged appreciation and understanding of the development of Chinese-Australian family businesses. In addition, this study has identified a number of aspects that are important for family business owner-managers to decide the strategic decisions of succession in a cross-cultural context. For local policy-makers, the attention to the noneconomic goals of the founding owner-managers may have social welfare implications that extend beyond firm performance. The adaptation of supportive programs may be necessary to accommodate societal differences of the composition, functioning and roles, and relationships that constitute Chinese-Australian family firms. For family business practitioners, the growth-oriented business development can have a considerable impact on the ability of family firms to obtain, retain and develop family and nonfamily human capital, which may facilitate realising a need to transfer ownership and/or management of the family firms to the actual succession implementation. Implications associated with the presented conceptual frameworks entail both theory building and empirical analysis. The importance of understanding how the founding owner-managers perceive, prefer and choose a “type” of succession has emerged as a platform for future research themes linked to the role played by contextual conditions.
CHAPTER 1 INTRODUCTION

1.1 Chinese-Australian Family Business

This case-based research focuses on the factors that influence succession choices in Chinese-Australian family businesses. The main purpose is to explore the decision-making process experienced by the founding owner-managers in their family-owned businesses as they strive to achieve business continuity. The family presence in the business almost certainly means that the characteristics, aspirations and relationships of family members will have a profound influence on the operations of the business. There is a particular emphasis on the understanding of intercultural dynamics between the attitudes and beliefs of ethnic migrant Chinese families and those of the Australian culture within which they live.

This study is concerned with the ways the Chinese-Australian business owners’ aspirations and attitude toward family involvement, their vision and managerial style, the degree of family harmony, and family value issues, influence the future direction of their family firm undertaken by succession strategy. The group of Chinese-Australian family businesses that were the focus of the study were first generation ethnic Chinese migrants setting up a business. Like other ethnic businesses, Chinese family businesses in Australia encounter numerous difficulties, including language barriers, cultural differences, negative discrimination, rising competition and financial problems (Collins, Gibson, Alcorso, Castles and Tait, 1995). Additionally, migrants also face the complexities of family dynamics, because of cross-cultural adaptation (Gardiner and Kosmitzki, 2008). Since these Chinese migrants were people of non-English-speaking background, they had been exposed to at least two cultures, the Australian culture encountered mostly in their social and economic environments, and the Chinese heritage culture encountered in their families.

The importance of understanding Chinese-Australian family businesses is reflected in the rise of ethnic migrants’ businesses, as increasing number of Chinese migrants choose self-employment (Lund, Woods, Hibbins and Barker, 2005), which impacts on their family viability, social mobility and personal esteem (Mahalingam, 2006). Ethnic Chinese family-
controlled, owned and managed businesses are a vibrant and growing part of the Australian economy (Collins, 2002). As an economic unit, family business is not only concerned with generating and multiplying the fruits of the wealth stemming from the family’s original fortune, but also with fostering an entrepreneurial culture and nurturing the entrepreneurial instinct at family level, by passing on owner’s invaluable knowledge and entrepreneurial spirit to future generations (Zachary, 2011, Trevinyo-Rodriguez and Bontis, 2010).

Overseas Chinese family businesses have been considered as an ethnically and culturally phenomenon in a transnational context (e.g. Westwood, 1997, Carney, 1998, Tan, 2004). Researchers have focused on the vitality of Chinese family businesses in East and Southeast Asia, in the UK and in the USA. Among the various factors affecting the development of Chinese family businesses, the issue of succession has been largely subjected to the interplay of family needs and business decisions, the professional development of family members, the transition of professional management, as well as the retention of competent non-family employees (e.g. Gomez, 2007, Tsui-Auch, 2004, Tong, 2009, Zheng, 2009). Previous studies of intergenerational succession in overseas Chinese family businesses have found that many first-generational Chinese immigrants had the motive, money, and education to open small business enterprises, and utilised cultural and social capital that assisted them in business. Second-generation of these entrepreneurs may be assimilated into the host country’s culture and, therefore, they may not have the same ‘cultural’ attachment to the family businesses; they may be reluctant to take-over the business due to long working hours and self-sacrifice efforts, which the founder disregarded. Higher levels of educational attainment may lower the entry barriers facing second-generation in relation to desirable positions in large corporations or in the professions. This phenomenon has been recognised as a major reason why businesses do not continue from one generation to another among Chinese immigrants’ families (Wong, McReynolds and Wong, 1992, Dhaliwal and Kangis, 2006, Basu and Altinay, 2002, Tsui-Auch, 2004).
Many of ethnic migrant family businesses in Australia are relatively short-lived, rarely extending beyond one generation (Collins et al., 1995). A popular phrase is ‘shirt sleeves to shirt sleeves in three generations’, implying that the wealth created by the founders is squandered by the inheritors (Ward, 1987). Such negative image of being short-lived is largely due to the different goals of the company and the family, as well as those of individual family members, leading to a lack of clear intentions of intergenerational pursuance of continuity (Davis and Harveston, 1998). Empirical research on Chinese family businesses in Australia is scant. There is little known about the nature of organisational development along the family and business life-cycle progression in Chinese-Australian family businesses, so that it is difficult to determine what succession issues they may encounter. The current study aimed to explore in-depth case studies of Chinese-Australian family businesses and their perspectives of succession.

1.2 Family Business Succession

Much of research about organisational development in family business is undertaken in the context of succession (Aronoff and Ward, 1992, Gersick, Davis, Hampton and Lansberg, 1997, Miller, Steier and Le Breton Miller, 2006). According to the stereotypical view of family business succession, families actively prepare for succession in terms of ownership control and leadership transition (Sonfield and Lussier, 2004). It is well documented that only a small proportion of family firms survive to the second or third generation (Thomas, 2004, Miller, Steier and Le Breton Miller, 2006, Ward, 2004). Given the variety of circumstances in which family businesses are embedded, it is recognised that there may not be one single way to think and act on succession decisions (Scholes, Westhead and Burrows, 2008). In spite of the importance of succession planning, the succession issues are often taken for granted or left to chance (Dunemann and Barrett, 2004, Miller, Steier and Le Breton Miller, 2006).

Succession is a critical challenge for the longevity of family firms (Olson, Zuiker, Danes, Stafford, Heck and Duncan, 2003). Along with the business’s developmental path,
succession can occur in response to or in anticipation of certain transformational change (Bjuggren and Sund, 2001). These changes may be associated with significant revision of the family firm’s business strategy, which in turn, may require modifying internal structures and processes to support the new direction (Duh, Tominc and Rebernik, 2009). The developmental path of family business succession concerns both ownership and management succession. The issues of legal and financial transfer inform a decision about ownership succession within family or sale to outsiders (e.g. Holland, 2008), while the issues of selection; training and development of successors are integral parts of the management succession (e.g. Cabrera-Suarez, 2005).

The continuity of the family involvement can be viewed as a significant factor reflecting the integrated capability of the family and the business (Aronoff and Ward, 1992, Kellermanns, Eddleston, Barnett and Pearson, 2008). The research on family succession has viewed a dynamic process between predecessor and successors who are engaged in a relay race, a phenomenon that is more likely to occur when a variety of financial, situational factors and personal conditions exist (e.g. De Massis, Chua and Chrisman, 2008). For example, the parent-incumbents decide when to initiate change, what the change should be, how it should be implemented, and who should be responsible for directing it (Wade-Benzoni, 2002). The critical role of family members in succession relates to how family members perceive, think and behave at work with respect to the roles and norms in the organisational structures and family relationships (Sharma, Chrisman and Chua, 2003, Bocatto, Gispert and Rialp, 2010).

To study succession issues in first-generation Chinese-Australian families’ businesses, the current study focuses on the importance of the founding owner-manager’s role and the context of business and family, as well as the environment in which those individuals are embedded. The way in which the Chinese-Australian family business owners approach the planning for the succession may well shape subsequent successor selection of the new leaders and organisational development paths. The rationale behind this approach to succession is outlined in details in the next chapter. This research focus has determined the research design in Chapter 3.
1.3 The Role of Culture

Values are a critical feature of culture and cultural distinctiveness (Schwartz and Bardi, 2001). At an individual level, the significance of values shapes and influences the individual’s perceptual framework, which guides behaviours through orienting us in particular ways towards perceptual selection and interpretations process (Gardiner and Kosmitzki, 2008). In a family business, values are acknowledged as the bedrock of family culture and organisational culture (Vallejo, 2008). The role of cultural effects on family business is not only manifested by the characteristics of family, but also by the attitudes and beliefs of the external environment within which they live (Aldrich and Cliff, 2003). The behaviours behind entrepreneurial choices in ethnic migrant businesses are often dynamic and complex (Mahalingam, 2006). A major element of the social and economic integration of migrants is tied to the status attained through some form of entrepreneurial activity (Piperopoulos, 2010, Marger, 2001). Different ethnic groups approach this prospect quite differently, because people behave in the way they are raised in a specific national and cultural background (Hofstede, Hofstede and Minkov, 2010). Such cultural characteristics have been evident in the decisional and behavioural patterns of Chinese family businesses in Australia (Collins, 2002, Ip, 1993, Batonda and Perry, 2003). However, the succession behaviours of Chinese-Australian family businesses have not received much explicit attention. The current study aimed to explore what cultural values may be favourable or detrimental to succession outcomes, and hence can enhance or be a detriment to the survival of Chinese-Australian family firms after the founder-led stage.

1.3.1 A Transcultural Perspective for Studying Succession

Australia is a culturally diverse country with many migrant and ethnic families (Ashkanasy, 2007). These migrant families tend to retain their different origin values while also adjusting to a new culture with an intention of integrating into the mainstream society (Chiang and Yang, 2008). Their ethnic and cultural differences are reflected in the patterns of thinking, feeling, and acting that have been transmitted through their upbringings and which are grounded in family events, personal experiences and cultural values, although many
immigrants of non-English-speaking background tend to assimilate to the dominant culture (Hibbins, 2005). Therefore, the need for multicultural sensitivity and understanding overseas migration is significant.

In the 2011 census, Chinese-Australian residences make up around four percent of Australia’s population (a total of approximately 865,000 people) (Australian Bureau of Statistics, 2011). Chinese immigrants in Australia come from different regions (e.g. mainland China, Hong Kong, Taiwan, Malaysia, and Singapore, as well as other Southeast Asia areas) and various personal histories (Ho and Coughlan, 1997). The increasing number of Chinese migrants has made them a significant ethnic group in Australia.

The effects of culture and ethnicity have evidently impacted on the family firm’s operations and decisions (Harris, 2009, Danes, Lee, Stafford and Heck, 2008). Family is an important resource for the economic activities of the Chinese family firms in Australia, such as trusted and inexpensive labour, family and personal contacts, and financial and emotional support (Lever-Tracy, Ip and Tracy, 2002, Park and Luo, 2001). Family context (e.g. values, norms and relationships) has been recognised as an important factor that shapes the development of Chinese family firms (Kloosterman, Van Der Leun and Rath, 1999, Westwood, 1997). For example, succession in a Chinese family firm occurs in the family, affecting not only interdependent relationships in terms of the family hierarchy, but also power transitions in terms of the business hierarchy (Westhead, 2003). In other words, a Chinese family firm integrates family roles with roles expected of the business systems in the context of succession (Gupta, Levenburg, Moore, Motwani and Schwarz, 2008).

However, there is limited understanding of the cultural characteristics that affected the succession choices in terms of the future direction of Chinese-Australian family businesses. In the current study, the research objective was to form a better understanding of the complexities and intercultural contexts in which the Chinese-Australian family business operates, and their effects on the business owner’s managerial preferences and attitudes to succession in their family businesses.
1.4 Research Questions

The current research posed the question: What are the factors that influence succession choices in first-generation Chinese-Australian family businesses? The current study sought to explore the perceptions and experiences of Chinese-Australian business owners, in particular, for the founding owner-managers. As each family business cannot be defined by one set of managerial decisions and patterns in the operations and motivations, an emphasis on the diverse socio-cultural and family context in which a business exists is necessary. In order to answer the research question, the current study sought to break down the question into workable sub-questions, recognise the goals of Chinese-Australian family businesses and identify multiple factors that might influence the desirability of succession choices in the future direction of the family business. The questions posed are:

1. How do Chinese-Australian business owners describe and identify their business as having family involvement?
2. What impact do different socio-cultural factors (e.g. personal characteristics, family, cultural factors, and values) have on the founder’s attitudes towards succession?
3. What impact do specific business factors (e.g. business goals, family) have on the founder’s attitudes towards business continuity in the context of succession?
4. What challenges do the founders face as they strive to transfer the business from the current generation to the next?

1.5 Research Methodology

As the objective of this study is to generate an in-depth understanding of the decisions and perceptions regarding factors leading to succession decisions in Chinese-Australian family businesses, an exploratory case study methodology has been adopted (Nordqvist, Hall and Melin, 2009). In order to gain a rich understanding of the context of the research phenomena, a multiple case study approach was employed. The basic rationale of the multiple case studies is that social reality is constructed in different ways in different contexts (Baxter and Jack, 2008), aligned with the interpretative research paradigm. The
main strength of qualitative research is its ability to study phenomena that statistics cannot measure. In this current study, I assume a learning role rather than the scientific testing role (Silverman, 2005), learning about the world of Chinese-Australian family businesses by meeting it firsthand and making some sense out of it.

The methods to conduct data collection in this study consisted of questionnaires and interviews. Central to this current study was qualitative interviewing of respondents to elicit their own experiences and perceptions. Primary data for this case study was collected by interviewing the owners of six Chinese-Australian family businesses. In addition, secondary data, including questionnaire answers and website information, was also integrated. The main purpose of the questionnaire was to familiarise the potential participants with the setting before the open-ended interviews. At the same time, it helped establish a sample of respondents. Later, qualitative interviews of the sample cases looked in depth at key issues.

Inductive content analysis was used to analyse and interpret the data collected. The analysis process involved data reduction by segmenting and summarising the data using data displays and cross-case matrices, followed by coding to look for emerging themes (Miles & Huberman, 1994). It was conducted by using NVivo 8, a computer-assisted qualitative data analysis software, which was designed to reveal greater levels of detail in a series of hierarchical nodes starting with ‘codes’, followed by ‘categories’, and finally ‘conceptual themes’ (Dexter, Anderson, & Ronnkvist, 2002).

1.6 Significance of the Study

The current study makes an academic contribution by adding a cultural perspective in an intercultural context to the existing family business literature on the process of transferring a business to the next generation. This is achieved by exploring and developing insights into how Chinese-Australian business owners, within their family-controlled business, respond to and decide family business succession. The cultural effects on succession reflect how the personal values, cultural orientation and perspectives of the owner play a role in it. The insights gained from this study will be beneficial at several levels.
First, it will inform, enhance and encourage appreciation and understanding of Chinese-Australian family businesses. It will enhance overall organisational learning of family businesses and will benefit governments (i.e. city councillors), when attempting to solve settlement problems for immigrants; community services, when engaging with the unique nature of ethnic Chinese group; and business associations, when dealing with employment opportunities. Given diverse economic and social influences, any development of economic policies or extension of knowledge on ethnic entrepreneurship requires an ethnic perspective. This is worthy of investigation, in particular, for the ethnic migrant Chinese community, because their significance to business activities that enrich Australian society with new products, services or export potential, as well as to their social integration by reinforcing their economic position and social status (e.g. Collins and Low, 2010).

This study also contributes to family business practice through identifying a number of aspects that are important for family business owners and managers if they are to consider succession in a multi-cultural context. It is not just for the particular group that is studied, but also for businesses whose families have come from different cultures. The ethnic group of Chinese-Australian family businesses would be more aware of which one (either the Chinese traditional culture in their family or the western culture in society) is the dominant culture in their business behaviours, and when the two cultures meet, whether it leads to a new culture and lifestyle that is different from both cultures. Both of the cultural backgrounds contribute to these business owners’ decision-making that affects the succession of their family firms. Furthermore, different ethnic immigrant groups would recognise a multi-dimensional influence on their entrepreneurial behaviours. As the diverse family and cultural backgrounds cannot be defined by one common experience, an emphasis on a cultural perspective is appropriate in order to investigate the multiplicities of succession strategies that lead to the development of family businesses. It could add to the international understanding of succession choices among immigrant communities in other receiving countries throughout the world.
Finally, the succession of family business is of ongoing international interests to family business studies. Much has been written about the factors that foster or hamper the succession process (e.g. De Massis, Chua and Chrisman, 2008, Walker and Brown, 2004, Stavrou, 1999). The literature has identified both internal and external factors as influencing the level of individuals’ behaviours. Of particular interest to the current study was the type and level of cultural factors among the diverse Chinese-Australian family business context. The understanding of the different cultural values and family historical and social backgrounds, and how they impact on the succession choices for the family firm’s development, has been established through the current study. It not only focuses on the influencing factors that facilitate succession among ethnic migrant business, but also discovers the cultural influences on these factors.

1.7 Structure of Thesis

The thesis is organised in six chapters, as illustrated in Figure 1.1. The structure of each chapter includes a brief introduction, followed by various sections in accordance with the topic under discussion, and a Summary at the end. This chapter, the introductory one, has addressed the importance of cultural effects on family business succession, in particular for Chinese-Australian family businesses.

Chapter 2 will provide further theoretical background, with a literature review structured in three parts. First, the chapter will review the definition of family business and discuss the importance of family dimension to categorise the business organisation. In addition, discussion will focus on the role the family plays in the family business. The assumptions underlying the family influences form a fundamental framework to the study of Chinese-Australian family business. Second, issues of culture in relation to family business are discussed. It helps present the cultural background of Chinese-Australian family business. The section is divided into three parts: an overview of national culture as a mediator of personal values; discussion of family business culture and its influence on business development; and consideration of the existing research on start-up and development of Chinese family-operated businesses. Finally, the succession of family business focused on two succession
outcomes, that is, the continuity of the family business and the continuity of the business family. Chinese-Australian family businesses can evolve toward either result, affected by the individual family circumstances.

Chapter 3 explains and provides full details of the methodology used for the current study. It discusses the application of qualitative case study design. Then, it explains how data was generated via questionnaires and semi-structured interviews, and coded and categorised using thematic analysis. Finally, it describes the ethical issues and the method’s intrinsic limitation in conducting this research.

This is followed by Chapters 4 and 5, which present the research findings and discussions that draw together the findings from the empirical data, integrated to the literature review. Chapter 4, highlights the diversity of these six Chinese-Australian family firm cases. They differ in terms of their reasons behind their business goals, the degree of their family involvement and the type of tensions arising from interactions between family and business. An analysis of business profiles of these six cases points to differences in the type of businesses, business contexts and business strategies. In Chapter 5, factors derived from the values, visions and behaviours of these six founder-owners have an impact on their decisions in the context of succession. A choice between family-based succession and business-based succession is determined by a founder’s preferred managerial style, aspirations and visions in terms of organisational lifecycle of business, as well as perception of family structure and roles.

In the final chapter, the development of a conceptual framework is presented to understand the cultural effects on family business succession. It also draws conclusions on the characteristics of Chinese-Australian family businesses in terms of business operations and motivations, discusses the limitations of the current study, and explores the potential future research to expand the scope of this area of research.
1.8 Summary

The current study sought to understand the factors influencing the successor decisions in Chinese-Australian family businesses. It involved the development of case studies of Chinese-Australian family businesses. This chapter outlined how successor decisions can be explained through the effects of culture and ethnicity. Cultural orientation and perspectives will lead on to a review of existing literature in Chapter 2.
CHAPTER 2
THE EFFECTS OF ETHNICITY, FAMILIES AND NATIONAL CULTURE ON CHINESE-AUSTRALIAN FAMILY BUSINESS SUCCESSION

This chapter reviews the literature that outlines the interrelations between individuals, family and business regarding succession. This chapter is built up of three parts. A section on the meaning of family business starts this chapter (2.1) before moving on the family influence on business. It begins with a discussion of the definition of family business and the goals of family business. The extent of importance of the economic or non-economic goals is affected by the individuals’ values and aspirations, the family and business values.

The second part (2.2) reviews how Chinese-Australian business families are generally portrayed in ethnic business literature. A cultural pattern within a family, which shapes the structure and interaction among family members, becomes one of the central concerns in the family business life. As a representative illustration, the distinctive characteristics of Chinese-Australian family businesses are derived from the larger contexts of which they are part. The features of Chinese-Australian business families combine certain cultural elements among the Australian national culture, ethnic Chinese culture and business culture in local socio-economic environment.

The chapter ends with an assessment of the succession outcomes (2.3) where two possible strategic choices of succession are identified and a need for exploring decisions of succession in Chinese-Australian family business is argued for. The firm’s succession strategy is one of the most important challenges for effective management of the family firm. This section attempts to illustrate that issues of succession could be viewed in the context of the continuity of family business and the continuity of business family. In Chinese-Australian family businesses, the questions of whether a family firm survives through different family generations or not is to deal with how they actually think, act and plan the strategic decision of succession that can be related to the value-laden needs of transnational families.
2.1 Family Business

Family-owned and controlled firms are an important and widely found form of business worldwide. As the statistics demonstrate, family business research is justified because of the sheer numbers of this type of business. In Australia, the family business sector constitutes a significant proportion of the economic landscape. It is estimated that, in 2009, approximately 70% of Australian businesses were family-owned and/or controlled and had an estimated wealth of $4.3 trillion (KPMG and FBA, 2009). The prevalence of this organisational form is manifested in even higher numbers in migrant businesses, including Chinese migrants (Chen, 1997, Gomez, 2007). Because of their prevalence and enormous effect on economies, there has been an increasing effort to understand family firms in which their culture characteristics have high potential to affect the firm’s performance (Gupta and Levenburg, 2010, Tong, 2009, Harris, 2009).

Family firms exemplify a form of organisations that have a dominant group (i.e. family) whose members are active in diverse positions at work in the organisation, including
owner/managers, employees, or inactive (Ward, 1987, Whiteside, Aronoff and Ward, 1993, Harvey and Evans, 1994). This dominant group is inextricably linked to, and also interacts with, the firm’s other groups (e.g. non-family employees). The interaction creates a context where potential conflicts are identifiable and may strongly influence the firm’s internal development (Barnett and Kellermanns, 2006). Therefore, at least two social groups are present within most family firms: family members and non-family members.

Family business is a complicated phenomenon, not only characterised by involving the separate groups in an organisation, but more importantly, by the interaction of two distinct yet overlapping domains: the business and the family (Poza, 2007). From a conventional point of view, a business system is organised to achieve specific goals, driven by profitability, and characterised by competitiveness, while a family system is bound by traditional responsibilities and values, and characterised by family culture and ethnicity (Barrett, Walker, Dunemann and Rajapakse, 2005, Birley, Ng and Godfrey, 1999). Meshing one system with the other inevitably forces this type of business to face many challenges that are not evident in non-family businesses, because the family’s values, biases and internal relationships influence the business’s operating style, decision-making process, and future prospects relative to family and business processes (Poza, Hanlon and Kishida, 2004, Craig and Lindsay, 2002).

All businesses carry on through succession to dilute or retain control and ownership as time goes by. Succession of ownership and management in family business represents different kinds and different processes from non-family businesses (Brundin, Florin Samuelsson, & Melin, 2008). Beyond an economic interest of survival and success, family business longevity is dependent on succession (Fahed-Sreih & Djoundourian, 2006), which has been depicted as a process of handing the business over from one generation to the next (Aronoff & Ward, 1992). This is evident that family issues profoundly impact the issues of ownership and leadership in business lifecycle (Aronoff, McClure, & Ward, 2010).
By studying the dynamics of interaction in family firms, the following section presents the research work on family firms in three ways. First, it focuses on the diverse definitions of family firms. To examine the characteristic of this type of firm, the current research moves beyond a focus on the purpose of family ownership, management and governance by studying family involvement. Its focal aim is to investigate the contexts that link a family’s needs and goals to the creation of business in the family firm. Second, it examines how the economic and non-economic goals affect wealth creation and non-economic benefits underlying the family firm’s value creation. Third, it further explores the family firms’ uniqueness (i.e. distinctive “familiness”) (Habbershon & Williams, 1999) that can affect individual decisions and business outcomes. Such a dominant social group (i.e. the family) manifests its own values and norms of behaviour through the goal-setting in the firm, along with the lifecycle of family evolution and organisational development.

2.1.1 Definition of Family Business

There is no single, comprehensive definition that encompasses all divergent views about family business (Chua, Chrisman and Sharma, 1999, Litz, 1995, Shanker and Astrachan, 1996). Like the blind men examining different parts of the elephant (Debicki, Matherne, Kellermanns and Chrisman, 2009), researchers report truth about the discrete elements of family business, yet have difficulty finding a common frame or establishing a consensus as to what constitutes a family business (Litz, Pearson, & Litchfield, 2012). For example, the continuing interest in defining family business was geared towards observing the features of particular samples (Daily and Thompson, 1994) and distinguishing these from non-family businesses (Littunen and Hyrsky, 2000). Additionally, the phenomenon of family business is even more complex if looked through a cross-cultural lens (Gupta, 2010, Chrisman, Chua and Steier, 2002). Even though there are inconsistencies with the description, it appears that the definition of family business is based on the family systems theory (e.g. how family members in or out of business influence and in turn are influenced by business) (Poza, Hanlon and Kishida, 2004, Tagiuri and Davis, 1992, Luo and Chung, 2005). This has been conceptualised by various researchers in different ways.
A variety of definitions of family business have been developed using one of two approaches: a “component-of-involvement” approach or an “essence” approach (Chrisman, Chua and Sharma, 2005, p. 556). The former is based on the implicit belief that the ownership, management and involvement within a family are a necessary condition to identify a firm as a family firm. The latter considers that the underlying conditions to define a family firm are the distinctiveness of shared values and behaviour norms that are created by family involvement and that result in a unique outcome for the firm. For example, family firms have been identified where more than 50 per cent of the share capital (ownership control) is owned by a single dominant family (Westhead, Cowling, Storey and Howorth, 2002); where family members form part of the management as executive or other managers, as board members or as shareholders (Littunen and Hyrsky, 2000); and where the business intends to achieve an inter-generational ownership transition across generations (Neubauer and Lank, 1998). In empirical studies, the key variables used to describe the equity of respondent firms as family businesses include ownership by family, management by family, family involvement, and potential generational transfer (Glassop, Hagel and Waddell, 2007).

Family businesses are considered a separate and emerging sector and a field of academic study, not because they are cohesive and homogeneous as the degree of specificity of constructs, but because there are certain intentional dimensions due to extremely different combination of resources, needs and goals when compared with those intentions in non-family organisations (Tracey, 2001, Chua, Chrisman and Sharma, 1999). There is a great deal of family influence with respect to the business aspects of firm. Therefore, the purpose of family business research focuses not on “what is family”, but in what ways “family becomes a resource for specifying individuals” relations with others (Habbershon and Williams, 1999, Poza, Hanlon and Kishida, 2004). The essence of a family business is critical to understanding various sets of characteristics, such as ‘over the strategic direction of a firm, the intention of the family to keep control...as well as the unique inseparable, synergistic resources and capabilities arising from family involvement and interactions’ (Chrisman, Chua and Sharma, 2005, p. 556). The current study is also driven by this purpose and adopts the definition by
Chua, Chrisman and Sharma (1999):

A 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).

With regard to the above definition, a family business not only describes a business operated by a certain family, but also gives prominence to the motives of the family (e.g. the owner’s motivations) that drive the business. To intend and behave in a manner that ensures the business is controlled by a dominant social group and/or include family members across generations, Chua, Chrisman and Steier argued what is required is ‘power on the part of the holders of the vision to put it into practice’ (2003, p. 26). In addressing the importance of family influence related to the research questions, this definition is appropriate for addressing the characteristics of family business in Chinese-Australian families. Such a definition provides a theoretical understanding of the extent to which the business is operated as a vehicle to help achieve the vision for the founder. It is important to emphasise that the defining feature of a family business is based on a family’s “soft” dimension (Rogoff and Heck, 2003), instead of a list of “hard” components regarding ownership and/or management matters. Ownership is a legal structure choice, which may not reflect the number of family members involved in the management in the business. Similarly, whether family members are in or out of the family business does not determine whether legitimate family businesses are included in the non-family firm segment. The implications relative to the interaction between the family dimension and the business dimension is manifested by the conceptualisation models of family business in the next section.

2.1.1.1 Theoretical Model of Family Business
A defining feature of family business is the degree to which the family and business boundaries overlap (Whiteside, Aronoff and Ward, 1993, Lansberg, Perrow and Rogolsky, 1988, Wortman, 1994, Davis, 2008, Le Breton Miller and Miller, 2006). The operation of a family business implies a series of internal trade-offs to manage the overlap between family and business (Harvey and Evans, 1994). Because family is emotionally based and business is task based, it is necessary to manage the boundaries between two qualitatively different social systems in order to deal with their inherent contradictions (Smyrnios, Romano, Tanewski, Karofsky, Millen and Yilmaz, 2003), otherwise the business can be constrained by the family (Gordon and Nicholson, 2008, Mock, 2004). In contrast, there is a prevailing view that addresses the equal power and importance of the family and the business (Stafford, Duncan, Danes and Winter, 1999), by representing a dual stereotyping of these two systems functioning, which balances the competing interests of the systems or manages the changing needs and interests of the constituency groups through time (Olson et al., 2003).

The overlapping circles model (Figure 2.2) is the standard theoretical model for picturing family and business as interlinking systems that explain the competitive tensions in terms of decision making, formation and implementation of strategy (Tagiuri and Davis, 1992). It describes the complex individual and organisational phenomena associated with the overlapping subsystems, for identifying the stakeholder perspectives, roles and responsibilities (Gersick et al., 1997). In a family system, power, sentiment and emotional aspects are shaped by and in turn shape the influences of the hereditary management, attention to kinship ties and family lifestyle (Birley, Ng and Godfrey, 1999). The family is bound by individual responsibilities and values, and characterised by family culture types and ethnic identity (Danes et al., 2008, Harris, 2009). In a business system, structure, functions and purposes create, modify and even eliminate emotion links (Williams, 2009). The business is organised to achieve specific economic goals, driven by profitability, and characterised by competitiveness (Barrett et al., 2005). The family/non-rational component and business rational component clash over ownership, governance and management systems. The varying types and levels of family involvement have determined the nature of business structure.
Generally, ethnic Chinese family businesses in Australia have been observed as family-owned and managed firms, in particular for the first generation (Collins, 2002). In a static sense, sub-systems of the family, the business and the ownership present this equal balance image. In practice, the family needs and goals were one of the most important influences on the entrepreneurial experiences within the ethnic/cultural group of overseas Chinese businesses (Chen, 1997, Batonda and Perry, 2003). The domination of the family system is manifested through ownership and management. The nature and extent of family involvement has been positively associated with the family’s control (Ip and Lever-Tracy, 1999). The type of business was highly related to the social capital of family. Therefore, the underlying assumption in Chinese family firms places the family business in the dominant position.

However, the overlapping circles have limitations for the developmental changes that both the family and the business subsystems adopted on processes (Gersick, Lansberg, Desjardins and Dunn, 1999). Along with the time process, the goals set by the family for the firm’s business may adopt a dynamic view focusing on processes, such as succession process (Davis and Harveston, 1998), business strategy formulation (Carlock and Ward, 2001) and corporate governance development. The explanation of how interactions between family and business influence the firm’s efficacy, including business decisions, organisational strategies, structure, and resources and so on, was limited by the overlapping model. That is
because the overlapping circles models descriptively picture a static degree of interaction between the family and business. Instead of stressing this dual system approach, a unified systems model (Figure 2.3) suggests a systemic synergy that can lead to a unified systems perspective of performance in the family business system (Habbershon, Williams and MacMillan, 2003). It consists of three broad subsystem components: (1) the controlling family unit, representing the history, traditions, and lifecycle of the family; (2) the business entity, representing the strategies and structures utilised to generate firm level outcomes; (3) the individual family member, representing the interests, skills, and motivations of the participating family members, particularly the founder. The model is to show the circular feedback processes with continuous influence (Habbershon, Williams and MacMillan, 2003). The circular nature of the system identifies that each of the outcome measures for a given subsystem can also serve as systemic inputs into the outcome measures of any other subsystem or for the whole system.

![Figure 2.3 An Unified System Model of Family Business](source: adapted from Habbershon, Williams, & MacMillan (2003))

Additionally, resources and capabilities (i.e. “familiness”) emerge from the interaction of the individual, family and the business (Habbershon and Williams, 1999). These resources and capabilities create chains of interactions that are directly and indirectly linked to firm performance, competitive advantage and business continuity (Sirmon and Hitt, 2003). The influence of the interplay among individual family members, family unit and business entity
can be manifested by the two-way links of resources and the capabilities that subsystem possesses. For example, a business owner, who is in control of defining and pursuing the vision of the whole system, creates transgenerational value for a family unit, which in turn, defines the succession outcomes that have value to any members in the business (Aronoff, 2004). Due to such circular interaction, these resources and capabilities have deeply embedded defining characteristics of family businesses.

The family-influenced firms generate rich intangible resources and capabilities (Danes, Stafford, Haynes and Amarapurkar, 2009, Miller and Le Breton Miller, 2006, Poza, Hanlon and Kishida, 2004), including unique potential for trust, cost of capital, human resource, leadership development, social capital, decision making (to be discussed in more detail in Section 2.1.3). Depending upon the specific context of the family in the family business system, the “familiness” bundle consisting of resources and capabilities explains the nature of family influence on the business and differentiates a firm’s performance through the resources and capabilities that the family firm possesses. It also differentiates the family firms from non-family firms in terms of the summation of the resources and capabilities. Given the general interest in ethnicity and its relationship to the Chinese-Australian business context and strategies, it is not surprising that attention has turned to the ethnic Chinese family’s social capital. The Chinese heritage held by the business-owning families has been shown to have an impact on their networks and resources, and ultimately on business performance. To understand, explain and predict managerial behaviour, it is necessary to know the values under which these family businesses operate.

The unified systems model is effective for demonstrating how the influence of the family and individual family members can be evaluated directly in relation to the business outcomes. However, a characteristic of this model is its closed system approach. It is necessary to acknowledge the interaction among the subsystems in a family business system and the surrounding environment. A bull’s eye model of an open-system approach allows for the integration of multiple levels of analysis, as illustrated in Figure 2.4. The individual in various roles is central to the model. Because individuals do not live as isolated entities, they belong to the family group and the business organisation. Therefore, they create a family
business system with family and business subsystems, connecting through to the ownership and management system. The family business system is embedded within a particular environmental system.

![Figure 2.4 The Bulleye Model of an Open-System Approach](image)

Source: adapted from Pieper and Klein (2007)

This open-system approach is effective in informing the current study of Chinese-Australian family businesses because it allows understanding of how the family business and the environment interact, how these interactions shape the family structure and organisational structure, and how these family and business systems affect individuals’ attitudes and behaviours, and vice versa. Furthermore, this model is highly general, which applies to all types of family firms, from the copreneurial couple, to the multi-generationally owned and managed firm, to the family-controlled corporate company (Habbershon, Williams and MacMillan, 2003). While this model does not seem to describe specific interactions and relationships within the family, I deliberately want to apply this model to this research, because it represents the interests of the subsystem—goals, values, and lifecycle stages that generate subsystem performance. As the focus of this research concentrates on the intention of business continuity, identifying the importance of the family goals in the firm is important. The following sections consider the types of goals of the family in the firm and
the intentions to accomplish such objectives.

2.1.2 Goals of Family Business

For all form of business organisations, the basic management process is aimed at achieving a set of goals. Researchers have focused on the outcome of business performance within the context of the family business (Anderson and Reeb, 2003, Westhead and Howorth, 2006, Gibb Dyer, 2006). However, a business system with a fundamentally different family framework has its purpose not only to create a profitable company, but also to contribute to a growing family (Sorenson, Goodpaster, Hedberg and Yu, 2009). The boundaries of the family and business are permeable. The degree of overlap between the family and the business varies with the desired goals (Tracey, 2001).

Individuals make economic decisions within the social context of the family (Lumpkin, Martin and Vaughn, 2008). The processes of creating the business produce outcomes such as survival, objective performance and subjective success. The concept of success has been an integrated part of the business goal (Hofstede, Van Deusen, Mueller, Charles and Network, 2002). Success in the family business can be defined beyond the financial success of the business to motivators that may be of value to the family system, such as financial independence, family security and social mobility (Andersson, Carlsen and Getz, 2002, Tagiuri and Davis, 1992, Moyer and Chalofsky, 2008), particularly for migration family businesses (Chen, 1997, Gomez, 2007). In other words, the goals of a family business help the family achieve more than just economic goals. The model also indicates that the family context is the basis from which the family business initiates, grows, and encounters challenges and opportunities.

The family’s ownership and control of the business brings an element of freedom to define success on their own terms (Stafford et al., 1999, Habbershon and Pistrui, 2002, Schulze, Lubatkin and Dino, 2003). For example, for some business owners, the economic necessity of earning a living and supporting the needs of family is often the fundamental motivation for starting and developing a business (Wong, McReynolds and Wong, 1992). For others,
lifestyle and wealth accumulation goals play an important role in whether a team of family members are interested in working together (Moyer and Chalofsky, 2008). Beyond profitability, the founders may see success in the ability to live and operate the firm according to a personal value system (Andersson, Carlsen and Getz, 2002). Figure 2.5 describes how the value creation of a business belonging to a family is constituted for the purpose of achieving wealth creation and non-economic benefits (Chrisman, Chua and Litz, 2003).

Wealth creation has been identified as a primary goal for enterprising family firms (Habbershon, Williams and MacMillan, 2003). As the definition of family business adopted in the current research suggests, the intentions of the family determine their firm’s variety of goals. Therefore, the economic performance is not necessarily the only, or even the primary, goal of all family firms (Tagiuri and Davis, 1992). The value creation model has been introduced to capture multiple goals and represent the means rather than the end of business-owning families (Chrisman, Chua and Litz, 2003). The aspiration, lifestyle and values of a family will influence the formulation, molding, and reinforcement of value creation, which in turn determines the economic efficiency of the business. The pursuit of
non-economic goals will affect and be affected by the resources and capabilities (i.e. “familiness” related to family involvement and interaction) that lead to competitive advantages and the pursuit of wealth creation (Andersson, Carlsen and Getz, 2002). Lifestyle family firms have been included in the value creation model, because their goals are other than, or in addition to, wealth creation. Whether the family involvement provides direct resources or not, the survival of the firm is attributed to adequate economic performance, while the generation of non-economic benefits is considered to be the founder’s primary objective (e.g. pursuit of independence) (Schein, 1995). Finally, the feedback from the ultimate goal (i.e. value creation) has influence on the maximisation of a utility of both family and non-family-related resources and capabilities, in turn, to create wealth or change its goals. Thus, if the resources of the family are perceived to achieve neither greater wealth nor non-economic benefits, the participating family members in the firm may alter their level of family involvement, change their business strategy, or dispose of the business eventually (Gersick et al., 1999).

Given the general conceptualisation of personal values, a value system in a family business helps determine how individual members interpret the feature of value creation, establish priorities, make choices and reach decisions. The personal values held by the founder have an impact on conceptions of what is desirable in the organisation, the mode of conduct the founders want to see prevail, and judgements and evaluations of proper behaviours for achieving these objectives (Altinay, 2008). Their personal values significantly affect their choice of behaviours through defining the priorities, offering the means to rationalise the choices, and making certain choices meaningful (McConaughy and Phillips, 1999). When value dilemmas are met, especially when family might take precedence over business – whether family involvement is more important than hiring external workers, or whether intergenerational succession outweighs profits maximisation – their resolution depends on the founder’s prioritising, decision and behaviour patterns, which are shaped, at least in part, by their personal value preferences (García-Álvarez, López-Sintas and Saldaña Gonzalvo, 2002).
In a Chinese-Australian family business, the decision making in terms of setting goal priorities is informed by the core values prevalent in the family culture (e.g. family security and harmony). However, it also includes other values derived from the particular business environment (e.g. institutional structure and regulatory framework) and the roles the owner-managers have come to occupy (e.g. professional code of ethics). Where work-related problems and issues are felt to resonate with aspects of the core value set in the family, the founder’s responses and priorities will reflect and strive for consistence with the primary orientations of that portion of the values. Where problems and issues are seen to be more specifically related and relevant to the localised cultural values and the role-dependent values, then that portion of the person’s value will be conformed. Therefore, value creation of Chinese-Australian family businesses includes the wealth creation that is resonant with the values of the business purpose and the role of the business owners. Non-economic benefits will be seen as being related to the core values of the family culture to which they belong and also likely change over time as family member adapt to Australian culture.

Because a family in business will affect a confluence of aspirations and beliefs on strategy formation and implementation, the differences in the setting of goals, the manner in which the process is carried out, and the participants in the process, will influence whether the family involvement and interactions become a distinctive or a constrictive factor in differentiating the nature of family firms from that of non-family firms, as well as comparing and contrasting with other family firms. The assumptions of value creation are consistent with the concepts of essence of a family business that was used by Chua, Chrisman and Sharma (1999) to develop a theoretical definition of family businesses. Together these economic and non-economic goals provide complementary lenses to the explanation of how the family influences the development of the family firm’s goals. Although interconnected, the following sections discuss them separately.
2.1.2.1 Economic Goals

Financial measures of business success have long been the prime standard against which the primary purposes of any form of businesses have achieved. The economic goals are connected to financial well-being or making a profit within the business. In a family business, the founder’s assessment of financial capacity of the business is largely attributed to business growth and continuity (Le Breton Miller and Miller, 2006). The business success depends on the capabilities of individuals within the business, in spite of the external environment and market-based opportunity (Davidsson, 1991). Thus, the business success has been defined in terms of objective performance, such as indicators of ROA (i.e. return of assets), ROI (i.e. return of investment), sales growth, market share, and so on. The dominant view is that the family impedes the functioning of the business, because family tasks and values often are placed in opposition to those of the business. There is a tendency to consider the family and the business as competing entities that are more effective when they are kept apart, and the family is seen as the part of the issues within the business that must be regulated and managed (Songini, 2006, Dyer, 1989, Watson, 1995).

The firm pursuing economic performance sustains an advantage in wealth creation in the long run, which guarantees their continued existence. In the family business context, the pursuit of economic performance steadily contributes to the family firm’s long-term wealth. It not only fulfills the objective of the business, by generating monetary returns in the market by retaining the competitiveness of the business, but also tends to sustain the distinctive influence of the family unit and individual family members on the performance outcomes of the business entity (Habbershon and Pistrui, 2002). The goals of family businesses can be defined by the vision of the business owners, who have the strategic intent to sustain the firm through transgenerational values (Lambrecht, 2005). In addition to profit motives for creating wealth for their current and further generation of family members, the business owners contribute the economic responsibility of the business to the community. The community and the business reciprocally benefit each other (Peredo and Chrisman, 2006). On one hand, the community provides the employees, customers, and suppliers that a business needs to operate. On the other hand, the business provides the
products and/or services, generates revenues, pays for the taxes and creates jobs that helps sustain the community. Thus, economic goals forged by the business owners direct the business activities of the family unit, the business entity and of individual family members, so as to pursue the maximum potential wealth for the family and its members, as well as the community (Lester and Cannella, 2006). The economic function of a family business is that which positively enables the business to bring jobs, income and wealth to the family and the community where it resides.

2.1.2.2 Non-Economic Goals

Although business performance and profits are important to business owners and their family, their subjective motivators play an important role in whether a particular family member chooses to start a business in conjunction with their family (Tracey, 2001). They may start a business for lifestyle reasons, such as wanting more time with the family, more control over the time they spend at work, or more leisure time (Andersson, Carlsen and Getz, 2002). They may be motivated by pursuing personal freedoms and independence (Chen, 1997, Wong, McReynolds and Wong, 1992). They may be eager to meet challenges by receiving emotional and intellectual rewards (e.g. preservation of family ties) (Zellweger and Astrachan, 2008). In addition, for migrant families, they may aim for non-economic goals, including being able to choose where and how the family will live and survive, as well as increasing the family’s financial security by building up the business (Collins, 2003). Therefore, a family business achievement can be assessed in both objective and subjective terms. The underlying assumption is that the family is not in competition with or in conflict with the business; rather, that business success impacts on both the family and the business entities (Stafford et al., 1999).

Taking into account these subjective motivations, rewards, and goals in a family business leads to an understanding of the context in which business owners choose to start a new venture, how they choose to manage the business, how they work with stakeholders (e.g. customers, employees, and family helpers), how they recognise and solve problems, and how they perceive business continuity (Olson et al., 2003). For example, outcomes and
achievements for measuring goals include succession, family harmony and security, positive community image and respect, integrating family values into the business system, expressing altruism toward family members, family members’ independence and capabilities (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson and Moyano-Fuentes, 2007). These goals rely on a long-term orientation to be realised (Aronoff, 2004, Miller, Steier and Le Breton Miller, 2006).

The non-economic goals are intertwined with the influence of the family. The family’s values and beliefs can be manifested in how individual family members select choices, identify criteria and alternatives and, ultimately, make decisions to pursue goals that reflect the family’s intentions (Stanley, 2010). For example, sustaining the family business for a long run requires finding a way to generate opportunities that stimulate the development of people to fully develop their capabilities and potential. The responsibility of the founder is not only to consider succession across generations as an anticipated decision (Bennedsen, Nielsen, Pérez-González and Wolfenzon, 2007), but more importantly, to form the strategic direction that makes it feasible to accommodate the group of family members (Mazzola, Marchisio and Astrachan, 2008, Aronoff and Ward, 1992, Bjuggren and Sund, 2001).

The following section will discuss the role that family influence plays in the business through goal setting. The vision of the business reflects the values and aspirations of the family system. First, the founders with a strong leadership position and ownership stake have a high degree of power and legitimacy. Second, the strength and the intensity of family values enable the group of family members to embrace and foster positions that favour the family.

2.1.3 Family Influence on Firm’s Operation and Motivations

Earlier literature tends to seek the withdrawal of the family from business operations on the grounds of rational management (Watson, 1995, Aldrich and Cliff, 2003, Dyer, 1989), but current thinking generally acknowledges the interplay of forces and argues that ‘sustainability results from the confluence of family success, business success, and appropriate responses to disruptions...[and] also requires consideration of the ability of the family and business to cooperate in responding to disruptions in a way that does not impede
the success of each’ (Stafford et al., 1999 p. 205). Rather than downplaying the role of the family in relation to the business, researchers have enhanced the understanding of the dynamic role of the family in family businesses. For example, the resource-based view of the firm provides a strategic management framework for identifying the degree and nature of family influence on firms (Habbershon, Williams and MacMillan, 2003, Chrisman, Chua and Litz, 2003). The Sustainable Family Business Model has been applied to explore the business within the social context of the family (Olson et al., 2003, Stafford et al., 1999). In addition, it has been evident that families and businesses tend to move in parallel, with success in one leading to success in the other. The tensions and contradictions that arise between the family system and the business system impacts on each realm, as each system moves through stages over time (Gersick et al., 1999, Pardo-del-Val, 2009).

The extent of family influence on the business functioning has been considered a significant identification factor of family business (Kellermanns et al., 2008, Astrachan, Klein and Smyrnios, 2002). According to the degree in which family business are family-controlled, the family business can range from broad — ‘effective control of strategic direction, intended to remain in family, but have little direct family involvement’; to middle — founder/descendant runs company, legal control of voting stock, have some family involvement’; to narrow — ‘multiple generations, family involved in running and owning, more than one member of owners’ family having significant management responsibility, a lot of family involvement’ (Shanker and Astrachan, 1996, p. 109). In addition, the relative influence of family is based on the ebb and flow of resources and capabilities in the family business (Habbershon and Williams, 1999). Family can be a valuable resource for individuals. Such social resources inherent in relationships may be used to pursue economic ends, especially where this dominant group has a strong commitment to the creation of venture (Krasniqi, 2009). Therefore, the family influence can be identified as the relationships between individuals and the business that facilitate action and create value (Zahra, 2010, Altinay, 2008). Based on this definition of the family influence, the current research emphasises the family control in terms of resources and capacities as opposed to the operational description of family members that are involved, which is consistent with
the definition of ‘essence’ of family business (Chua, Chrisman and Sharma, 1999). An operational perspective generally demonstrates the inclusion dimension of the family in terms of structural and relational nature (Danes, Rueter, Kwon and Doherty, 2002). It is about who is part of the family business, how and to what extent family members are connected to the family business, and the degree to which there is shared ideas among family members (Morris, Williams and Nel, 1996). A resource-based perspective reflects on the flow of influence and power that individuals exercise upon each other during interactions (Habbershon and Williams, 1999, Poza, Hanlon and Kishida, 2004).

The inherited family relations may either create collaborative interdependence or dominating/reactive dependence, even distracting independent among family members (Dunn, 1999, Eddleston and Kellermanns, 2007, Luo and Chung, 2005, Lee, 2006). These tensions help shape the development of the internal management in a family firm, when family members actively participate in firm management or daily operation. The collaboration in a family business is crucial because the family reflects its commitment to the vision that family members hold for the business (Graves, Ohlott and Ruderman, 2007). Increased collaborative interaction allows for a level of continuity over time, which in turn increases the mutual trust and norms of cooperation that motivate family members to engage in behaviours that lead to business success (Aronoff and Ward, 1992). Developing mutual obligations in a family firm requires dependence between the family members. The existence of a high density of ties between family members protect and distinguish members ‘we’ from non-members ‘they’ (Barnett and Kellermanns, 2006). Therefore, the family influence facilitates the development of loyalty, trust and identity (Van der Heyden, Blondel and Carlock, 2005). However, the family influence erodes when individuals become more independent of one another, especially if bearing conflicts (Kaye, 1991, Harvey and Evans, 1994, Davis and Harveston, 1999). Thus, the higher levels of family influence are generally developed in contexts with either substantial dependence or mutual interdependence. The family influence affects the family relations that, in turn, influence the individual’s reaction. It explains why the family influence in a family firm is probably one of the most enduring and powerful forms of influence of this type of firm.
The relationship between the family members and the business determines the daily functioning in family businesses (Whiteside, Aronoff and Ward, 1993). The business provides income to the family. As it is a reciprocal impact, the family may serve as a critical supply of paid and unpaid labour, as well as contribute additional resources such as money, space, equipment, and other factors of production to the business (Davis, 2008). When the interaction between family life and the demands of business are conscientiously balanced and expected to be harmonious, participants in the two systems work toward and expect a satisfying future (Blanco-Mazagatos, de Quevedo-Puente and Castrillo, 2007). In contrast, when there are conflicts or unresolved issues between the family and the business, unpleasant outcomes may undermine family commitment and jeopardise the stability of the business due to anxiety and stress (Gordon and Nicholson, 2008). Thus, the needs, desires, goals and practices of the family are strategic factors affecting firm level outcomes.

Succession in family business can easily disrupt a delicate balance between the family and business domains. Conflict was found to be significantly higher during succession, influencing the transfer from one generation to the next (Davis & Harveston, 1999). The complexity of succession process include shifts in ownership financially, transits among managerial positions, and possible renewal of organisational strategies and structure (Pardo-del-Val, 2009). The succession process is widely described as sequential phases that take a long time for different stakeholders in family businesses to go through (Cadieux, Lorrain, & Hugron, 2002; Gersick, Lansberg, Desjardins, & Dunn, 1999). For example, many difficult issues arise from clashes between people working together from different generations, because of their discrepant values, mindset and approaches (Green, 2011). Therefore, the family effects such as emotions, relations, values and knowledge will certainly link to succession.

Two important characteristics of the family’s influence on the business are the founder’s power and the family’s values, both of which play an important role when considering succession within the family business (as will be discussed in Section 2.3). The following section focuses first on a discussion of how the cycle of family growth and firm development is related to the goals of the family firm. The long term involvement of the family in the firm
allows for the family to exert more influence on the firm’s goal-setting. This is reflected in the later stages of goal development. As the development of family firms yields potential systematic stage changes (Gersick et al., 1997), the main concern of this research focuses on the transition between the first and second generations during succession.

2.1.3.1 Founder’s Choice of Goals

Power and status are given to the founder due to family firms’ legitimate ownership and governance structures (Schein, 1995). For example, despite a wide variety of ownership structures and sizes in family businesses, a majority of these businesses consist of sole proprietorships (Daily and Thompson, 1994, Schulze, Lubatkin and Dino, 2003). It is not uncommon to see a family-owned business as a one-owner business, while spouses, parents, adult children, and other family relatives often play a major decision-making role in the business. The founder(s) play multiple roles in governing and managing the firm and they make the most important executive decisions (Bennedsen et al., 2007). Because of their positions in the family firm, they transmit the main characteristics (norms, values, visions) to the firm through two specific constructs: the founder’s goals and leadership (Aronoff and Ward, 1992, Stavrou, Kleanthous and Anastasiou, 2005, Moyer and Chalofsky, 2008, Nnback and Carsrud, 2008).

First, a business-related goal is often crucial for a family firm, because it is a central, distinctive and enduring purpose of an economic organisation (Williams, 2009). Such goal-setting is strongly linked to the vision, values and practices of the firm’s development (Koiranen, 2002). In most of first-generation family firms, the founder is an owner-manager of the firm, thus, he/she can decide the direction of the firm (Sonfield and Lussier, 2004). Other organisational members (i.e. family members or non-family employees) have a role in this creation of business, but their role is largely considered as supportive and resourceful in terms of implementation of processes (Kellermanns et al., 2008, Anderson, Jack and Dodd, 2005). In other words, the focus of family-involved business is primarily to achieve the founder’s business goals, whether these may or may not associate with the achievement of
family-related goals at the same time (Moyer and Chalofsky, 2008, Hofstede et al., 2002). In addition, the founder’s unique human capital is an essential asset for a beginning entrepreneur in the pursuit of whatever goals one has set (Nahapiet and Ghoshal, 1998). The concept of human capital has been defined as the amount of skills, knowledge, intelligence, experience and health of individuals that determines the performance of the business (Danes et al., 2009). This capital can be used to gain resources for the business (Bubolz, 2001). For example, as owner-managers in the firm, the founders need to intentionally manage the connection of the family network with the external environment as an important resource (Salvato and Melin, 2008). As the amount of the social capital grows, so do the resources associated with it, which in turn, benefits the business (Lester and Cannella, 2006).

Second, the goals and practices of the firm are also affected by the mix of individuals in the firm. In family firms, the dominant group is the family and the founder(s) also belong to the family. The founder’s leadership (i.e. managerial practices) usually plays a crucial role in determining the type of strategies that are chosen to realise the goals (Ward, 1987). As a cohesive unit, the participating family members share the same, or at least relatively similar, values and practices (Whiteside, Aronoff and Ward, 1993). Therefore, specific dimensions of the family (i.e. the shared meaning and behaviour focus) are transferred to the family firm and its tasks and practices. Additionally, family members are the dominant group in the firm, thereby, the family’s influence spans ownership and/or management levels, which in turn increase the family’s power (Luo and Chung, 2005). Consequently, the family is influential in the founder’s leadership, which in turn influences the goals of the venture.

Research shows that the founder’s choice of goals and intention is attributed to his/her attitudes toward their family connection to the business (Birley, 2001). According to the results of the Birley’s 16-country study into the attitudes of owner-managers to both business and family decisions, three clusters of attitudes emerged—those who wished to include their family (the ‘family in’), those who wished to regulate the family (the ‘family out’), and those who wished to strike a balance (the ‘family-business jugglers’). The ‘family in’ type emphasised an active integration of the family into the business. The practices that
enhanced involvement of family included the introduction of children to the business through education and ‘on-the-job’ training, the succession planning based on grooming family members, the preservation of ownership and/or management of the firm within the family and the accumulation of transgenerational wealth (Lea, 1991, Ward, 1987, Aronoff and Ward, 2001, Aronoff, McClure and Ward, 2003). Opposite to that, the ‘family out’ type held a view that focused on the individual freedom and flexibility of family members. There was a tendency to allow rather than compel members to join the business and take on responsibilities. As a result, these firms were more likely to promote non-family members into executive positions (Hall and Nordqvist, 2008). Finally, the ‘family-business jugglers’ was positioned somewhere between these two extreme dimensions. The focal point was that they were still ‘concerned to arrive at an appropriate balance between family and business issues’ (Birley, Ng and Godfrey, 1999 p. 603).

Beyond the integration of the founder’s goals, leadership and strategies to the pattern of development in the family firm, the following section presents how the cycle of the firm’s development also determines the founder’s internal and external interaction with the environmental factors that lead to subsequent transition stages, and contributes to the creation of values in the firm.

2.1.3.1.1 Firm’s Life-Stage Cycle

As illustrated by Figure 2.6, family businesses are constantly changing and evolving across all three dimensions (i.e. family, business and ownership) through a sequence of stages over time (Gersick et al., 1997). In the developmental model, family business ownership moves from a Controlling Owner stage, to Sibling Partnership, and then to Cousin Consortium; the company itself changes from a Start-Up and progresses through Expansion/Formalisation to Maturity; as well, the family grows from first-generation to successive generations by introducing younger family members to join the business and preparing them for future leadership and passing on the baton in the context of succession.
The firm’s development stages, such as start-up, growth, maturity and even exit, indicate the significance of developmental change at both the individual and group levels. At the initial stages of venture preparation and creation, the family and business conditions may help explain the intention of the firm’s survival, growth, profitability, and sustainability (Krasniqi, 2009). At founder-as-leader stage, the founder is driven to acquire and gain access to needed resources from internal and external sources and opportunities, as well as to respond to competitive challenges and threats (Ensley and Pearson, 2005). A family firm emerges through the entrepreneurial allocation of resources, capabilities, and relationships generated by the founder, participating family members and external stakeholders (Cope, Jack and Rose, 2007). The firm’s survival and prosperity is attributed to the competitive advantages that are created by these resources, capabilities and relationships. Strategic change may occur, given the shifts in the vision of the business that occur with the pattern of development stages (Gersick et al., 1999). To maintain the firm’s continuity as a business becomes the motivating force to adapting to changes in the economic and social environments, competitors, technologies, and customers’ needs and demands. Ongoing generation of economic value has sufficient appeal to recruit the people needed to grow the firm and to compete effectively in the marketplace (Habbershon and Pistrui, 2002).
A defining feature of most family businesses is that family members often work in the business system. The involvement of family members can be a resource or a constraint depending on the lifecycle stage of either the family or the business. In early years of a family firm, the family often provides the firm with a steady supply of trustworthy labour resources (Sirmon and Hitt, 2003). The informal nature of family relations frequently carries over into the firm (Trevinyo-Rodríguez and Bontis, 2010). The family firm often benefits from the overlap of family and business system, because the integrated overlap serves to foster commitment and a sense of identification with the founder’s vision (Van Auken and Werbel, 2006). In later years, family firms can still benefit from the human resources of the owning family to expand the business. The demands of a growing business may eventually require external human resources (Barnett and Kellermanns, 2006). Identifying and training a potential successor may still be limited within the owning family members as their transition between generations (Aronoff and Ward, 1992, Chrisman, Chua and Sharma, 1998, Aronoff, McClure and Ward, 2003). It has been demonstrated that the family is an important source along with business development.

However, relying on the family to develop the firm is a double-edged sword. It provides unique advantages, but there is also a risk this constraining the firm’s growth (Duh, Tominc and Rebernik, 2009). For example, succession in family firms is one of the greatest challenges that might result in the demise of the firm (Miller, Steier and Le Breton Miller, 2006). The role of family in succession may be of considerable importance. In the development of family firms, the strategy of succession facilitates the preservation of the reciprocal relationship with major stakeholders (Lester and Cannella, 2006). On the one hand, a strong family ties may lead to better succession outcomes (Stavrou, 1999). On the other, a weak family tie may allow more external actors to facilitate succession, thereby producing better succession outcomes (Morris, Williams and Nel, 1996). In other words, succession outcomes depend on each family’s conditions, especially its cultural values and norms (more detailed in Section 2.3). Therefore, researchers have taken a business-focused approach to explore and explain the succession issues that are related to the development of the firm, recognition of an opportunity and the mobilisation of resources (Duh, Tominc and

At the start-up stage, a family firm’s structure, culture and need focus, strongly resemble those of the family, because the firm is usually dependent on the family for critical resources (e.g. funding and personnel) (Daily and Thompson, 1994, Sharma and Manikutty, 2005). At the growing stage, the family firm is increasingly supported by the organisation’s employment practices. An important influence in the organisation development is the selection and promotion of employees. In a family firm, this choice is made by the owner-managers (i.e. the founder-owners in the first-generation firm). Because the family owns a significant portion of the firm, it wields significant influence in setting constraints on firm behaviours. For example, it is likely that the founder will select and promote other family members that support and share the firm’s values and goals that are similar to the family’s values and norms (García-Álvarez, López-Sintas and Saldaña Gonzalvo, 2002). The family’s relational and structural dimensions also shape the development of the firm through employment practices (Barnett and Kellermanns, 2006).

As the firm grows and develops over time, it will be influenced more strongly by external environmental factors and non-family employees. When the firm lacks the family members to fill key positions within the firm, a family-owned firm is likely to be more like, a non-family firm than to a family firm in the early stages (Reid, Morrow, Kelly and McCartan, 2002). It is likely that at the late stages of development, the governance of a family firm is not reliant on the family’s involvement (Chittoor and Das, 2007). Research suggests that the firm owner’s ability to shape the development of the firm decreases their firm’s dependency on the family while simultaneously increasing its dependence on external sources (e.g. non-family managers) (Hall and Nordqvist, 2008, Songini, 2006).

The firm deals with interactions with changing internal and external factors, such as their customers, suppliers and communities, the legal and/or financial systems. All of these often influence the business success as they define a set of constraints and opportunities for the firm (Molly, Laveren, & Deloof, 2010). The families in the firm often have strong
influence on their firm’s practices and respond to these changes. The following section presents the importance that family values play in family firms.

2.1.3.2 Family's Values and Needs

There is an increased salience of family culture in influencing the behaviour of family members in the business (Vallejo, 2008), which in turn may impact on business performance (Altinay, 2008). For example, family culture and behaviours may impact the recognition of an opportunity, the decisions surrounding the business launch, locating and mobilising resources, and funding (Fletcher and Fang, 2006, Casson and Giusta, 2007). The influence of family accrues because the family’s values are deeply engrained in all aspects of the firm through family members (Anderson, Jack and Dodd, 2005). Organisational identity, human resource practices, and overlapping social networks help the process whereby the values and attitudes developed in the family can be transferred into the organisational culture (Danes et al., 2008, Zahra, Hayton, Neubaum, Dibrell and Craig, 2008). The role of family values in the long-term viability and succession of the business will be discussed further in Section 2.3.

Family is a necessary condition for strong social relations to emerge. Families are not just simply a group of individuals, but through family interactions, these individuals create unique system and group attributes that distinguish them from other family groups (Zahra et al., 2008). These unique features may well be at the heart of what makes family-influenced firms different. A “family embeddedness perspective” suggests family system characteristics, such as resources and norms, lead to the creation of new business ventures (Aldrich and Cliff, 2003). The specific set of values that are present in the owning family create the specific characteristics of the family business. Given an emphasis on altruism and an inclusive view of family membership, three family values make the behaviour of family businesses different from others.

First, commitment has been defined as one of the important qualities of family firms. Three aspects of a family's commitment to the family business are directly affected by the values:
identification and emotional attachment to the organisation, involvement with the organisation, and a sense of loyalty to the organisation (Vallejo, 2008). If the firm intends and expects the next generation leadership to come from the family, Chrisman, Chu, and Sharma (1998) claimed that integrity and commitment seem to be more important to the selection and success of a successor than technical skills. Sharma and Irving (2005) proposed four types of commitment to understand why successors are interested in taking over the family business: affective commitment —successors “want to” work within the context of family business; normative commitment —successors experience a sense of duty and obligation toward the family where they “ought to” remain with the business; calculative commitment —successors “have to” hold the family business in order to ensure their claim to the accumulated investments is retained; and imperative commitment —successors “need to” work within the family business, due to lack of alternative options. To pass the founder’s legacy to the next generation, the intensity of commitment is an essential prerequisite across generations of the family, regardless of which type of commitment that might be.

Second, harmony implies better family relationships within the business, as well as a better working atmosphere based on cooperation and mutual support. It is a deeply ingrained sense of shared history and strength of the identity of family members toward the business. The focused, powerful harmony found in the family firms can provide immeasurable organisational cohesion and preserve family cohesion (Graves, Ohlott and Ruderman, 2007), which enhances the firm’s performance. Depending on the family’s characteristics, harmony encompasses strong norms that endure through generations, thereby resulting in stability for the family’s relationships and recurring behaviours that are expected of family members (Yan and Sorenson, 2006). Harmony may increase a tendency to dependency across generations, because ‘the behaviour of previous generations influences how a present generation treats future generations’ (Wade-Benzoni, 2002 p. 1011). This characteristic maintains the stability of the family’s values, which in turn enhances the linkage between the family and the firm. However, a negative side of dependency is attributed to nepotism and an obligation owed to the family, which may frustrate the intergenerational interaction.
Third, long-term orientation is a desirable tendency towards a dynasty norm in many family firms, where the future executive positions in a family firm are reserved and expected to pass on to another family member (Jaffe and Lane, 2004). The role of the founder is crucial to establishing an organisational identity, core values and purpose (Schein, 1995). A founder’s influence often carries into the successive stages of the firm, without regard to ownership structure or firm management. Remaining responsive to its environment and the styles of successors is crucial to the long term success and viability of the family firm. The firm-specific culture not only reinforces the founder’s values, but also allows the family to actively intervene in protecting its interests in the firm (Lansberg, 1999). These interests include the desire to pursue new gains, protect previous wealth creation, and future employment opportunities for family members (Sirmon and Hitt, 2003). Even when there is a great challenge for the transfer between generations, these norms provide durability for succession planning and a relatively stable ownership by family members (Lea, 1991).

In addition, the family’s values can be manifested by the behaviours of individuals when they play their roles in the family. Families provide guidelines for cooperation and coordination as well as principles for reciprocity and exchange (Bubolz, 2001). Each family group attempts to maintain a consistent mode of operation, which seems to be regulating mechanisms. The interactions among spouses, parent-child and siblings affect individual members and the whole family itself. The involvement of family in the business can be both objective and subjective. Beside the functional resources derived from the family (e.g. skills, number of hours worked in the business), the psychosocial resources (e.g. perceptions, attitudes or beliefs) transform the available resources and constraints of the business. Therefore, the importance of culture underpins the societal family system, which in turn impact on the business system. The owning family provides a context of values, attitudes, and beliefs that serve as inputs into the family firm culture (Vallejo, 2008). The motive for the manner and the degree to which that interaction occurs within the family is rooted in the meanings that family members give to that activity. For example, one of the attitudes from the family that often transfers into the business is a social responsibility to the
community (Sharma and Manikutty, 2005). The reputation of a family business depends on whether the firm is responsible towards its consumers, employees and the local community (Lester and Cannella, 2006).

The family’s values and needs positively influence the development of goals in the family firms, but this influence is contingent on several family factors, including the family involvement in the firm’s operation and management, and the cycle of the family’s life-stage development that enables the family to provide the human resources needed by the family firm. Researchers have suggested that the stages of family lifecycle have significant correlation with the perceptions, the goals and strategies of the family firms (Chrisman, Chua and Steier, 2002). Family involvement has the potential to significantly alter the culture and structure of the business, as well as the role of family in the next step of evolution of the firm. The following section looks at the family’s life-stage cycle.

2.1.3.2.1 Family’s Life-Stage Cycle

In general, a family tends to be relatively stable. The family social group evolves slowly with stages of birth, marriage, divorce and death. A family firm’s development is likely to be strongly influenced by the family’s life-stage development, because interactions among family members affect the family firm’s strategy formulation, even when the family members are not part of the firm management (Nordqvist and Meline, 2001). The intent of the family is in part to ensure the family security and stability, as such, family members are likely to be brought into the family firm to help improve the odds of the firm’s survival (Sorenson et al., 2009). The strong ties among family members play a role in supporting the activities of the family firm and creating the social framework in which the firm operates. Therefore, the family growth has a substantial influence on the firm.

The intensity of family interaction in a firm can vary between families, depending on the degree of family commitment to the firm and the number of family members involved in the firm (Van Auken and Werbel, 2006, Sharma and Irving, 2005). Therefore, the cycle of family firm development is family specific. First, differing levels of commitment by the family to the
business and family size determine the human resources practices in the firm. For example, it helps explain how a family decides on the managerial positions open to family and non-family members in the firm (Barnett and Kellermanns, 2006), and the extent of similarity or difference in performance evaluation for family and non-family members (Van der Heyden, Blondel and Carlock, 2005). If the founder perceives that his/her children have not been highly concerned with the firm’s management (e.g. the “family out” type of the firm), the linkages between the succession plans and the next generation of family members are likely to be weaker (Mazzola, Marchisio and Astrachan, 2008). In contrast, if the founder believes that his/her children have shown great commitment to the firm through complying with their interests (e.g. the “family in” type of the firm), the linkages are expected to be stronger, because of the strength of the family members’ interdependence as determined by a high level of mutual obligation and trust-based norms (Carlock and Ward, 2001).

Second, the boundaries between work and family life are inevitably intertwined, because the overlapping social relations with the same people are linked together across different roles (Smyrnios et al., 2003, Ward, 2004). For example, family firms’ founder(s) belong simultaneously to two social groups: the family and the firm. As a high degree of commitment is held by the owner-managers for an extended period of time, the organisational identity is expected to align with the owner-managers’ identity (Davis and Harveston, 1999). As family relationships continue, family members allow that influence to grow. Their concern for the firm is not only because of their collective assets, but also because of increasing interdependence and interactions (Stanley, 2010). For example, the firm’s network is often initially based on the family members’ networks through kinship (Anderson, Jack and Dodd, 2005). This social network is based on the long-term trust, principles of reciprocity and mutual obligations. The family members are likely to provided needed resources (e.g. finical and human) when firm survival is at stake (Sirmon and Hitt, 2003). Thus, the firm benefits from available sources, influence and solidarity provided by members of the family, which in turn increase the firm’s dependency on the family.

Third, the family tends to reinforce entrenched values, culture, and structures arising from
family involvement, but it may be limited by the later family lifecycles. The firms may begin at the pre-family stage where the individual founder(s) is in complete control (Tsao, Chen, Lin and Hyde, 2009). For example, family members may lack relevant experience or simply be too young to contribute to the business. As time passes and both the business and the family grow, the firms gradually involve other family members in ownership and management. At this family stage, family members received the benefits from either becoming part of the daily operations of the business or gaining a share of ownership (Sciascia and Mazzola, 2008). Later, the firms may or may not have lost ownership and/or management to non-family members, as they change into the post-family stage. As family involvement decreases, outsiders may be bought in and then replace family members to consolidate both ownership and management within the firm (Scholes, Westhead and Burrows, 2008). According to this lifecycle, the family represents simply a transitional working environment as the firm evolves the way the business operates.

Although the influence of family value unifies family members and enhances the development of the firm, this force also has potential negative consequences (e.g. power struggles, competitiveness, free-riding, internal rivalry within the firm) (File and Prince, 1996). For example, the economic motives of transgenerational wealth have a purpose that unifies family members, while also suggesting competitive conflicts among them. Family issues or crises can transfer to the firm (Gordon and Nicholson, 2008). Such transfer is associated with high maintenance costs, which may exceed the competitive advantages. The overdependence on the family as people are embedded in established practices in the business – and likely to ignore new information – can hinder the firm’s operation (Miller, Steier and Le Breton Miller, 2006).

The above discussions have presented the effects of the family as a major force in the creation of a family firm. The cycles of family firm development are related to the needs of the family. Family firms exist along a continuum with different levels and types of individuals’ commitment to their firm and to each other. As suggested, family and business are not separated, depending on the family as sources of competiveness for family firms. In the first-generation family business, the intention of the founder facilitates their family
firm’s development. Beyond the role of the family’s resources and shared norms and values, important questions remain about the effects of the values, behavioural norms and cognitive schemes used by the founder-owner. Several issues need to be addressed further. First, as the first-generation, what are the founder’s motivations and goals that have been influential in and concerned with the firm’s development? Second, what role did the founder play in exercising and developing the visibility of practices and family firm behaviours? To better understand these questions, it is important to first address how individual and family values are inherited and transmitted by the broader societal culture, as the next section explain.

2.2 Impact of Culture on Family Business

Cultural elements enter into organisations via the individuals that work in them (Hofstede, 1991). In the specific case of family firms, there is cultural persistence that directly affects how the characteristic of a family firm is perceived and distinguished from other forms of firms (Heck, 2004, Zahra, Hayton and Salvato, 2004). There is a competitive advantage associated with family-owned firms, because culture in family-owned firms is difficult to replicate (Barney, 2001). The uniqueness of family business has been recognised as the integration of family and business life. The business and its culture are established and affected simultaneously or subsequently by the family and its culture (Stafford et al., 1999). Both family concerns and business concerns are intertwined under the operation of family firms. First, the transmission of values and norms of family can largely affect the development of the family firm (García-Álvarez, López-Sintas and Saldaña Gonzalvo, 2002). It is likely that the founder of a family firm, who has a significant presence of culture and influence in the firm, manages the firm according to his/her family’s culture (Smith, 2000). Second, the preservation of values and other cultural elements affects how the organisation is built. The firms have a distinct culture to stabilise and take root, where the basic core values are passed down in a family context (Lief and Denison, 2005). The family business embraces an opportunity to extend the family relationships to the family business.
The family context is a significant cultural dimension for family businesses (Mikhailitchenko and Lundstrom, 2006, Egri and Ralston, 2004). Besides of descriptive variables, such as the family’s size, structure, functionality, styles, and so on, the owning family’s heritage and cultural affiliation contribute significantly to the economic value of the family firm and the environment and community in which they operate (Pistrui, Huang, Oksoy, Jing and Welsch, 2001). The empirical implications of the family culture dimension underlying the family business culture, especially regarding the influence of the family’s culture and ethnicity, has been understudied (Heck, 2004). For migrants, the cultural integration and social-economic adaptation do not cause a total change in family cultural values (Sonderegger and Barrett, 2004, Hofstede, Hofstede and Minkov, 2010). The value complexes embedded within the family history and cultural heritage seem to have survived the process of immigrations (Mahalingam, 2006). These value complexes may even have influenced to what extent a particular type of business has been receptive to certain immigrant families and how the family norms have evolved in the family-controlled business. Therefore, there is a need for a better understanding of the way in which family business is enacted in various cultures and a need for an empirical evidence to explain founders’ differential behaviours, and the work-life relationship and roles of family members involved in the family firms.

The integration of family’s culturally-determined character and business behaviours is a basic theme of the current research. It presents a theoretical argument for why the transmission of values and norms of the cultural elements determines the formation of the organisational culture and the management of the family firm. This section begins with a description of culture in general, after which it describes both national and organisational culture. In the context of family business, it becomes increasingly apparent that the strength of family businesses is related to their organisational character—family business culture. Thereafter, the section focuses on the differential characteristics of the culture of Chinese-Australian family businesses. An important concern in the current research is to explain the relationship between the family cultural identity and the family firm’s organisational management. It seems that the cultures of Chinese-Australian family firms must be
adapted to internal and external cultural changes. The next section deals with how the qualities of the individual and family relations affect the creation of the family firm’s organisational culture is manifested by their decisions in terms of business continuity and succession.

2.2.1 Basic Concept of Cultural Values and Business Behaviours

Culture normally is defined as ways to cope with a social world; ‘that which distinguishes one group of people from another’ (Hofstede, Pedersen and Hofstede, 2002, p. 34). It is well known that people adapt to the conditions of their surroundings, so that culture can be defined as the adaptations of an individual to the issues in relation to geographic location, socio-economic traditions, language variations, and work modes or education (Mio, Barker-Hackett and Tumambing, 2009). National culture is reflected in the cultural values held by a broad society separated from others by the country’s borders. National culture refers to a fundamental frame of reference, which individuals comprehend and understand in their relationships with others (Gerhart, 2009).

Culture pervades everything people do. The manifestations about which attitudes, priorities and roles are associated with ‘broad tendencies to prefer certain states of affairs over other’ are historically rooted (Hofstede, 2007, p. 413). Generally, one’s personal experiences are expected to be associated with the cultural socialisation in the family, school and work, as well as the larger society (Gardiner and Kosmitzki, 2008). Among the comparison of cross-cultural studies, it is easy to see how some cultural characteristics could be praised in one culture (e.g. directness and confrontation), but could be considered as inappropriate behaviours in other parts of world (Lin and Fu, 1990, Hynie, Lalonde and Lee, 2006, Hall, 2009). National culture exerts a notable influence on how an individual places priorities and behaves in accordance to what he/she is accustomed to. Likewise, the value of business practices and activities is also culturally conditional (George and Zahra, 2002). The operational and managerial aspects tend to reflect the cultural orientation to which the owner-operators are accustomed (Hofstede, 2003, Sarros and Santora, 2001).
Values are understood to be the foundation of culture (Westwood and Posner, 1997). An individual’s beliefs are nurtured to acknowledge and appreciate the cultural values, practices and subtleties that are steeped in their own culture (Costigan and Dokis, 2006). For immigrants, their flexibility to respond positively to practices and values that may be different from what they are accustomed to is one of fundamental importance to survive, grow and fit within the host country context (Basu and Altinay, 2002, Piperopoulos, 2010, Chiang and Yang, 2008). For example, the ability to adapt business ideas to local culture is an important factor for the business’s success (Sahin, Nijkamp and Baycan-Levent, 2006).

In addition to the emphasis on national culture, the value patterns vary among family context, resulting from their own nationality, ethnicity, religion, age, gender, socioeconomic status, lifestyle and other affiliations (Harris, 2009). These sets of social factors and values may guide people’s preferences, choices and behaviours. A family’s ethnic roots can shape how family businesses create and maintain the interrelated ways between the family and the business domains (Danes et al., 2008). Culture in family firms manifests itself in a complex mix of economic, social, cultural, and emotional aspects of decisions in the day-to-day running activity of a business.

The following section examines the cultural heritage associated with family firm culture and defines the role of the founder’s values in the firm’s culture by making strategic and organisational choices when reacting to opportunities and threats in their competitive environment. First, the section highlights the role national culture plays in influencing the individual’s value proposition in terms of their view of themselves, business, family and the wider society in which they are embedded. National cultures exert a powerful influence on what individuals within a different cultural community do and how they interpret and respond to five social life issues; that is, identity, hierarchy, gender, uncertainty challenges, and attitude toward time (Hofstede et al., 2002). National culture has a bearing on the individual’s abilities to be culturally adaptive and flexible, in particularly for people who
migrate to a new country. The second section discusses family business culture and examines how an organisational culture is determined by the character of founder(s) and his/her distinct family background. The empirical evidence has received considerable attention in the growing literature on family firms. In the third section, the context of Chinese-Australian family business is used to illustrate the degree to which family firms retain the family traditional culture, as well as use it to adapt to the local environment.

2.2.1.1 National Culture as a Mediator in Personal Values

The success or failure of family businesses depends on their interactions with their environment. Naturally, different environments hold different expectations (Bachkaniwala, Wright and Ram, 2001, Gupta, Levenburg, Moore, Motwani and Schwarz, 2009). In the context of migrant family businesses, their host country presents them with different challenges and opportunities related to the goals of the business they want pursue and the nature of the business they choose (Basu, 2004, Dhaliwal and Kangis, 2006). The national culture has profound implications for the variations in the behaviours and performance of family firms (Kreiser, Marino, Dickson and Weaver, 2010).

Cross-cultural research has pointed out the existence of cultural values differences (Gupta and Levenburg, 2010, Gupta et al., 2009). People that migrate to another country must decide how much to assimilate to the host country’s culture and how much to retain of their native culture’s value practices to integrate in the social and cultural environment (Hall, 2009, Mahalingam, 2006). Certain behaviours might be linked to different or to similar expectations across cultures (Costigan and Dokis, 2006). It is possible for people to discover some shared characteristics across cultures without having to give up their original cultural values. Nevertheless, the phenomenon of cultural diversity has been identified and quantified by a five-dimensional framework. It is a model for identifying elements of the culture and ranking each indicator from high to low allowing highlighting the variety of cultural responses (See Table 2.1).
The national culture reflects a wide range of political, historical, ideological, sociological, economic and psychological factors (Espiritu, 2003, Park, Russell and Lee, 2007). Researchers have applied the impact of the national culture on business behaviours to better understand the differences across cultures related to conflict resolution, problem solving, decision making and management practices (Culpan and Kucukemiroglu, 1993, Chrisman, Chua and Steier, 2002, Basu, 2004, Dhaliwal and Kangis, 2006, Gomez, 2007, Hayton, George and Zahra, 2002). While there are numerous dimensions of national culture (e.g. Schwartz, 2004, Trompenaars and Hampden-Turner, 1998, House, Hanges, Javidan, Dorfman and Gupta, 2004), the current research adapts Hofstede’s (2003) five cultural dimensions that have been employed extensively to suggest an important link between culture and entrepreneurial behaviours in family firms: individualism versus collectivism, power distance, gender roles, uncertainty avoidance, and the long-term orientation.
Table 2.2 Cultural Differences in Chinese and Australian National Cultures

<table>
<thead>
<tr>
<th>Values Dimensions</th>
<th>Chinese context as a Confucian Culture</th>
<th>Australia as a Anglo-Western Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Orientation</strong></td>
<td>Collectivist culture</td>
<td>Individualistic culture</td>
</tr>
<tr>
<td></td>
<td>• Family</td>
<td>• Individuality</td>
</tr>
<tr>
<td></td>
<td>• Relationship-centred</td>
<td></td>
</tr>
<tr>
<td><strong>Power Distance</strong></td>
<td>Large power distance</td>
<td>Relatively small power distance</td>
</tr>
<tr>
<td></td>
<td>• Authority Relationships</td>
<td>• Decentralisation</td>
</tr>
<tr>
<td></td>
<td>• Status Hierarchies</td>
<td>• Individual Empowerment</td>
</tr>
<tr>
<td><strong>Achievement Orientation</strong></td>
<td>Social-oriented achievement</td>
<td>Self-reliant individual achievement</td>
</tr>
<tr>
<td></td>
<td>• Dependency</td>
<td>• Independency</td>
</tr>
<tr>
<td><strong>Uncertainty Avoidance</strong></td>
<td>External locus of control culture</td>
<td>Internal locus of control culture</td>
</tr>
<tr>
<td><strong>Family Structure</strong></td>
<td>Patriarch structure</td>
<td>Democratic structure</td>
</tr>
<tr>
<td></td>
<td>• Traditional roles and rules</td>
<td>• Flexible roles and rules</td>
</tr>
</tbody>
</table>

Source: Adapted from Fu, Wu, Yang and Ye (2007) and Ashkanasy (2007)

According to Hofstede (2001), Chinese culture is a collectivist culture, whereas Australia is the highly individualistic culture. Chinese family is the collectivity to which people orient themselves, which is strongly relationship-centred (Fu et al., 2007). People in Anglo-Australian culture are socialised to explore and express their individuality (Ashkanasy, 2007). Australia has relatively small power distance culture, while Chinese culture has a large power distance (Hofstede, Hofstede and Minkov, 2010). Traditionally, Confucian Chinese culture has been characterised by clear status hierarchies with wide disparities in the distribution and exercise of power (Tan and Chee, 2005). In a business, paternalistic management style implies authority relationships (Westwood, 1997). In the Australian context, there is greater decentralisation, leading to a trend towards individual initiative (Ashkanasy, 2007, Tracey, 2001). In an individualistic Anglo-Australian culture, the
achievement motive is totally dependent on the self-reliant individual as a result of independence (Gupta et al., 2009). In contrast, the achievement need arising from Chinese cultural practices emphasises dependency (Fu et al., 2007), because the collectivism and familism of Chinese culture imply that achievement is not for the self but for the family (Zheng, 2002). People have learnt to live with uncertainty and have to build up a tolerance to it (Hofstede, Hofstede and Minkov, 2010).

In the Australian culture, people grow up with a strong sense of self-efficacy, which make them believe that they can affect their material conditions and determine their own destinies through personal agency. Thus, Australian culture is a culture with high internal locus of control (Smyrnios et al., 2003). However, the cultural traditions of the Chinese values emphasise a lower level of personal efficacy, with weaker intentions to intervene and determine outcomes. Therefore, Chinese culture is more of an external locus of control culture (Redding, 1993).

Finally, the maintenance of interpersonal harmony is a salience feature in Chinese culture, which emanates from its central philosophical doctrines of Confucianism (Yao, 2002). Chinese family structure is characteristically patriarchal, with different gender roles and norms (Westwood, 1997). Therefore, a concern for interdependent relationships and harmony in the family is central to the expectations and standards of family members (Gupta et al., 2008). In contrast, an Anglo-Australian family structure is characteristically democratic and flatter, with a tendency towards gender egality (Ashkanasy, 2007).

2.2.1.1 Individualism vs. Collectivism

Individualism and collectivism are the opposite poles of a dimension of national cultures. Individualism pertains to ‘societies in which the ties between individuals are loose: everyone is expected to look after him- or herself and his/her immediate family. Collectivism pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for
unquestioning loyalty’ (Hofstede, Hofstede and Minkov, 2010, p. 92). People with an individualistic identity are assumed to be seeking individual goals and rewards, and are highly competitive with each other for positions, wealth and status (Hall, 2009). Others tend to foster more group-oriented relationships, where emphasising the interests of the group prevails over the interests of the individual (Mio, Barker-Hackett and Tumambing, 2009). They are collectivist in a culture (Gardiner and Kosmitzki, 2008). However, an individual person is not culturally one-dimensional. Because of the combination of diverse values, all people have to resolve issues of individual versus group identity and rarely fall in the extreme ends of a continuum dimension. This is particularly the case for migrants (Mahalingam, 2006). It has been suggested that the dimensions of individualism and collectivism being considered separately, when exploring the individual person’s cultural tendency (Hofstede, Hofstede and Minkov, 2010).

The role of individual versus the role of the group is first introduced in family culture (Hofstede et al., 2002). People have lived years of their lives within a family, have been educated and nurtured in the concepts of personal relationships, and have spent years socialising with others on what they are accustomed to (Gardiner and Kosmitzki, 2008). In a collectivist culture, the family structure consists of a number of people living closely together, including parents, children, and extended family (Gupta et al., 2008). When children grow up, they learn to think of themselves as part of a “we” group, a relationship that is not voluntary but is instead given by nature (Yan and Sorenson, 2004). The “we” group is distinct from other people in society who belong to “they” groups (House et al., 2004). The “we” group (or in-group) is the major source of one’s identity and the only secure protection one has against the hardships of life (Yeung and Tung, 1996). In contrast, in individualist culture, a family structure generally comprises only the nuclear family, consisting of parents and children (Gardiner and Kosmitzki, 2008). Children are encouraged and learn to think of themselves as “I” (Hofstede, Hofstede and Minkov, 2010). This personal identity is classified not according to their group membership but instead according to individual characteristics (Hofstede and McCrae, 2004). The cultural tendency is to treat
people primarily on the basis of who they are as individuals, disregarding their group affiliations (Mio, Barker-Hackett and Tumambing, 2009).

According to Project GLOBE, societal-level collectivism is highly related to organisational-level collectivism (House et al., 2004). This is because ‘many tasks will be left incomplete as individuals are unable to obtain cooperation from those having the expertise and resources necessary for implementation of the entrepreneurial concept’ (Morris, Davis and Allen, 1994, p. 72). The need for communication, collaboration and cooperation is vital for the effective practice of operation and management in entrepreneurial organisations. The recognition of individuals as being interdependent and as having collective obligations to other organisational members are defining attributes of the cultural construct of institutional collectivism (House et al., 2004). Meanwhile, the organisational members work independently according to their job duties, while coordination of teamwork takes place through well-planned, standardised rules and systems. Thus, the organisational culture is associated with a configuration between the dimensions of the individualism and collectivism.

Family firms encompass a wide range of types of working relationships. In a collectivist culture, in-group-out-group distinctions springing from the family sphere will continue at the firm (Sahin, Nijkamp and Baycan-Levent, 2007). The role pair parent-child is complemented with the role pair boss-subordinate. Attitudes towards parents are likely transferred to attitudes toward bosses. It tends to demonstrate strong behavioural conformity and coordinated patterns of behaviours. As a result, children in collectivist cultures are more likely than children in individualist culture to follow in the paths of their parents (Gupta et al., 2009). Differences in in-group collectivism have implications for the hiring process. For example, in many migrant businesses, employees from the same ethnic or clan background often are hired by taking the in-group into account (Deakins, Ishaq, Smallbone, Whittam and Wyper, 2007, Marger, 2001, Oxfeld, 2001). In collectivist cultures, the owner-managers tend to create family-like ties with those who are socially integrated
into their in-group (Fu et al., 2007). However, in an individualist culture, this practice would be considered nepotism and intensely undesirable, as it may lead to a conflict of interest (Mock, 2004).

2.2.1.1.2 Power Distance

One explanation for the human inequality dilemma in the Eastern and Western societies can be found by measuring the interpersonal importance of power, of privilege, and of class status. The dimension of power distance refers to ‘the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally’ (Hofstede, Hofstede and Minkov, 2010, p. 61). Generally, the construct of power distance indicates the level of interdependence in relationships in a nation’s culture. A different level of interdependence is reflected different social structure of society, such as such as the family, school and organisations where people work (Gardiner and Kosmitzki, 2008). Within the high power distance cultures of the East, people have accepted and expect the feelings of inequality (House et al., 2004). In a family, there is a tendency to clear differences in individual status in the social hierarchical order (Yan and Sorenson, 2004). Children are expected to be obedient toward their parents. Younger children are expected to yield to older children. For example, in traditional Chinese families, the family relationships are maintained by the virtue of filial piety, that is, obedience to parents, respect for parents, honouring of ancestors, and financial support of parents (Yan and Sorenson, 2006). Parental authority continues to play a role in a person’s life as long as the parents are alive (Hynie, Lalonde and Lee, 2006). For example, a strong expression of dependence is experienced in many Asian families, when children are expected to support their parents in old age, financially and practically (Hofstede, Hofstede and Minkov, 2010). Therefore, mutual dependence strives to achieve harmony and reciprocal relationships within one’s in-group (Park and Luo, 2001).

Within the low power distance cultures of the West, people tend to be more neutral and create an egalitarian atmosphere (Nisbett, 2003). In a family, children are more or less
treated as equals. The goal of parental education is to let children take control of their own affairs as soon as they are able to (Gardiner and Kosmitzki, 2008). Being allowed to contradict their parents is encouraged, because it reinforces independence (Hofstede, Hofstede and Minkov, 2010). It would be rare for an adult to ask his/her parents' permission, or even advice, for an important decision. As an ideal, adult members are mutually independent. Family relations are seen as lacking intensity, compared to Asian families (Gupta et al., 2009). Parents make their own provisions for when they are in their old age (Mio, Barker-Hackett and Tumambing, 2009).

The distribution of power not only is manifested at home but also is found in working situations. In the large-power-distance situation, boss and employees consider each other as existentially unequal, which is at the core of the hierarchal structure (Yan and Sorenson, 2004). Visible signs of status contribute to the authority of bosses, such as titles, policies and procedures, office size and design. Bosses are entitled to privileges and centralised power, while they are expected to be caring and benevolent (Gupta et al., 2008). In the small-power-distance culture, there is a flat hierarchical structure. Privileges to higher-ups are basically undesirable, because they are seen as abuse of power and corruption (House et al., 2004). Employees expect to voice divergent views and to be allowed participation in decision-making.

Considering a desirability of centralisation and a sense of control, family firms will be in between the two extremes of the power-distance continuum, and contain some elements of both high and low power distance. The power of owner-managers is based both on their position in the hierarchal structure as well as on their knowledge and experiences as a resourceful superior (Altinay, 2008). In most first-generation family firms, the structure of firm can be regarded as a pyramid of people with both personal power and family norms as principles of coordination (Sonfield and Lussier, 2004). The management practices are culturally determined by the larger society (Carney, 1998). Therefore, the family firm behaviours reflect the extent of the power-distance dimension in the local culture. Within
Eastern societies, the firms tend to put emphasis on the founder-leader’s position in the hierarchy and allow unambiguous allocation of roles in which people are structured in order of command line (Pistrui et al., 2001). In contrast, within Western societies, the firms tend to focus on the tasks’ roles and expertise and facilitate entrepreneurial innovation by questioning, learning and adapting the different options that are related to freedom of expression (Neubauer, 2003).

2.2.1.1.3 Family and Gender Roles

All societies divide the roles between women and men (Gardiner and Kosmitzki, 2008). Beliefs about what is appropriate for women and men in homes, workplaces and society in general, develops a male culture that differs from the female culture (Hofstede, Hofstede and Minkov, 2010). The division of roles between women and men can be separated along a continuum, ranging from highly overlapping to highly differentiating. Gender differentiated societies tend to maximise such differences. However, the more gender egalitarian a society, the less it relies on biology to determine women’s and men’s social roles (House et al., 2004). The concepts of gender stereotypes and gender-role ideology dominate patterns of socialisation in different cultures. Family is the place where most people receive their first socialisation. It has its daily functioning to ensure its capacity to carry on, according to the role that individuals play in their homes (Gardiner and Kosmitzki, 2008). Generally, a nuclear family contains two unequal but complementary role pairs: parent-child and husband-wife (Hofstede, Hofstede and Minkov, 2010). The effects of different degrees of inequality in the parent-child relationship are related to the dimension of power distance and individualism-collectivism (as discussed above). The prevailing role distribution between husband and wife is reflected in the stability of gender role patterns, and their relationships with others.

The fundamental values, beliefs, and attitudes held by members with regard to gender-role ideology observed in a family vary along a continuum of “traditional/conventional” to “modern”. In traditional patriarchal patterns of family, the differences in the roles allocated to women and men are maximised (Haberman and Danes, 2007). Traditional ideologies characterised men as active, strong, aggressive, autonomous and achievement-oriented,
and it is men who are placed in charge of economic matters in the family. On the other hand, women are characterised as passive, weak, nurturing, emotional and affiliation-oriented; they are responsible for children and household matters in the family (Lee, Danes and Shelley, 2006). It seems there is a tendency towards inequality in the relationship between women and men regarding work and home life. A norm of a dominant, tough father and a submissive mother is associated with higher levels of male domination in societies (Gupta et al., 2008).

In contrast, modern ideologies view men and women as equals, advocate gender equality and resist gender discrimination (House et al., 2004). The egalitarian cultural climate implicitly and explicitly influences individuals’ beliefs regarding the behaviours, qualities, roles and abilities of women and men. Men’s and women’s roles are perceived more similarly economically and socially. Thus, they do not prevent women from gaining recognition and entry into occupations (Lee, Danes and Shelley, 2006). Women’s and men’s participation in work, positions of authority, relative contributions to child rearing and housework has been taken into consideration to measure a tendency of gender equality (Hamilton, Dana and Benfell, 2008).

In the context of family firms, families develop their own family cultures that may be at variance with the norms of their society. For example, economic possibilities and necessities play a bigger role in the women’s activities in a family business than values (Jimenez, 2009). The transfer of behaviour models from the family to the work situation strongly affects the values about overlapping behaviours for women and men. Copreneurial investment has been identified as a key indicator of gender equality (Smith, 2000).

2.2.1.1.4 Uncertainty Avoidance

How people gather information about their world and make decisions is highly related to their tolerance for uncertainty. Uncertainty Avoidance has been defined as ‘the extent to which the members of a culture feel threatened by ambiguous or unknown situation’ (Hofstede, Hofstede and Minkov, 2010, p. 191). Uncertainty avoidance measures the ability
of a society to deal with the inherent ambiguities and complexities of life. In cultures that are high in uncertainty avoidance, the tendency is to avoid that uncertainty. As well, differences are seen as unpredictable and dangerous (Hynie, Lalonde and Lee, 2006). People in high uncertainty avoidance cultures rely heavily on written rules and regulations, embrace formal structures and procedures as a way of coping with uncertainty, and have little tolerance for ambiguity or change (Gardiner and Kosmitzki, 2008). In contrast, a novel, ambiguous situation piques people curiosity in uncertainty tolerant cultures (Mio, Barker-Hackett and Tumambing, 2009). It forces individual to develop their own ideas and collaborate with others to solve problems (Chen, 1997).

The opposites of success motivation (low uncertainty avoidance) versus fear motivation (high uncertainty avoidance) implies differences in motivation patterns (Hofstede, Hofstede and Minkov, 2010). The willingness to assume the risk and responsibility of business creation, which is a reflection of low uncertainty avoidance, is associated with the feature of a higher level of competitiveness and a higher level of economic prosperity (Kreiser et al., 2010). The opposite, focus on safety or security is likely to prevail over risk-taking characteristics where uncertainty avoidance is strong. The appropriate uncertainty avoidance practices allow relatively high degree of formalisation in organisational structure, which represents a need for decentralisation of operations rather than management by personal control (Songini, 2006, Craig and Moores, 2002).

Differences in uncertainty avoidance also influence the individuals’ attitude and behaviours when they are facing a high level of uncertainty. The greater willingness of individuals to act proactively will naturally be encouraged in an uncertainty tolerant environment (Batonda and Perry, 2003). They will also perceive more opportunities as existing in the environment than people who are in uncertainty avoidance culture (Chen, 1997). Thus, it is expected that the willingness to act as first-movers and take initiative will be associated with low uncertainty avoidance in a culture. Such characteristics have been evident in the relevance of migration entrepreneurial behaviours (Hamilton, Dana and Benfell, 2008, Sahin, Nijkamp and Baycan-Levent, 2007, Basu and Altinay, 2002).
Family firms differ along with the cultural dimension of uncertainty avoidance. The relations within a family in general are characterised by altruism, loyalty and trust (Eddleston and Kellermanns, 2007). This indicates a high level of consistency among family members within a family structure (Sharma and Manikutty, 2005). In uncertainty-accepting societies, families are more likely to cope with ambiguity in situations that are constantly changing, because there is a fundamental belief that ‘conflict and competition can be controlled within the rules of “fair play” and used constructively... in high uncertainty avoidance cultures on the other hand, it is believed that conflict and competition unleashes destructive aggression and should be avoided’ (Mueller and Thomas, 2001, p. 61). As a result, the stronger uncertainty avoidance, the more closed system the family firm represents (Gupta et al., 2009). Therefore, the family firm with strong uncertainty avoidance would be seen as secretive. It would also impose special selection criteria on its people, such as certain memberships or affiliations (Gupta et al., 2008).

2.2.1.2.5 Long-term vs. Short-term Orientation

Time orientation is viewed as a cultural value (Gardiner and Kosmitzki, 2008). There are three broad categories of temporal frames: past, present and future (Hofstede et al., 2002). The assumptions about time postulate that some groups tend to be oriented toward the past—they implicitly follow traditions that provide the guide for future action; some seem to be connected to the present—they are oriented to meeting today’s needs and goals; and other tend to be more future oriented—they spend a great deal of time developing plans and strategies that would help them meet challenges in the future (Hofstede, Hofstede and Minkov, 2010). For example, a business owner may forgo the immediate advantage of faster expansion for the future benefit of a stable business (Batonda and Perry, 2003). As opposed, the business outcome may not be driven by goals but by a desire to show personal flexibility. Making a reciprocal exchange is unquestionably important, because it is seen as the lack of keeping long-term commitments.

The time orientation has been linked to individualistic-collectivism dimension of culture.
(Hofstede, Hofstede and Minkov, 2010). Generally, the collectivist culture emphasises long-term context with its collective welfare, while individualistic cultures put emphasis on short-term context. For example, a long-term orientation is an important virtue in Eastern cultures where hard work, persistence and delayed satisfaction are highly valued, like in China and Japan (Gupta et al., 2008). The views and assumptions inherent in time orientation are reflected in the intentions and practices of business activities, in particular for the family-owned businesses. The relationship between time orientation and firm-level strategies is reinforced by the owner-manager’s aspirations that have found the cultural differences have an identifiable impact on the strategic behaviours (Miller, Steier and Le Breton Miller, 2006).

Organisations become differentiated in their time orientation. Past-oriented organisations show a high capacity and willingness to correct their current behaviour by recalling and showing appreciation for prior learning, memoires, obligations and traditions (Yan and Sorenson, 2006). They prefer to sustain their favourable past experiences and seek to plan for maintaining the status quo (Yan and Sorenson, 2004). Present-oriented organisations strive to simplify their goals and rely more on others (Lever-Tracy and Ip, 2005). They tend to appreciate their present personal and social relationships and interactions (Park and Luo, 2001). Future-oriented organisations have a strong capability and willingness to imagine future contingencies, formulate future goal states, and seek to achieve goals and develop strategies for meeting their future aspirations (Basu, 2004).

The long-term orientation has been identified as a dimension of family business culture that contributes to distinct advantages in family firms (Zahra, Hayton and Salvato, 2004). Family firms with a long-term orientation tend to have longer tenures for chief executive officers, extended time horizons for financial returns in family firm initiatives (Thomas, 2009, Jaffe and Lane, 2004). Many family businesses intend to pass on the business to successive generations (Gersick et al., 1997). This aspiration implies a long-term perspective, which focuses on the importance to the future (Aronoff, 2004).
2.2.1.2 Family Culture as an Indicator in Business Organisational Culture

Whereas national cultures differ primarily in their values, organisational cultures differ mainly in their practices of various aspects of management (House et al., 2004). Organisational culture is the result of ‘the way we do things around here’ (Deal and Kennedy, 1983, p. 501). Organisation culture is a set of basic and shared practices that help organisation members find ways to survive in markets and to function together as an economic unit (Hofstede, Hofstede and Minkov, 2010). The relationship between national culture and organisation behaviours is highly correlated, because organisational actions require adaption to the contextual culture in which organisations operate (Marger, 2001, Kloosterman and Rath, 2001, Basu and Altinay, 2002). It seems that organisations adapt to national culture. In turn, the organisation acts to reinforce and sustain these societal values. For example, in Australia, the business organisations are reflections of an Australian value system, which favours a stronger structure, less uncertainty and rationalised government regulatory frameworks (Ashkanasy, 2007). Although the organisation growth may be constrained by the structural forces, they benefit from the rule of law, private property protection and a higher industrialised market (Lever-Tracy and Ip, 2005).

Because the organisation is culturally dependent, organisational culture is viewed situationally, depending on its stage of development, marketing and competitive environment. For example, in the early entrepreneurial stage, the firm functions on the force of the founder’s character and personality (Altinay, 2008). Later, after the founder-driven stage, the organisational culture develops the shape and form (structures and processes) to retain the founder’s ideas (Koiranen, 2002). Its culture become more accessible and more tangible (Goffee and Jones, 1998), while the organisation constantly remodifies and reinvents its value proposition, because of the technical, market and competitive changes (Hall, Melin and Nordqvist, 2001).

In the context of family businesses, the cultural uniqueness can be one of distinctive the characteristics of the family firm. Dyer (1986) has encapsulated and proposed a cultural
configuration by combining models of organisational culture (paternalist, laissez-faire, participative, and professional) with characteristics of family culture (patriarchal, collaborative, conflictive), and board culture (bureaucratic, rubber-stamp, consultative, supervisory). These differential characteristics in the three aspects of culture values affect the vision, goals, strategies, structure and management style of the family-owned business from the beginning (Dyer, 2003). The culture of the family firm takes on a complex dimension, because family firms’ culture is reflecting the interplay between owners’ values, family history and aspirations, the firm’s continuity and accomplishments, the competitive conditions of the firm’s external environment, and national cultures (Zahra, Hayton and Salvato, 2004). These multiplicities of the variables make family business cultures distinct and difficult to imitate. In addition, culture is one of the most powerful and stable forces at home, which is transferred to work situation. Adaptability, mission, consistency and involvement have been recognised as four cultural characteristics of family business culture (Denison, Lief and Ward, 2004). The effect of internal versus external focus and flexibility versus stability impacts on the financial performance of firms, in their internal development and in their strategic success.

Because of the dominant role of the owning family, the founder-owner’s values and motivations are powerful cultural drivers (Schein, 1995). Family members, who take active and long-term roles in the firm, can reinforce the organisation culture because of their dual position in the firm management and in the family (Hall, Melin and Nordqvist, 2001). The culture in family-owned businesses can be characterised by a desire for a highly personal form of achievement, because ‘it is the story of a family and its way of making its way in the world’ (Jaffe, 1988, cited in Denison, Lief and Ward, 2004 p. 64). Thus, the transition, prosperity and vision of family businesses is shaped and pursued by the founders’ core beliefs and values, as explained in the subsection on the Founder’s Characteristic, below.

In addition, family business culture relates to the owning family’s and, in particular, the founder-owner’s interpersonal factors that can influence the internal management, and the way the group of individuals deals with the external forces that can influence the business
success (Lief and Denison, 2005). Although organisational cultures are manifested by practices, they do have a set of values component. For example, the beliefs and values of the individual versus group orientation serve as a frame of reference for top management (Zahra, Hayton and Salvato, 2004). The internal versus external orientation relates to building a double trust relationship from the founder-owner with their family members on the one side, and on the other side with their organisational employees (Denison, Lief and Ward, 2004). The value dimensions that are expected to be associated with patterns of family characteristics are discussed in the subsection on Family Characteristics, below.

2.2.1.2.1 Founder’s Characteristics

In any business, organisation culture reflects the fundamental beliefs and values of its founder, because the founder tends to develop a series of practices that influence the nature of organisational practices (Schein, 1995). These practices help determine desirable behaviour among the members and thus help sustain the organisation over time. More importantly, the basic values of a business organisation are determined by the cultural values and personality of its founder (García-Álvarez, López-Sintas and Saldaña Gonzalvo, 2002). This set of basic values creates a frame of reference in the organisation. The socialisation in the organisation is a matter of learning the practices (Hofstede, Hofstede and Minkov, 2010). Thus, the founders’ values become the members’ practices. These members are supposed to carry the culture, regardless of their various personalities, values and cultural perceptions. For example, in migrant businesses, it is common employing personnel from co-ethnic communities. They coordinate and control through shared practices inspired by their shared cultural origin (Basu and Altinay, 2002).

The role of the founder in the family firm’s culture is as interpreters of family values in a business setting. Shared values (shared perceptions of daily practices) represent the core of a family business culture. The strength and the intensity of family involvement enable the group of family members to embrace and foster positions that favour the family side (Kellermanns et al., 2008). For example, succession within family aims at shaping and preserving the vision of the business across generations (Davis and Harveston, 1998). The
stable relationships between the founder-parents and successor-children maintain a viable pattern of succession that allows progress (Luo and Chung, 2005). In addition, the founder’s values not only reflect partly his/her family’s culture, but also partly reflect the external society’s values (Kloosterman and Rath, 2001, Chen, 1997, Basu, 2004). In comparison with these culturally determined values in terms of family functionality and business operation, the founder is situated at the intersection of the overlapping of the family system and business system. It is also crucial for the founder to plan and arrange procedures, involve family members and/or external actors to handle the organisational changes.

The leadership of the organisational leaders constantly deals with both the concern for people and concern for production (Schein, 2010). The organisational practices are manifested by either stressing on relations-oriented behaviours or task-oriented behaviours (House et al., 2004). The form behaviours are primarily concerns with building and sustaining relationships with people, and building identification with the organisation. Generally, the leaders show concern and interest in the organisational members’ well-being (Sarros and Santora, 2001). The latter behaviours are focusing on getting the task completed, improving efficiency and increasing reliability. The leaders set goals, define job duties and explain the way the work is done. In practice, pragmatic decisions are characteristic of the leader’s leadership. In other words, what is true or who is right is less important than what works and how the efforts of individuals with different thinking patterns can be coordinated toward a common goal (Mikhailitchenko and Lundstrom, 2006).

In family firms, the leadership of the founder-owners is related to their beliefs regarding control and their attitude toward time. First, the assumptions concerning coordination and control can range from complete centralisation to a relative formalisation of decentralisation in terms of decision-making authority (Dyer, 1989). For example, in a family with a patriarchal culture, a founder-parent could be granted a centralised power over other family members and be given privileges and high status, because of the position he/she holds in the family and organisational hierarchy (Gupta et al., 2008). In addition, family members cooperate with others in harmony. The coordination of effort promotes interdependent
relationships with mutual commitment to the firm (Yan and Sorenson, 2006). In contrast, the distribution of decentralised control put emphasis on the independent contributions of the organisational members (Kellermanns et al., 2008). The underlying assumption implies an individualistic cultural dimension in line with the value of competition.

Second, the founder’s orientation toward time determines the family firm’s disposition toward profitability and business continuity. Firm owners who are short-term oriented (Andersson, Carlsen and Getz, 2002) prefer an immediate high payback in terms of financial performance. The financial goals also reinforce a short-term orientation (Blanco-Mazagatos, de Quevedo-Puente and Castrillo, 2007). Similarly, the owning family may be unwilling to risk the established wealth, pressuring the owner-managers to downplay long-term value creating activities (Danes, Zuiker, Kean and Arbuthnot, 1999). For the founders who commit to the long-term business survival and success (Moyer and Chalofsky, 2008), the long-term nature of family ownership may foster innovation and risk-taking by either entering new markets or revitalising existing operations in order to create new businesses (Kreiser et al., 2010). The distinctiveness of the family firm’s product, process and service fuels their profitability and lead to growth. The strategic plans and value-creating activities reflect a long-term orientation (Mazzola, Marchisio and Astrachan, 2008, Carlock and Ward, 2001).

2.2.1.2.2 Family’s Characteristics

High performance-oriented organisations tend to value those individuals who produce results and accomplish their assignments (House et al., 2004). To the business owners, there is a common need for achievement. Each family business has different ways to achieve these outcomes. Some family businesses tend to focus on tradition, affiliation, family and social ties (Gupta et al., 2008). Others tend to focus on the future, taking initiative, and independent competency (Gupta et al., 2009). These differences in family firm’s characteristics are related to the value placed upon individual and group contributions in family firms.

In the group-oriented family business culture, the kinship-ties are unique characteristic to
these family firms, which not only have a positive effect upon the allocation of resources in the firm (Zahra, 2010), but also reflect the ethnic heritage of the family that owns and runs the firm (Pistrui et al., 2001). For example, in some families with strong paternalistic values, people in positions of authority are expected to act like parents and to take care of their organisational members (Luo and Chung, 2005). In the group-oriented family business, there is a tendency to consider a job position on the basis of who the person is rather than of how he/she is doing (Gupta et al., 2009). Characteristics such as age, gender, and birth order, and social and family connections, are important criteria for promotion to higher positions, not the task or the individual’s accomplishments (Vera and Dean, 2005, Haberman and Danes, 2007). This is because the belief is that only through joint effort can the competitive advantage be maintained. The resulting trust and sharing of sensitive information encourages cooperation and collaboration in these firms.

Much research derived from countries with stronger individual orientation (e.g. Hofstede et al., 2002, House et al., 2004), such as Australia (Ashkanasy, 2007), find that opportunities and rewards are evaluated on the basis of how people perform their current duties and deliver results (Aronoff and Ward, 1992). Within a family context, the belief in individual responsibility is associated with values such as autonomy, personal commitment, thirst for betterment, high standards of performance and expectations (Van Auken and Werbel, 2006, Duh, Tominc and Rebernik, 2009, Sharma and Irving, 2005). The value of individual excellence has been built in a variety of business-related behaviours manifestations, such as risk-taking, competitiveness, stress on results, explicit and direct communication and high performance targets (Barney, 2001, Leenders and Waarts, 2003, Butler, Phan, Saxberg and Lee, 2001). As a result, in the collectivist societies, the personal relationship prevails over the task, whereas in the individualist societies, the task is valued to prevail over interpersonal relationships.

In addition, organisational culture is defined as the enduring values that shape the firm’s characters and how they adapt to the external environment (Schein, 2010). These values
embody the beliefs, aspirations, histories, and self-concepts that are likely to influence firm’s strategic resources to support and undertake practices and activities (George and Zahra, 2002). In a family firm, family business culture emphasises the development of knowledge and expertise that resides within the family and firm’s domains (Aronoff, McClure and Ward, 2003), while at the same time taking into account their relationship to the external environment by studying market trends that provide insights into emerging challenges and opportunities (Tan, 2002, Sharma and Manikutty, 2005). Therefore, these two “in-ward” and “out-ward” forces should be somewhat balanced and aligned with the family’s cultural orientation for the family business to survive and succeed.

An internal cultural orientation stresses the family’s resources, which results in the capital remaining within the firm (Danes et al., 2009, Bubolz, 2001, Arregle, Hitt, Sirmon and Very, 2007). An in-ward orientation influences the likelihood that the family trusts other family members more than non-family members, because of social norms and values supporting solidarity, predictability and a high social pressure to honour moral obligations within the family (Blanco-Mazagatos, de Quevedo-Puente and Castrillo, 2007, Corbetta and Salvato, 2004). However, despite of inside knowledge and shared life experiences, the potential for opportunistic behaviours may well exceed family members’ trust (Poza, Hanlon and Kishida, 2004, Gordon and Nicholson, 2008). In addition, family members might fall short in their competence, ability or expertise (Chittoor and Das, 2007, Tsui-Auch, 2004), thus lowering a firm’s ability to adapt to the changing market trends and explore entrepreneurial opportunities.

An external cultural focus emphasises the value of competitiveness and adaptation to the external environment (Zahra, Hayton and Salvato, 2004). A family firm is not merely viewed as an extension of the family, rather it is expected to develop the capabilities that allow the firm to acquire knowledge and resources from a variety of external sources and thus increase its competitive advantages (Barney, 2001, Zahra, 2010). Customers, competitors, suppliers and other external actors are viewed as important sources of information to be used in the development of organisational changes (Vallejo, 2008). Although the members
from different sources may be cooperative in various degrees of collective sharing of resources, they are not necessarily collectivistic, rather they cooperate on the basis of individual-oriented initiative. The trust-building process within the family firm is critical and, in the externally oriented family business, depends on one’s capability and competence (Van der Heyden, Blondel and Carlock, 2005). This provides some evidence of the consequences of family influence on the culture of the family business.

2.2.2 Chinese-Australian Family Businesses

Generally speaking, “Chinese-Australian family business” is operated by four major interrelated components. Literally, they are “Chinese”, “Australian”, “family” and “business”. “Chinese” implies the Chinese cultural heritage or inherited Chinese family norms. These cultural values place emphasis on family-orientated values and collectivist-orientated norms, such as filial piety, family hierarchy, conformity and a concern for family welfare, as well as Confucian qualities (Yan and Sorenson, 2006, Gupta et al., 2008). “Australian” refers to the Australian cultural environment or adapted cultural code. In referring to Australian culture in this study, it means that to which the majority of people in Australia comply, that is, Western values such as individualism, egalitarianism, competitiveness, and material gain (Smyrnios and Walker, 2003, Ashkanasy, 2007). “Family” means the system is family dominated and owned. “Business” assumes that the operation follows economic and business principles. The cultural uniqueness of this type of family business lies in values with regard to ethnicity, national cultures, the relationship between the family and the business, the role expected from individuals, in particular for the founder-owner, and the ways of dealing with challenges caused by intercultural encounters. This section deals mainly with the profound effects of culture on both family and business in Chinese-Australian family businesses.

Chinese migration refers to Chinese nationals who have departed from Chinese soil for the purpose of living and working abroad (Gomez, 2007). Following the disbandment of Australia’s immigration policy (White Australia Policy) in the late 1970s, a wave of “New Chinese immigrants” gave different reasons for settling down in Australia (Ho and Coughlan,
1997). They are significantly different from the earlier Chinese businesses that existed in the late 1800s until the 1970s (Pe-Pua, Mitchell, Iredale and Castles, 1996). Among different motivations, people of Chinese origin or descent go beyond the explicit intention of staying only so long as it would take to accumulate enough money to live out a life of comfort home (Lever-Tracy, Ip, Kitay, Phillips and Tracy, 1991, Collins et al., 1995, Collins, 2003). These contemporary Chinese in Australia are both qualitatively and quantitatively different. Family business is a prominent form of organisation among ethnic Chinese expatriate business families (El Kahal and Publishing, 2001). Operating in family teams, the mobilisation of kinship networks in the pursuit of economic goals is a commercial strategy that may be a widespread business practice. It is no exception for Chinese family firms in Australia.

Immigration to a new country involves a change not only in place of residence but also and more significantly, in the social and cultural environment (Gardiner and Kosmitzki, 2008). To benefit from the educational and economic possibilities of the host country, the challenges caused by having to adapt to a different culture, and the value dilemma of preserving the values of the culture of origin, may lead to either the development of shared values, beliefs and practices across cultures (Ryan, 2002, Trompenaars and Hampden-Turner, 1998), or to barriers to retain the different attitudes towards a separate cultural identity and value preferences (Mansouri, 2009, Mahalingam, 2006). An important assumption in Chinese-Australian families has been that the values and norms of ethnic Chinese families tend to adapt to the culture of Australia, because people are willing to learn and are programmed to alter according to surroundings (Gardiner and Kosmitzki, 2008). The cultural adaptation of Chinese-Australian families is discussed in Section 2.2.2.1.

As individuals sometimes hold contradictory opinions and values dilemmas, these differences reflect a complex interaction among dual cultural orientations that apply to the various goals and behaviours in the Chinese-Australian family firms. The unique cultural context is formed not only during the entrepreneurial start-up period but also potentially through successive stages, especially for the attitude towards succession (as further detailed in Section 2.3). The components of cultural changes could provide the basis for sustainable
competitive advantages (Hamilton, Dana and Benfell, 2008). Empirical studies have showed that Chinese migrant businesses are high adaptable, such as the owner’s ability to withstand hardship, and working under extremely long and harsh conditions (Collins, 2002, Lever-Tracy et al., 1991, Lund et al., 2005). The culture in these Chinese-Australian family businesses is presented in Section 2.2.2.2.

2.2.2.1 Chinese-Australian Family’s Characteristics

It is currently being argued that all individuals are multicultural, because each individual has a national origin, ethnic origin, regional origin, religious value (which includes a lack of religious value), and level of socioeconomic status and social class (Cohen, 2010). For immigrants, they have a unique combination of these origins, which might be different to the society to which they migrate. Chinese migrants in Australia may differ in terms of reasons for migration, demographic background, educational level, conceptions about the importance of values, and access to necessary resources or family social and economic networks (Ho and Coughlan, 1997, Hibbins, 2005). There are significant individual variations with diverse cultural, linguistic and economic backgrounds, including Chinese-born migrants from mainland China, ethnic Chinese from other Asian countries and regions, and Australian-born Chinese descendants (Australian Bureau of Statistics, 2008). Nevertheless, they share similar traditional values on family heritage (i.e. Confucian values). The effects of the shared Chinese ethnicity on individuals are reflective of the ‘social principles, goals and standards...(that) define what the members of an organisation care about’ (Hatch, 1997, p. 214). Thus, it is reasonable to guess that the offspring of Chinese immigrants’ families may have been raised and/or form part of their cultural identity aligned with the family ethnicity origin.

Families develop their own family cultures that may be at variance with the norms of their society, and the personalities of individual parents and children can lead to non-stereotypical behaviours (Gardiner and Kosmitzki, 2008). The need for belonging and acceptance is primarily satisfied by their families, because ‘people identify themselves as members of a society to the extent that they can have a place in that society’s history and that they can
identify with the way that it remembers its past, turns its attention to the present, and anticipates its future’ (Kramsch, 2005, p. 7). The contemporary Chinese-Australian family is a complex entity, and different aspects of it have been expressed throughout its family members’ beliefs and behaviours.

The Chinese-Australian family cultural context is a strong source of social learning. In such cross-cultural family context, the mix of the original Chinese culture and the broader Australian culture offers complex value dimensions to manifest the family culture. Families are a fertile ground for socialising children in the cultural values and practices (Hofstede, Hofstede and Minkov, 2010), which is a key factor guiding behaviours. Meanwhile, a new set of external adaptation challenges influences and regulates these individual behaviours in the society. Over time, the values and practices that help identify right or wrong, good or bad, desirable or undesirable behaviours may have been converging and becoming more similar in relation to the desire for success and achievement, although for very different reasons (Gardiner and Kosmitzki, 2008). For example, parents have a strong desire for the improvement of their children and tend to instil high standards of performance, a high level of work ethic, and strong self-confidence and self-reliance. The collective-oriented intention for a Chinese family is based on the belief that a child’s achievement is strongly tied to the parental pride and achievement (Yan and Sorenson, 2006). In contrast, the Australian society that is reported to be individual-oriented is more likely to encourage individuals to express themselves and to lead a high quality of life (Tracey, 2001).

It is true that Chinese-Australians are immersed in a multicultural society in which the individual and the family are undergoing major changes, in terms of primary values and cultural identities. Given the values of individualism and democracy in Australia (Chiang and Yang, 2008), relatively collectivist-oriented Chinese migrant families could enable individuals to bridge cultural barriers more effectively by developing the dual character – ethnic Chinese mind and Australia western mind – which have led to hybrid identities, as explained in the following section.
2.2.2.1.1 Ethnic Chinese Characteristics

The assumption of a broad-based homogenous Chinese-Australian may no longer be appropriate, because economic levels, social backgrounds and migration experiences may have resulted in significant variation concerning the comparability of the Chinese migrants across the Diaspora. There is great heterogeneity in the life experiences of individuals, but they appear to be similar of a number of issues. Chinese-Australian families are similar enough to be treated as an ethnic cultural group to be studied as a whole, ‘as long as the Chinese migrants and their descendants see themselves as Chinese, albeit differently, this is basis for comparison on issues relating to cultural reproduction, ethnicity and identity’ (Tan, 2004, p. 2).

One’s ethnicity reflects not only the attitudes or emotional significance people attach to their social group with a common cultural heritage, but also the ‘ways of behaving through family roles and values, communication patterns, affective styles and decision making’ (Danes et al., 2008, p. 232). For immigrants, it is an original cultural pattern that binds family members together for their interactions with the world (Waldinger, Aldrich, Ward and Blaschke, 1990). For example, gender norms and practices pertaining to family divisions of labour are different within cultures, social classes and ethnic groups (Tan, 2002, Gómez-Mejía et al., 2007, Marger, 2001). Historically, Chinese ethnicity has been shaped by its Confucian cultural roots (Redding, 1990, Yao, 2002). The strong historical influence of China and Confucian philosophy extended to other eastern societies and include overseas Chinese communities everywhere (Gupta et al., 2009). For example, there are people from Hong Kong, Taiwan, Malaysia, Singapore, and other Asian regions, who share close affinity with the Confucian influence, even though they have culturally assimilated with their colonial environment (Ho and Coughlan, 1997).

Confucianism has provided indispensable teachings in the daily life of Chinese people, including the emphasis on learning through a hierarchical, family-oriented structure and practising principles such as diligence, self-sacrifice, and thrift (Bond and Hwang, 1986). In
addition, Confucius’s teaching places emphasis on an order for the stability of society, in which everybody has his/her place. People’s relationships contain mutual and complementary obligations: the junior partner owes the senior respect and obedience, while the senior partner owes the junior protection and consideration (Tan and Chee, 2005, Yan and Sorenson, 2004). Confucius’s ideas have survived as guidelines for proper behaviour for Chinese people to this day (Gupta et al., 2008).

The ethnic Chinese mind of Chinese-Australian family is steeped in Confucian ideology. Family is born out of and plays a part in maintaining the consistency of cultural heritage. Family relationships give order and stability to the social system, and offer the role-context requirements for individuals in the five fundamental relationships of life (i.e. ruler-subject, father-son, husband-wife, elder and younger brother, friend and friend) (Yan and Sorenson, 2006). It ties people together according to specific relationships between people and determines the order of social hierarchy within the fundamental relationships (Gupta et al., 2008). Three national cultural dimensions help explain the family relationships: collectivism, power distance and gender roles. These three values has been introduced and discussed in Section 2.2.1.1 national culture.

First, the collectivism in the Chinese culture can be manifested within a family system. Family holds the central position within complex relationships, including internal and external connections (Yeung and Tung, 1996). It defines who is a member of the inner circle and who is an outsider. Family solidarity is important for its survival (Zheng, 2002). Pursuit of individual interests at the sacrifice of families has always been discouraged. Altruism and loyalty are instilled in children, because ‘Chinese parents take great interest in their children throughout their lives, and their children, imbued with the doctrine of filial piety, are constantly reminded of their filial duty towards their parents’ (Chao, 1983, p. 72). A close parent-child family relationship is widely respected and valued. There are close bonds, loyalties, and a strong sense of moral obligations associated with the family relationship (Yan and Sorenson, 2006). In a typical Chinese family business, the inner circle of the top-management team is reserved for family members only, because family identity is part of
the business (Gupta et al., 2008). Traditionally, the potential successors outside family members are less of a concern, because the founder-owners will prepare and arrange for the next generation to be the successors (Tong, 2009).

Second, the power-distance in the Chinese culture can be observed by the retention of the proper order of positions in family. A person’s social status is given at birth to affirm and embrace patriarchy as the organising principle of family. Obedience is embedded in the order of hierarchical relationships (Pieper, 2010). Obedience is also essentially the doctrine of filial piety in the family (Gardiner and Kosmitzki, 2008). The virtue of obedience is the cultural root of paternalistic leadership found in many overseas Chinese enterprises (Luo and Chung, 2005). Such obedience satisfies people’s need for dependence, and it gives a sense of security both to those in powers and to those lower down. The Confucian model of a family presents the firm father as provider, the compassionate mother as caretaker, and the loyal children, as honouring moral obligations (Bond and Hwang, 1986). Children are seen as the source of support for parents. They are expected to be obedient and to take care of their parents when they are in need. They are also socialised to accept the wishes of parents, such as study subjects and career choices (Hynie, Lalonde and Lee, 2006).

Third, traditional masculinity ideology in Chinese culture is still embedded in the family structure. The prevailing role distribution between husband and wife is reflected in their corresponding position on the assertive and nurturing elements. Typically, there is inequality between the roles of fathers/husbands and mothers/wives. Men are supposed to deal with facts and money, women with feelings and children (Hofstede, Hofstede and Minkov, 2010). Through exposure to women and men in traditional gender roles, children come to internalise the gender-role stereotypes and ideologies into their beliefs and behaviours (Gardiner & Kosmitzki, 2008). Therefore, gender roles are passed down from generation to generation. This common structure can be more reliably attributed to common cultural influences. Within the business context, gender norms and practices are still quite consistent with traditional values (Gupta et al., 2008), but there is a tendency to
acknowledge and reward women’s contributions (Ryan, 2002, Danes and Olson, 2003).

In most of Chinese-Australian families, people still manage to maintain much of their Chinese cultural values (e.g. family cohesion, stability and collective values) (Lund et al., 2005, Hibbins, 2005), that is, an underlying Confucian cultural root and Chinese ethnicity. Scholars identified the material success of overseas Chinese businesses with their reliance on the Confucian ethic (Yao, 2002, Redding, 1993). The key principles of the Confucian values focused on the quality of relationships that exists among family members, including the persistence of the value of thrift, which promotes a long-term orientation, a tendency to prioritise the welfare of group, a sense of respect for a hierarchy of authority, a sense of complementary relations. It is a sense of pride in their cultural identity and a sense of belonging to the particular ethnic community. While the stress on the importance of the family plays a role in shaping the family culture, the Chinese-Australian family is facing challenges caused by the larger Australian environment. This is detailed in the next section.

2.2.2.1.2 Individualistic Australian Characteristics

Environmental factors have had a major effect on the development of culture (Gardiner and Kosmitzki, 2008). The influence of societal values on an individual’s perceptions is quite complex. It seems that a culture effect is mediated through individual experience. In migration studies, the continuous topics of acculturation, assimilation and integration presuppose the notion that the need for expatriates is to deal with the host country’s socio-economic environment (Mansouri, 2009, Alba and Nee, 1997, Espiritu, 2003). For immigrants, they could hold and adapt to various aspects of their cultural heritage and the host country’s culture without relinquishing either culture (Mahalingam, 2006). In such sense, Chinese migrants are unlikely to be shielded from the forces of the Australia’s societal influence, and thus are inevitably to be pressured to respond in some way in order to survive and adapt to the national context. Specific behavioural changes that individuals may incur as a result of intercultural encounters reflect a dual cultural involvement, which is an alternative to extremes regarding either low acculturation or complete assimilation into the
local culture (Hall, 2009, Mio, Barker-Hackett and Tumambing, 2009).

Although Australia is advocated and promoted as a multicultural country (Collins, Mondello, Breheney and Childs, 2001), Australian national culture has its colonial heritage originated in geographically distant Britain and Ireland (Collins, 2002). Its Western-style democracy and materialism aspires to higher levels of performance and stresses wealth and individual rewards (Smyrnios et al., 2003). The democratic culture has manifested itself in the form of freedom of expression, open communication and individualism (Hofstede, Hofstede and Minkov, 2010). The results of the GLOBE study indicate that Australia has a moderate level of emphasis on collectivism and tending toward individuality, with individuals making decisions that focus less on the family unit (Ashkanasy, 2007). Although there is a trend toward low-power-distance, Australian attitudes toward power distance show contradictory results. On the one hand, there is the perception of Australian as an egalitarian society. On the other hand, there is evidence that Australian society is characterised by a class system based on wealth and materialism. Despite the popular conception of Australia as a male-oriented culture, the results obtained in GLOBE study indicate that Australia does not particularly emphasise male roles in society. In short, results from the GLOBE survey have shown that contemporary Australian culture is achievement-oriented and individualistic, value equality and is less stratified (Ashkanasy, 2007).

Chinese migrants have been brought up with the virtues of the Chinese culture as well as being instilled Chinese values within their families. However, the influence of notion of modernisation and democracy is more likely to make these Chinese families break away from the traditional norms, such as obedience and submission. At the same time, these migrants are socialised into Western traits, such as creativity, aggressiveness, competitiveness and directness. The Chinese-Australian family is an example where the East meets the West. It features a cosmopolitan culture that reflects both the heritage Chinese culture and the Australian national cultural influence. Despite this theoretical conceptualisation, the association between cultures and individual behavioural changes remains unclear. It appears to be ‘an open-ended, continuous process that includes
progresses, relapses, and turns, which make it practically impossible to predict and control’ (Chirkov, 2009, p. 178). Therefore, adjustment to these different cultures needs to be assessed on separate dimensions, rather than assuming it occurs on a single polar continuum. An Australian mind in the Chinese-Australian family identifies more closely with the local cultural in which it is embedded. For example, in some cases, immigrants’ families have relatively few extended families to contribute to their daily life because they are not living close enough to draw on each other’s support. When a wife needs help with the household work, the husband has to step in to assume responsibility for taking care of the children. Thus, it is expected that an immigrant family appears to shift to a nuclear family structure, which promotes greater role equality between husband and wife (Hamilton, Dana and Benfell, 2008).

The cultural adjustment dilemma is common intergenerational issue within Chinese-Australian families. Many first-generation immigrant parents who choose to come to Australia because of better opportunities for themselves and their families, they struggle to determine which culture deserves more emphasis: their ethnic background or the Australian culture (Chiswick, Lee and Miller, 2005). In this adaptation process, the family plays a major role through the modelling of ethnic cultural norms, parenting style and actual verbal directives being given by parents (Costigan and Dokis, 2006). Along with social economic betterment, an affluent family may turn out to be more individualistic. Exposed by the spirit of freedom and individual independence, parents are more likely to become supportive of the children’s self-confidence, self-reliance and the will to achieve new things and to figure out what is best for them to do (Sonderegger and Barrett, 2004). In contrast, parents with low-level integration may push their children to maintain the heritage culture, including its values and ideas, which may not necessarily be in sync with those of the mainstream culture or what the children want (Hynie, Lalonde and Lee, 2006). Therefore, when the children become more “Australianised” than their parents would like (Chiang and Yang, 2008), it may be taken as sign of tension in the parent-child relationship (Katila, 2008). This conflict may be even greater within family businesses, as noted in studies of Asian
immigrants businesses (Stromback and Malhotra, 1994, Basu and Altinay, 2002). The level of cultural adjustment of parents, as well as the integration gap that may exist between children and their parents, may influence family cohesion as well as issues associated with the family firm’s survival, and how the continuity of family firm may be viewed differently by the parents and children (Wong, McReynolds and Wong, 1992). It seems that these Chinese-Australian families have evolved into a curious hybrid of Eastern and Western culture with a complex identity. Although researchers have presented the role of cultural contact, they have not explicitly discussed how the importance of ethnic identity and Australian identity can differ for the various experiences of immigrants in terms of gender and generational status. The following section will present the unique combination of cultural minds that impact on the survival and success of Chinese-Australian family business.

2.2.2.2 Chinese-Australian Family Firm’s Organisational Culture

Chinese-Australian family business has been characterised by complex networks of family, kinship and ethnic ties (Lever-Tracy et al., 1991, Collins, 2002, Lever-Tracy and Ip, 2005). Research has suggested that available family resources are important factors in the development of ethnic migrant businesses. This form of firm has in common its reliance upon network “guanxi”, which are coordinated through the mechanism of trust (Park and Luo, 2001). “Kin power” was positively associated with the extended family structure (Perricone, Earle and Taplin, 2001). The business owners leveraged ethnic ties and the shared experience of immigration to build a network of relationships. Extended ethnic community solidarity was a significant predictor of a collective utilisation of resources in which ethnic firms operate and grow in their ethnic enclaves (Kloosterman and Rath, 2001).

Social capital is the goodwill and resources made available via reciprocal, trusting relationships, which make a positive contribution to a firm’s outcomes (Leana and Van Buren III, 1999, Nahapiet and Ghoshal, 1998, Lin, 2001). Inside the firm, social capital can reduce transactions costs, facilitate information flows, knowledge creation and accumulation and improve creativity. Outside the firm, social capital increases alliance
success. The process of how and why social capital in a family firm is created continues to be an important topic (Danes et al., 2009, Sorenson et al., 2009, Casson and Giusta, 2007), in particular for immigrant business research (Marger, 2001, Deakins et al., 2007, Hitt, Lee and Yucel, 2002, Sanders and Nee, 1996). An implicit assumption is that inter- and intra-organisational members help to support each other and to help their economic success. Founders, family members, business units and communities of practice develop the interactions between and within diverse groups operating in the family and the firm. Family ties initiate, and then modify, the network of the family firm. The firm gains access to broader social networks by family members. The complex social interconnections among different social groups have important effects on a family firm’s social capital creation (Zahra, 2010). The development of the business is affected by the dynamics within and between these groups. It can be difficult to separate the business from the family in Chinese family businesses. ‘It remains in essence a family fortress...an instrument for the accumulation of wealth by a very specific set of people...much of its effectiveness derives from intense managerial dedication, much of its efficiency from creating a work environment which matches the expectations of employees from the same culture. It is, in a very real sense, a cultural artifact’ (Redding, 1993, p. 3). Overall, the overlapping network between the family and the firm yields important linkages between resources and knowledge and the development of the Chinese family firm.

The complex and interdependent relationships between the ethnic owning family, its firm and the community context in which the firm operates, establish cultures that are not only mobilising the family’s social capital, but also embracing flexibility and modification in response to changes (Lester and Cannella, 2006, Piperopoulos, 2010). Even though adaptability and flexibility in response to the rapidly changing demand of their clients and markets are valuable to all firms, it is particularly important to ethnic minority firms (Hamilton, Dana and Benfell, 2008, Gomez, 2007). Chinese-Australian family firms have been described as adaptive and quick to recognise and respond to changes in their environments (Collins, 2002). These family businesses have adopted localised ideas and
utilised their assets and resources in ways to take advantage of emerging opportunities for profits and growth in order to achieve commercial success. Quick decision-making ability is also identified as a dimension of competitive advantages of Chinese-Australian businesses (Lund et al., 2005, Lever-Tracy et al., 1991). The entrepreneurial motives seem to be pragmatic and materialistic, with short-term orientation. This kind of short-term orientation reflects a concern with the more immediate consequences of decisions. It enables strategic, pragmatic, and quick responses to changing conditions. For example, it stresses the exploitation of opportunities for short-term financial gain (Lever-Tracy and Ip, 2005).

However, perseverance, thrift and long-term orientation are identified as the characteristic of Chinese business owners (Basu, 2004, Gomez, 2007, Tan, 2004). These values highlight the devotion of time, money and effort that is required in the present to reach desired future states that rely on personal networks for external linkage (Lever-Tracy and Ip, 2005). For example, developing interpersonal relationships with customers and employees is attributed to the concerns for the future prospects of the business and for the firm’s long-standing image to maintain goodwill (Lee and Tan, 2001). In addition, the character of these business owners is centralised and paternalistic in nature, where the owners take care of their employees in a benevolent, yet authoritarian way (Gupta et al., 2008). Although the employees are considered to be treated as members of the extended family, enjoying reciprocal and mutual obligations, they are obligated to follow the owner’s concentration of decision-making power. Such paternalistic personnel management places emphasis on dependence and conformity, which inhibits employee’s initiative (Westwood and Posner, 1997).

In Chinese-speaking countries and the countries with important minorities of Chinese heritage, research has found that the headship of Chinese family firms is viewed as being domineering in their management culture (Westwood, 1997). The critical difference between leadership and headship is that the leadership is related to individual qualities or behaviours, while headship refers to a person as the head of an organisation by achieving
the status through means of inheritance or ownership (Westwood and Chan, 1992). Generally, the organisational structure turns to be a vertical hierarchy. Harmony is crucial in societal and corporate culture (Gupta et al., 2008). There is a strong avoidance for extreme behaviours, such as direct confrontation and aggressive bargaining, to protect and strengthen the owners’ organisational status and maintain the employees’ dependence to them.

To understand the culture of Chinese expatriate family businesses, it is fundamental to understand their contextualised societies. Management and leadership style appear to be culture specific (Li, Ngin and Teo, 2007). Chinese-Australian family businesses are too complex to be presented as family versus business domains. They evolve over time as a result of many variables, forces and drives that are derived from both the Eastern and Western ideas. Chinese-Australian family business founder-owners would be pragmatic enough to preserve the virtue of Chinese values (i.e. working ethic, thriftiness, dedication, willingness to adapt), while being exposed to the knowledge and experience of the Western-style. It is not surprising that new cultural values and leadership styles are welcomed to the owner-managers (Tong, 2009). Cross-cultural adaptation and intercultural encounters have created a new set of external challenges. For example, the managerial practice contains some elements of both centralisation and decentralisation styles (Tsui-Auch, 2004). Tasks which demands employees’ initiative are suited to a decentralised leadership, while tasks that demands discipline cater to centralised control. Their occurrence is culturally determined.

The dominant view of family business suggests that the business reflects societal cultures (Gupta et al., 2009), but the case of migrant’s family business may suggest a reverse notion (Piperopoulos, 2010, Basu and Altinay, 2002, Basu, 2004). Business practices do not necessarily reflect the family’s views towards the desire for success and achievement. Instead, it may be the business systems that are more often influenced by societal and industrial cultures. For migrant businesses, the receiving country’s societal culture has been
observed to have a greater effect on individual’s perceptions on and attitudes about business practices (Hamilton, Dana and Benfell, 2008, Sahin, Nijkamp and Baycan-Levent, 2007). Therefore, the societal culture influence could be a stronger predictor of business decisions than is the family domain.

In spite of the existing studies, our understanding of culture and leadership style in Chinese-Australian family businesses is still not sufficient. Given the relatively limited empirical evidence, important questions remain about the effects of culture influence on the goals and strategies in the Chinese-Australian family businesses. Several issues need to be addressed further. First, the founder’s goals could be characterised as business-driven, while it can also be seen as family-oriented. How does the founder, through his/her personal beliefs and motivation, pose challenges and opportunities for the family? In particular, what is the role that culture plays in family involvement in the family business? Second, the empirical studies have dealt with the features of family business at the societal/national level. The question remains as to whether and how culture influences a family business in a Chinese-Australian intercultural context. How is that culture transmitted through the practices and decision-making process? Third, the purpose of this study is to learn if a Chinese-Australian family firm’s culture can be related to succession. The following section discusses the strategic choices of succession in a family business.

2.3 Succession in Chinese-Australian Family Business

The study of succession has been constantly central within the field of family business research (Dunemann and Barrett, 2004). Although succession issues are universal, the transition mode and strategic choice adopted vary as each family firm has its own circumstances (Brun de Pontet, Wrosch and Gagne, 2007). As Section 2.1 has presented, family firms are heterogeneous and different in a variety of ways, including their ownership concentration, intergenerational involvement and stage of business development (Miller, Steier and Le Breton Miller, 2006, De Massis, Chua and Chrisman, 2008). In reality, an important number of family firms fail in their generational transitions (Gordon and Nicholson,
2008). Statistically, only 33 per cent survive after the first generational transition, and only 13 per cent survive beyond the third generation (Ward, 1987). Reasons for the failures of family businesses are diverse: there are instances of business mismanagement and miscalculations; some are sold simply due to good offers; and other close because better economic opportunities become available (Morris, Williams and Nel, 1996, Murrary, 2003). These issues plague all firms, and are no exception for family-owned firms. However, many family businesses that break up or are sold do so mainly because there is unwillingness among the second generations to continue working in the family business (Venter, Boshoff and Maas, 2005, Stavrou, 1999). Therefore, the multitude of concerns that a family business faces, makes it especially important for the effective understanding of succession to not only address the problems of the business, but also explores the family context in which the key players negotiate resource allocation and address their differences.

Among family business in the Chinese context, succession has followed the gradual flow of the family lifecycle. The ownership and leadership transfer have a strong preference for positioning family members in key positions (Ahlstrom, Young, Chan, & Bruton, 2004). Succession in Overseas Chinese family businesses is portrayed as a family-oriented, long-term process in East Asia (Tong, 2009). The issue of succession among family-owned businesses in Hong Kong has been focused on management succession and its intertwinment with ownership has been mentioned as equal inheritance systems (Zheng, 2009). The business continuity of Chinese business in mainland China has been reported to protect and to expand the accumulated family wealth through individuals who are highly embedded in family and social ties (Lin & Ho, 2009). Despite of the transmission of economic capital, how to pass on human and social capital such as values, tacit knowledge, relationships and the guanxi networks has been considered decisive for a successful succession (Zheng, 2009). To draw attention to the characteristics of Chinese family business, the perceptions of family business succession are culturally conditioned (Gupta, Levenburg, Moore, Motwani, & Schwarz, 2008). On the business side, within-family successors are trained to gain both company-specific and general business knowledge to succeed by
replacing the founder-owners and to uphold the family business (Wang, 2005). More importantly, there are issues from the family dimension such as family relations, avoidance of conflicts based on different stakeholder interests (Yan & Sorenson, 2004) and Confucian values to maintain family harmony with the purpose of continuing the family tradition and control rather than changing it (Yan & Sorenson, 2006).

While there is evidence on the relationship between family firms and their family culture (see Section 2.2.1.2), there is little empirical research on the decisions carried out by the founders during succession that conduct the specific links between family business culture and the firms’ processes. This is an issue that the current research explores. This section places emphasis on conducting succession with a cultural perspective on the strategy decided by the founder, rather than exploring the details of succession practices, because the family businesses share a relative consensus on the value dimensions, but each family firm varies substantially more in their abilities to practice their values orientations. It is probable that differences in a firm’s capability and an individual’s ability to effectively implement business practices could have a significant influence on the variations in succession (Aronoff, McClure and Ward, 2003, Holland, 2008, Duh, Tominc and Rebernik, 2009). However, the way in which succession is attributed to the unique interactions among the family, the business and individuals, is determined by values and thus influenced by values, varies along individuals’ value orientations. In addition, it may be possible that the concept of succession itself is defined and conceptualised differently across cultures (Gupta et al., 2009). Western-dominated research contain several assumptions not necessarily shared by other cultures, including an emphasis on the individual (Cabrera-Suarez, 2005, Aronoff and Ward, 1992), an emphasis on succession planning (Mazzola, Marchisio and Astrachan, 2008, Sharma, Chrisman and Chua, 2003), and a focus on founders-owners’ responsibility rather than successors (Davis and Harveston, 1999, García-Álvarez, López-Sintas and Saldaña Gonzalvo, 2002). This research uses the context of Chinese-Australian family businesses to illustrate how the decision of succession is chosen and created for a hybrid system.
The following section is divided into three parts. First, it identifies the concept of succession as the outcome of an interaction process between generations where the family plays an important role. Second, it discusses reasons and variables that influence the potential succession strategy associated with business continuity. It outlines two succession strategies that reflect the links between the multiple dimensions of culture in family firms and succession. Attention is paid to the impact of values and attitudes from Chinese-Australian families to firms’ succession decisions. Finally, there are compelling reasons for considering the role of the founder in influencing succession decisions. The goals of the current research involve determining which aspects of the founder’s values impact on succession, while also identifying culture-specific differences in Chinese-Australian family businesses.

2.3.1 Definition of Succession

Succession has been assumed as one of the most fundamental strategies determining the possible longevity of the family firm. It represents ‘individual factors, relation factors, and context factors, financial factors, and process factors’ (De Massis, Chua and Chrisman, 2008, p. 185) and involves the allocation of resources over time. In relation to the planned future actions of a firm, it prepares the organisation for continued growth in complex environments (e.g. market growth slowing or declining, increased competition), which might shift the feasibility and validity of the organisational setting (Ip and Jacobs, 2006).

Succession is defined as a process rather than an event of transferring ownership and management control to a successor (Ibrahim, Soufani and Lam, 2001, Sharma, Chrisman, Pablo and Chua, 2001, Dunemann and Barrett, 2004). Generally, it is assumed that there is a strong preference to keep the ownership and leadership in the family during succession (Dyer, 1986, Lansberg, 1999, Lea, 1991). As family businesses evolve and potentially transfer across generations, the process of succession experiences a variety of transformational changes in terms of overlapping and interacting ownership, leadership/management, and family (Murray, 2003, Brockhaus, 2004). First, three types of ownership transition between the three stages in the developmental model have been identified (Gersick et al., 1997). The first type of transition refers to recycles when the individual replacement occurs but retains
the same structure of ownership and/or leadership (e.g. controlling owner is replaced by another controlling owner) (Sonfield and Lussier, 2004). The second type of change is evolutionary transitions where the firm moves to a more complex structure (e.g. controlling owner transforms to sibling partnership or cousin consortium) (Lambrecht, 2005). An alternative is devolutionary transition where the firm moves to a less complex structure (i.e. sibling partnership changes to controlling owner) (Zheng, 2002).

Second, a leadership transition occurs when the incumbent who holds the top management position in the business relinquishes his/her managerial control and, at the same time, the potential successor, who is a family member (i.e. related by blood or by law), assumes managerial control of the family business when the precedent-founder steps down (Griffeth, Allen and Barrett, 2006). The authority excised by the incumbent owner/s is withdrawing from critical roles as a “sole operator” to “monarch” to “delegator” to “consultant”; while the legitimate influence of the successor is increasing by moving from having “no role” to “helper” to “manager” to “leader” (Handler, 1990). There has been a constant interest in the problems and solutions of succession in terms of who, how and when of the transfer of leadership, as well as the sequential phases and roles during transition (Duh, Tominc and Rebernik, 2009, Neubauer, 2003, Matthews, Moore and Fialko, 1999).

Succession causes a far more complex and often debilitating tension within the family, where there is often a small pool of talent from which to appoint leadership candidates, complicating emotional factors in the interpersonal relationships, and emotional ties with the family (Gersick et al., 1997, Miller, Steier and Le Breton Miller, 2006). There are multiple kinds of matters that occur during the passing of the business on to succeeding generations of family business founder-owners, including financial and legislation issues, individual psychological issues, and the complexity of the process (Steier, 2001, Venter, Boshoff and Maas, 2005, Le Breton Miller and Miller, 2006). For example, the family-related issues (such as family members’ entry, compensation with ownership shares and promotion) are always regarded as predictable conflict-arousing matters (Harvey and Evans, 1994, Mock, 2004). Therefore, it draws attention to the varying degree of family influence placed in the business
with the progression of time and changing relationships. The next section describes the results of succession, taking into account the multiple simultaneous effects combined within the family and the business domains.

2.3.2 Succession Outcomes

The result of succession is reflective of the integrated capability of the family and business domains. A family’s ability and willingness to influence the direction of a business and affect business decision making can be operationally measured by three dimensions—Power, Experience and Culture (F-PEC scale) (Klein, Astrachan and Smyrnios, 2005). These three dimensions help to explain ‘the succession processes and outcomes, the intention of next-generation family members to join the business, the identification of intergenerational characteristics’ (Cliff and Devereaux, 2005, p. 344). First, power refers to the degree of the family’s ownership, governance and management involvement, and influence to control a firm by family members, whether as part of the management team, as board members, or as voting shareholders (Astrachan, Klein and Smyrnios, 2002). The top-management transition—the replacement of the current owner-manager—is getting through a “mutual adjustment” of the transfer between the older generation to hand over the family business (e.g. Cadieux, 2007) and the younger generation to take over (e.g. Sharma and Irving, 2005). Second, experience refers to the cumulative “family wisdom” among generations that is available to the business (Trevinyo-Rodríguez and Bontis, 2010). The generations of the owning family prepare for transition and navigate ways to take responsibility for the business and preserve the family’s wealth (Cabrera-Suarez, 2005, Habbershon and Pistrui, 2002). Finally, culture describes the commitment of family towards the business and the extent to which the values of the family overlap with those of the business. The family culture is imprinted on the organisational culture (Denison, Lief and Ward, 2004, Vallejo, 2008), and demonstrates ‘what the family and their business regard as important’ (Koiranen, 2002, p. 185). Those values can be implicitly or explicitly expressed through an individual’s attitudes, opinions and behaviours in terms of communication styles, problem solving and leadership roles (Altinay, 2008). Succession can be critical to reinforcing family values in the practices of

Values are underlying assumptions that influence the founder-owner’s decision-making regarding the type and level of family involvement and, as such, affect the outcomes of the succession itself (De Massis, Chua and Chrisman, 2008, Bennedsen et al., 2007). Values represent particular attitudes and beliefs that influence the perception of succession in terms of both family and business perspectives (Yan and Sorenson, 2006). Values also operate as information filters and cultural indicators that make the value-holders aware of their choices, which in turn, develop a mind-set that integrates the values into decisions and actions (Westhead, 2003). For example, succession can be seen as achieving non-economic goals, such as family security or the continuation of family traditions (Murray, 2003, Fahed-Sreih and Djoundourian, 2006), while sustaining economic goals, such as business growth and family wealth (Duh, Tominc and Rebernik, 2009, Butler et al., 2001).

The various opinions of whether succession is a goal or a means to a goal are constantly debated across cultures (Gupta and Levenburg, 2010, Gupta et al., 2009). Values are related to the perception of succession, including family hierarchy, tolerance of uncertainty and the individual versus collectivistic orientations (Koiranen, 2002, Vallejo, 2008). For example, in large-power-distance cultures, succession is a decision to justify the control of the top power holder, because the result of succession is seen as the power holder’s tool to present the desired image (e.g. the family firm as a legacy to be given to future generations) (Zheng, 2002, Wolf, 1968, Tan and Siew Tong Fock, 2001). The founder-owner with the centralised power affects the degree to which people at lower levels will be asked to participate in the implementation of transition (Lee and Tan, 2001, Pun, Chin and Lau, 2000). The founders are a key factor in predicting succession choices and alternative strategies, because they have the ultimate power to determine who will inherit the ownership, what assets they will inherit, as well as how and when they will inherit (Bennedsen et al., 2007). Furthermore, in strong uncertainty avoidance and collectivistic cultures, the results of succession are taken more seriously and are to a larger extent concerned with transgenerational wealth (Tong,
2009, Yan and Sorenson, 2006). While in uncertainty-accepting individualistic cultures (Tracey, 2001), succession is more pragmatic, because even in the coordinated family, individuals hold quite different personal values, in turn leading to various goals through succession (Craig and Moores, 2002, Aronoff, McClure and Ward, 2003, Vera and Dean, 2005, Brun de Pontet, Wrosch and Gagne, 2007).

The interaction of family and business makes succession a dynamic process, not amenable to simple or one-fits-all solutions. It is important to note that succession within the family is one among many possibilities (Scholes, Westhead and Burrows, 2008), although research suggests that the majority of family firm owners, especially for the parent-founders, want to keep the business in the hands of the family. The following sections highlight two results of succession, that is, the continuity of the family business and the continuity of the business family. The former emphasises the business goals of continuity to sustain what is important to the founder-owners as entrepreneurs and reconfirm the balance between the family and the business, while the latter focuses on the family’s concern to support what the family holds as important across generations.

2.3.2.1 The Continuity of the Family Business

At the beginning, the founder-owners’ aims are merely the survival of the business. Over time, an enduring effect is created by the owning family’s hard work, persistence and patience, and belief that efforts made today will pay off the future. It takes time for other family members to share the same beliefs about the business’s durability. There is a tendency to consider that ‘family businesses tend to have a relatively high degree of intentionality of commitment to achievement and perseverance that derives from individual pride, family pride, and family tradition’ (Brockhaus, 2004, p. 166). Thus, these family-oriented values may be a strong motivation to succeed in succession within the family.

Succession within family refers primarily to the continuity of the family in the business, depending on the needs of future generations of family members and the value of continuity
of ownership and control (Lea, 1991, Sonfield and Lussier, 2004, Janjuha-Jivraj and Woods, 2002, Bennedsen et al., 2007). The transfer of control of the business to the next generation of family members has been considered as a defining feature of family business (Chua, Chrisman and Sharma, 1999). The vision of how the business will be kept within the family across generations is known as ‘transgenerational family control intentions (TFCI).’ Such intentions are an indication that the family is oriented toward the long term and that the goals adopted are desirable to family members currently in control as well as family members who will presumably assume control in the future’ (Chrisman, Chua, Pearson and Barnett, 2010, p. 7).

The family-oriented firms will have a greater tendency to involve more family members. Studies have researched the various ways in which achieving non-economic goals – such as family security and perpetuation of family values (Chrisman et al., 2010), aligns to individual’s needs (Lumpkin, Martin and Vaughn, 2008), personal influence on transfer of the power (Davis and Harveston, 1998), relationship between generations (i.e. mutual respect or conflict) (Dunn, 1999), and sibling accommodations to avoid rivalry (Sulloway, 2001). However, in reality, conflicts are inevitable and occur at the intersection of family and business. There are many anecdotes about historically famous family businesses that have experienced conflicts that progressed into purely destructive conflict (e.g. parental favouritism and nepotism) that eventually negatively influenced their survivability and sustainability (Gordon and Nicholson, 2008). Because of the belief that the parents’ welfare cannot be considerate in isolated from their children, this this biased extending of favours and special attention to children and making decisions out of sentiment can lead to ‘blind’ trust, which in turn, weakens the resources needed for the business’s survival and endangers the future of the family firm (Miller, Steier and Le Breton Miller, 2006).

Researchers on intergenerational succession place emphasis on addressing both the founder’s intension (Cadieux, 2007, Duh, Tominc and Rebernik, 2009, Brun de Pontet, Wrosch and Gagne, 2007, Marshall, Sorenson, Brigham, Wieling, Reifman and Wampler, 2006) and the successor’s perception of leading the firm during succession (Sharma and
Irving, 2005, King, 2003, Chrisman, Chua and Sharma, 1998, Venter, Boshoff and Maas, 2005), in particular for the leadership transition (Cabrera-Suarez, 2005, Ibrahim, Soufani, Poutziouris and Lam, 2004). On the one hand, the founder makes assessments regarding the succession options and selection. On the other hand, the candidate makes self-assessment regarding their own preparedness and willingness to assume the successor position. Both the key participants form their impressions of the suitability of intergenerational succession, and also form criteria on what it takes to be the new CEO and when it is time for the incumbent to step aside. In other words, succession is attributed to both the responsibility of the incumbent business owners and the accountability of successors.

There is a tendency for founder-owners to have a difficult time “letting go” of the business (Davis and Harveston, 1999, Ibrahim, Soufani and Lam, 2001). This can be related to psychosocial factors (Witteveen, de Vries, Wiebs and Carlock, 2007). For example, succession implies not only the fear of losing ‘head’ status, but also handing over a life-time mission to a potentially inexperienced successor under whose hands the mission may die (File and Prince, 1996). A succession decision made with a future-based perspective increases the degree of uncertainty, compared to a decision made where the consequences are known or realised immediately (for example, opening a new branch of the firm or promoting non-family employees as middle-level managers) (Perricone, Earle and Taplin, 2001). Envisioning the need for succession planning may be more difficult for the founding generation, if only a few family members are involved in the business or if the owning family lacks a shared sense of family firm identity (Morris, Williams and Nel, 1996, Miller, Steier and Le Breton Miller, 2006). Even for founders with high long-term orientation, the uncertainty and doubt about the future could lead to avoidance and postponement with respect to succession (Ip and Jacobs, 2006, Dunemann and Barrett, 2004). Therefore, whereas the founder-owners may continue as the centre of control, the uncertain issue of family involvement may put commitment on hold until further information is available. In some cases, succession is delayed until the founder either dies or becomes too ill to effectively manage the business (Ward, 1987, Dunemann and Barrett, 2004).
Nevertheless, the founding generation may feel that it is necessary to find ways to initiate succession for the development of the firm, although they may be reluctant to cede control (Duh, Tominc and Rebernik, 2009, Griffeth, Allen and Barrett, 2006). The founder-owners may feel that a change in management style and certain business value propositions will eventuate once the shift of power from one key family member to another takes place (Brun de Pontet, Wrosch and Gagne, 2007, Sonfield and Lussier, 2004). Beyond the persistence of the founder, especially at the personality-driven stage, there is the need of a regeneration strategy for every generation that joins the business, according to the needs of the firm (Mazzola, Marchisio and Astrachan, 2008). Generally, such strategic succession planning includes the business deciding whether starting a new venture or division of the existing business (Tang, Kreiser, Marino, Dickson and Weaver, 2009), helping potential successors acquire skills and experiences (Cabrera-Suarez, 2005), and accommodating individuals’ aspirations to provide a certain level of autonomy (Stavrou, Kleanthous and Anastasiou, 2005). The principles of business diversification can be applied to succession, taking into account the various types and levels of family involvement, family relationships and different business situations (Lever-Tracy and Ip, 2005, Bennedsen et al., 2007, Tan and Siew Tong Fock, 2001). Meanwhile, the founders may be strongly committed to establishing clear and transparent rules to clarify roles responsibilities and expectations of family members (Aronoff, McClure and Ward, 2003). The succession process can be central in communicating clear politics and guidelines for family entry (De Massis, Chua and Chrisman, 2008).

Although there may be a lengthy indoctrination of succession by the founder, many firms still do not make it to the second generation. Research indicates the successor’s capability and commitment to taking over the family firm may play a role in the successful transition of the firm from one generation to the next (Sharma and Irving, 2005, Stavrou, 1999, Douglas and Shepherd, 2002). The succeeding generation of family shares some similar beliefs and entrepreneurial traits with the first-generation founder-parents, but they are different in terms of cultural and social exposure, professional training, experience, and mental
paradigms (Tong, 2009, Moores and Barrett, 2002). The new generation may pull toward
different sets of interests and attitudes towards the family business, which go beyond the
sense of belonging, financial benefits, social status and security that drove their parents’
generation (Waldron, 1998). Therefore, it is vital to understand and accommodate the
needs and capability of the next generation members in order to successfully grow and
However, it has been suggested that all family members can be given opportunities to
learn and participate in the business, but only the most competent should be taken into the
firm (Aronoff and Ward, 1992). There is no guarantee that the younger generation members
will be capable of managing the firm adequately, although they are socialised into the firm
and groomed to be the next leaders as the founder-parents’ wish (Dunn, 1999). It seems that
succession within family is a slow process that is loaded with intense emotions. The
underlying assumption of succession places emphasis on emotionally meaningful goals, such
as the key participants’ identity, power, and purpose and their stewardship in the family
firms (Miller, Le Breton Miller and Scholnick, 2008, Zahra et al., 2008). In addition, the
family-oriented succession is not simply a reflection of norms or succession choices, but is
guided by an individual’s interpretation of the family values placed on succession, because
‘core family values are the basis for development a commitment to the business’ (Carlock
and Ward, 2001, p. 35). These values play an important role in understanding why people
act the way they do. For example, the strength of family ties is interpreted as motivating
factors in behaviours, which focus on bonding with their family members in the business
(Aronoff, 2004). Respect for family norms and values indicates a positive attitude toward in-
group collectivistic orientation (Yan and Sorenson, 2006). These attitudes stressing the
children’s responsibilities rather than rights, can be one important determinant of
facilitating intergenerational succession within the family (Pieper, 2010).

The following section discusses the expectations, cultural norms and attitudes towards
succession that are derived from different cultural values. For example, values that seek to
lower the uncertainty in their social context and enhance the long-term orientation can help
or hinder the succession behaviours in family firms’ evolutionary patterns. The section further highlights the distinctive characteristic of family-oriented approach of succession in Chinese family businesses. It also estimates the possible result of succession in Chinese-Australian family firms, which are driven by the family’s purpose and goals.

2.3.2.1.1 Chinese-Australian "Family-Focused" Succession

Values shape the way a family behaves, which is a core characteristic of family businesses (see Section 2.1.3.2). Because of the family's emotional bonds, blood ties and shared history, values are transmitted over generations and serve as vehicles for identity creation and sense making. The value elements also play a role in the perceptions of family members regarding the meaning of succession, based on the family character. For example, studies of the family characteristics that are related to the work culture of a family business demonstrate the different approaches to succession to succession across Anglo, Confucian Asian and Southern Asian family businesses (Gupta et al., 2009). Anglo family businesses tend to be distinguished by strong performance but weak family orientation, and strong individualism with moderate business longevity. Confucian family businesses are characterised by strong performance and family orientation, and strong collectivism with long-term perspective. Southern Asia family firms are similar, with strong family orientation and long-term business longevity, distinguished by an emphasis on community orientation (Gupta et al., 2009).

The different value orientations form different expectations for succession, in terms of which values really matter and what they imply. First, expectations regarding succession depend on the way in which individuals fit individually and collectively in the family firms. In cultures that are high on individualism, business continuity is perceived to be a choice or a compromise that promotes the business reputation and organisational resiliency (Gupta, Levenburg, Moore, Motwani and Schwarz, 2008). The decisions are negotiable based on one’s willingness and freewill. The attitude of nepotism is considered as being a “problematic” liability, threatening the firm development and growth. In contrast, in cultures that are high on collectivism, succession within family business is perceived as a natural
life event, presenting opportunities for personal development and maturation (Gupta et al., 2008). The norm of male primogeniture is accepted (Zheng, 2009). Because of their loyalty to family, individuals are likely to be encouraged to fulfill the family responsibilities, even if it interferes with their own career aspirations. Family members may feel obligated to join in the family business in order to ensure the well-being of the family (Yan and Sorenson, 2006).

Second, succession expectations are also related to the degree of ambiguity and uncertainty that can be tolerated with regard to succession (e.g. leader-role changes and business restructure). Intergenerational succession can be understood to fulfill a cultural need for certainty and simplicity, regardless of decisions has any objective base (Pieper, 2010). The ritual elements may make an objective evaluation of succession impossible, because different patterns of emotional relationships are embedded in the family (Zellweger and Astrachan, 2008, Stanley, 2010). Rituals are effective for those who believe in them (Hofstede, Hofstede and Minkov, 2010). Once a family has agreed on the ritual, a lot of problems become technical. It does not need any other justification. However, non-believers often express strong scepticism about the effects of succession across generations. The proper ritual is a prime condition for its impact on results, rather than the technical aspects of the system (Deal and Kennedy, 2000). The way the succession is planned gives the family business its meaning in the minds of key participants, especially for the founder-owners. The ways of valuing succession reflect underlying self-selection values. Therefore, succession is a cultural interpretation, which is determined by the values held in the family business (Tàpies and Ward, 2008).

Confucian Chinese family businesses place emphasis on a family-oriented succession, which reinforce the cultural characteristic of Confucian Chinese family (Gupta et al., 2008). A typical Confucian Chinese family is organised around the extended family in a hierarchical structure, usually headed by an elder male, with defined gender roles (see more details in Section 2.2.2.1.1). The working relationships are socially constructed and negotiated according to gender and birth order. Socialisation by cultural and family norms plays an
important role in decision-making of the members of a family (Zheng, 2009). An individual’s attitude is determined by the internalisation of family pressures and common expectations of family matters (Yan and Sorenson, 2006). For example, one of the socialisation goals is family harmony, with an emphasis on an individual’s ability to work interdependently and preserve the virtue of filial piety. The way that values relate to the long-term business continuity is passed on to children, because the founders themselves have taken the initial responsibility to preserve family wealth and perpetuate the privileges of private business ownership (Tong, 2009). The motivation to dealing with succession would be a long-time orientation that is both financially and relationship oriented. It is likely to give the family pride (or fatherly pride) to turn the business to the next generation and extend the lifecycle of the family business (Zheng, 2002, Nicholson and Bjornberg, 2008). Preserving family wealth through generations is desirable (Chen, 1997). Carrying on the family’s and founder’s legacy can be viewed as a generational pattern of success. As a result, the idea of intergenerational succession can become far more salient. In addition, with strong family orientation, the business and family domains are perceived as different but compatible domains enriching and balancing each other (Carlock and Ward, 2001). Therefore, it is more likely to integrate the family’s resources into the business, including the involvement of family members. Practically, many family business founder-owners entrust responsibility for grooming the next generation members to the business’s senior leaders and managers, regardless of whether they are immediate family members (Tong, 2009). The potential successor is directed toward the development of traits and behaviours that suit the organisation, as well as of interpersonal values such as self-discipline, compliance and individual modesty (Zheng, 2009).

It is estimated that the majority of Chinese-Australian family businesses are owned and managed by the founding generation (Collins, 2002). Despite their prevalence and enormous effect on economies, succession may not be a priority, as evidenced in migrant Chinese business-owning families in other countries (Basu, 2004, Kloosterman, Van Der Leun and Rath, 1999, Wong, 1992). Researchers have argued that many of these family businesses
which break up, or are sold, do so mainly because there is unwillingness among the second
 generation to continue working in the family business (Kloosterman and Rath, 2001, Wong,
 1992). At the same time, there is evidence that the first-generation founders’ desire for
 succession into the next generation is also relatively low (Dhaliwal and Kangis, 2006,
 Janjuha-Jivraj and Woods, 2002). In some cases, a family-operated business is continued as
 long as its economic viability and reasons for existence are maintained. The business
 owners defined the purpose of running a business in terms of family employment and
 financial income. Once their children have gained educational training to enter into
 professional careers, the need for job options in the family business diminished or became a
 back-up plan when it was necessary (Tsui-Auch, 2004). It seems that the existing arguments
 reflect merely pragmatic and commercial decisions that are concerned with succession. It
 remains unclear whether the effect of family and cultural factors is related to their decisions.
 From a cultural point of view, it gives a clue as to how a family member can be involved in
 assuming more responsibilities. The current research attempts to answer: Does the role of
 family in the firm determine the view of succession? How is culture translated into the
 reason for and strategy of succession?

2.3.2.2 The Continuity of the Business Family

Although family is a major factor facilitating the development of family firms, a range of
 strategic situations and competitive, structural and institutional factors, may have an
 independent influence on succession. First, the competitive environment in which a family
 firm competes may influence its business survival and continuity (Fletcher and Fang, 2006).
 When the firms are flexible to adapt to changes (for example, customers’ changing demands
 and technological advancement), it helps to exploit prior capabilities and explore new market
 opportunities in parallel (Hoffman, Hoelscher and Sorenson, 2006). This flexibility is also
 reflected in the organisational structure (Hoopes and Miller, 2006). Second, a small and
 entrepreneurial organisational structure tends to transfer into the specialised tasks of
 organisational units (Hall and Nordqvist, 2008). The efficiency of the organisation more
 likely relies on routine procedures to buffer the changes and uncertainties. Finally, the level
of effective market control and the institutional systems of governance have been identified
to contribute to, or inhibit, the development of the survival and continuity of a business
(Lumpkin and Brigham, 2011). The organisation is constrained by the economic cycle (Gupta,
2010). There is always the fear that the next financial downturn will lead to organisational
failure. Therefore, the continuity of the business depends on managing its strategic
succession in a way that is appropriate to the firm’s survival.

The result of succession is concerned with the effect of the decisions of the founder-owners,
who distinguish between what is good for the family and what is best for the business. First,
when these two domains are perceived to be segmented, the expectations and roles in both
domains are considered to be incompatible (Chrisman, Chua, Kellermanns and Chang, 2007).
Succession in both the business and family domains can be achieved without the interactions
between these subsystems. This reflects the dualistic assumptions associated with the
overlapping circles model, which emphasise the family and the business as competing (see
Section 2.1.1.1). Second, when it is hard to govern the family both individually and through
implementing management practices to mitigate the adverse effects of family involvement,
a great deal of family businesses take the legacy of the business itself into consideration
when creating a business with an enduring mission (Gordon and Nicholson, 2008). In such a
case, succession strategy refers primarily to the continuity of the business system and the
organisation that is needed to preserve it. Preserving of the business system linked to its
reputation and experience. Thus, the benefits may or may not accrue to individual family
members. Non-family professional managers are expected to be chosen where business is
the most important domain (Hall and Nordqvist, 2008, Chittoor and Das, 2007). This often
necessitates a change in organisational level to align with the business goals of firm
creation and growth (Winter, Danes, Koh, Fredericks and Paul, 2004, Scholes, Westhead
and Burrows, 2008). It seems that there is a rational model of decision making, which
removes the personal and emotional factors that are biased towards the failure of

The business-oriented succession tends to have a higher degree of future orientation that is
concerned with the future route of business development (Krappe and Goutas, 2011). It assumes a clear intention to enable the firm to survive into the long term, regardless of focusing on family-oriented or business-oriented involvement (Litz, 2008). The business continuity suggests durability and constancy contribute to value creation at the firm level that facilitates the going-concern of a business to cope with a changing competitive environment (Tong, 2009, Thomas, 2009). The concern for the future is manifested by forecasting, planning and evaluating the long-term consequences of succession, which is based on the aspirations and goals that are related to the reasons of starting the family business in the first place (see Section 2.1.2). For example, economic goals, implicitly and explicitly, emphasise only immediate concerns. To achieve the wealth creation in the long run, planning the firm’s succession strategies and operations must involve choosing between maximising the firm’s current profits, and developing a balance that would enhance overall profitability over both the short and long terms (Cater and Schwab, 2008). Business continuity is to prepare the firm to maximise short-term profits while considering long-term benefits (Duh, Tominc and Rebernik, 2009).

A far-sighted business owner is expected to adapt to changing environments and to pursue new goals (Moyer and Chalofsky, 2008). This can be manifested by the founder’s knowledge and expectations towards the professionalisation of management (Watson, 1995, Tsui-Auch, 2004). This involves a tendency by the owner-managers to make the transition to professional management by introducing formal and systematic control (Chittoor and Das, 2007). These basic decisions depend on the age, size, type, and complexity of the business, which are related to the firm’s developmental stages, as well as the personality and experience of the owner-managers (Dyer, 1989, Craig and Moores, 2002). The underlying theme is to increase the delegation of responsibility and power to organisational members who are committed to the firm. For example, the prime objective of managing the leadership transition is to choose the best successor to carry out and strategise future moves for continuous growth of the firm (Aronoff and Ward, 1992). This emphasises the skills and knowledge of operating professionals to function in the organisation. The involvement of professional members in management and leadership reflects a strong motivation to
achieve effectiveness in the business system (King, 2003). The concept of business continuity and the succession outcome seem to positively link to the need for moving from an authoritarian, kinship-oriented family firm toward a more professionally managed corporation that has a strategic approach for improvement and development (Tong, 2009, Tsui-Auch, 2004, Lee and Tan, 2001). As a result, the power transition (e.g. power struggle within family) may play a less prominent role in influencing the organisational response to the decision of succession.

2.3.2.2.1 Chinese-Australian “Business-Focused” Succession

Both the literature and existing evidence recognise a change from generation to generation among migrant families (Gardiner and Kosmitzki, 2008). For example, the second generation of the business owners is moving away from the family-operated enterprise, and from what their parents stood for (Dhaliwal and Kangis, 2006). This is because they are better integrated into the mainstream employment markets and have been educated locally, without concerns about closed doors and a lack of mobility (Dion and Dion, 2001). In a numbers of cases, successful family businesses tend be sold when the owner-managers leave the business (Janjuha-Jivraj and Woods, 2002). A business closure is more likely attributed to the demise of the business or the owners’ assessment of business goals in the future. The business owners may have accomplished what they wanted from the business. For example, there are founders who have started their family business in ‘survival mode’ with their main purpose being to provide family employment and financial security, instead of anticipating for business succession across generations (Wong, 1992).

To advance a family firm’s longevity so that it can survive and prosper long after the personality-driven founder’s stage, the value that the founder places on the end goals of the succession may provide important insights into the strategic decision-making of succession (Chrisman et al., 2010). As the first-generation business owners, they own, control, create and manage their firm, and thus, they retain the decision-making power that impacts on the business continuity (Sonfield and Lussier, 2004). Since the founder-owners initiate, plan and
determine the outcome of the succession for their firms, their perception of succession influences what the founders do (Holland, 2008), or, normatively, how to select a future successor (Haberman and Danes, 2007), how to establish a transition process (Dunemann and Barrett, 2004), and how to make the necessary changes in organisational levels (Williams, 2009). Their underlying assumptions of continuity may be open-ended or limited, because the founders may place an optimistic or pessimistic view of the succession. These two different attitudes influence the selection of goals by individuals.

The positive perception of opportunities is likely to encourage people to prioritise goals that optimise the future. It includes a willingness to try out different courses of action, or even take some risks and wait for an action taken today to unfold at a date in the future (Kreiser et al., 2010). The optimistic view of succession is related to the goals of transformation of the organisation, and not just to the transfer of job positions (Neubauer, 2003, Koiranen, 2002). Thus, the optimistic view is more likely to lead to proactive action and to promote an individualistic context to express one’s own interests in terms of entrepreneurship (Tang et al., 2009). Further, the optimistic view may encourage a wider range of opportunities for the next generation of family members to be involved and engaged in innovation and wealth creation. For example, a number of family firms use generational leadership transitions to enter into new product lines and/or geographic expansion, which infuse the firm with new ideas and progress into innovative directions through implementing foundational changes (Bjuggren and Sund, 2001).

In contrast, a relatively limited perception of succession tends to put emphasis on achieving immediate benefits. Under the control of the first-generation founder-owner, their control orientation can be manifested by a set of discrete intentions that professionalise the firm’s governance, leadership capacity and management processes (Chittoor and Das, 2007, Craig and Moores, 2002). For example, in order to engage qualified and committed organisational members, most founder-owners provide their next-generation members (sometimes including non-family members) with opportunities to gain specific professional training, and
work experience inside or outside their family firm, which allow them to get to know the
operations of the firm, general environmental trends, and the conditions of the industry
sector in which the firm operates (Tong, 2009, Tsui-Auch, 2004). The goals of becoming
financially independent and pursuing career interest are associated with support for the
family firm’s economic progress and competitiveness, and with the reinforcement of social
attitudes towards the meaning of what the firm stands for and why they are in business

The intention towards realising the succession in an organisation is determined by the
founder’s ability to make the organisational culture flexible, with vitality, future-orientation
and a sense of vision (Nnback and Carsrud, 2008). For example, one of challenges for the
founder-parents in attracting their professional-oriented and well-educated children into
the existing family firm is associated with how the founder defines opportunities and
capabilities that affect the strategy making and decision processes of business development
and growth, aligned with certain characteristics and aspirations of individuals (Kellermanns
et al., 2008, Anderson, Jack and Dodd, 2005). While succession is often studied as a means
to advance the development of family firms, very little empirical research is done on the
aspirations of succession especially regarding the founding generation. In Chinese-Australian
family firms, the business continuity is essentially under the control of the first-generation
founder-owner. Making a decision about keeping the business going would mark the
beginning of succession.

The decision of succession in a family firm may be understood as uncertainty-reducing; that
is, as fulfilling a cultural need for certainty, simplicity and familial rituals in an uncertain
world, regardless of whether the implementation of succession has any objective base. In a
collectivist Chinese family, justification of succession might be generally accepted as a
default decision. Once the founder has decided the succession is a family matter, a lot of
problems become technical, such as how to select a successor effectively. In a first-
generation Chinese-Australian family firm, the founder’s attitude towards succession is
assumed to play a significant role on their decisions. Meanwhile, the founder’s decision needs to be solidified with a commitment to dealing with a series of pressure forces undergoing such evolutionary transition in terms of the firm’s development. However, it remains unclear how the founder’s values of business continuity can directly or indirectly impact on their succession decision, and therefore what extent the family or business needs are given priority in decision making. The current research aims to explore the importance of the founder’s values that help improve the likelihood of success for the succession.

2.4 Summary

This chapter has reviewed and provided evidence of how the perspective of the business founders and the business-owning family can impact on how succession is handled and on how the options available to firms undergoing such a transition are assessed. The mutual sustainability between the business and the family becomes an outcome relative to both economic and non-economic goals. The economic motives of transgenerational wealth help specify the family firm’s goals from a business strategic point of view. The non-economic motives are basic premise of the family’s value frameworks and, ultimately, collective goals. The business behaviours are designed and modified by the individual family members, in particular, the founding owner-managers.

There is a competitive strategic advantage associated with family-owned firms, because culture in family-owned firms is difficult to replicate. In particular, Chinese-Australian family businesses have a distinct culture that takes in their Chinese cultural roots. Despite the economic and social Australian influence, the Chinese family preserve certain Chinese cultural heritage aspects in terms of family structure and roles, such as the interpersonal relationships reflected in the working relationships in the family firms. The Chinese culture assumes that core values, such as value of harmony, are integrated in the family business context. Given a multicultural context, Chinese-Australian families have been influenced by values from both the East and the West. Each migrant family has to struggle through its own type of remodification, adapted to the mentality of its members. Therefore, the wider
culture values prevalent in the Australian society have influenced the people’s adjustment in the ethnic Chinese families and their subsequent business practices. This emphasises individual initiative and reduces constraints within a hierarchical structure.

The decision-making of succession implies an understanding that the outcomes will be realised after the transfer of leadership and/or ownership in a family business. Family succession is the most commonly expected choice in Chinese-owned business. The collectivism and familism cultural values are translated into this kind of succession strategy. These founder-parents expect loyalty and obedience from their next generation members, and they reciprocate by taking care of their welfare. The founder’s paternalistic headship reflects a large-power-distant subculture. In addition, the intergenerational succession can be understood as uncertainty-reducing rituals, fulfilling a cultural need for certainty.

Cultural transmission in a Chinese-Australian family exerts a notable influence on the members of the firm. Given Chinese cultural lineage, it is assumed that the Chinese-Australian families have a degree of Chinese cultural affinity. However, the cosmopolitan nature of modern Chinese-Australian family can be expected to display subtle differences, due to intensive Western influences. It is argued that Chinese-Australian business owners’ values are shaped by their own experiences and the business in which they develop and function. There is uncertainty about the distinctive patterns of values that are translated into the decision-making of succession. The rest of the thesis will aim to understand these patterns of personal values and how these values are translate into a strategy of succession in Chinese-Australian family businesses.
CHAPTER 3 QUALITATIVE CASE STUDY METHODOLOGY

This chapter presents the research methods used to explore the decision-making of Chinese-Australian family businesses regarding succession, in order to identify key components affecting the formation of family business and to determine what factors are considered by the founding owner-managers who intend to undertake business continuity. The qualitative approach used in the current study is based on an interpretivist research paradigm and case study design. The reasons behind the selection of methods used for sampling, design and selection, and data collection and analysis are also included. The specific issues of ethics are presented. Finally, the issues of rigour in the collection, recording, and analysis of the data are reviewed.

3.1 Qualitative Research Approach

In conducting family business research, there are various approaches of methodologies to ‘describe their data, construct explanatory arguments from their data, and speculate about why the outcomes they observed happened as they did’ (Sechrest and Sidani, 1995, p. 78). There are two dominant research models of inquiry: qualitative and quantitative research approaches. The advocates of these two research inquires have engaged in much debate on the differences between the two orientations: ‘one professing the superiority of “deep, rich observational data” and the other the virtues of “hard, generalisable” data’ (Sibeber, 1973, cited in Johnson and Onwuegbuzie, 2004, p. 14).

Quantitative research is geared to a statistical logic and scientific approach based on positivism. To a positivist, reality is supposed to be “out there” (Hesse-Biber and Leavy, 2006, Taylor and Trumbull, 2000). It is essentially about ascertaining “facts” out there in the world. The data gives access to objective “facts” about the world. In any given factual reality, the primary issue is to generate data which is valid and reliable, independently of the research setting (Patton, 2002). Researchers should eliminate their biases, remain emotionally detached and uninfluenced by the objects of study, and test and empirically justify their
stated hypotheses. Thus, it is a matter of finding the most effective and unbiased methods that, as precisely and objectively as possible, could bring out information about this reality (Teddlie and Tashakkori, 2009). A number of empirical studies on family businesses have used a positivist enquiry approach, in an attempt to obtain reliable measures of the phenomena studied and validate their outcomes, by standardising instructions of the instrument used in data collection (e.g. Glassop, Hagel and Waddell, 2007, Smyrnios and Walker, 2003, Olson et al., 2003, Chua, Chrisman and Sharma, 2003). Quantitative research has provided important findings within family business research. However, it may run the risk of oversimplifying the data and overlook subtleties of contexts that have had limited previous attention (Nordqvist, Hall and Melin, 2009). With the current study focusing on the unique case of Chinese-Australian family businesses and aiming to explore their circumstances and individuals, it follows that the most suitable approach is a qualitative inquiry, in which the researcher’s objective is to understand how people manage and create perceptions and meanings in their everyday lives.

Qualitative research seeks to see things in context, because it presumes the existence of multiple-constructed realities (Hesse-Biber and Leavy, 2006, Babbie, 1999). Such qualitative inquiry aims to capture the complexities related to the insights and perspectives into subjectivities that cannot be gained through quantitative research (Bryman, 2007). It aims to access the subject behind the person who actively constructs the features of their cognitive world (Miles and Huberman, 1994). Van Maanen suggests

...no matter what the topic of study, qualitative researchers, in contrast to their quantitative colleagues, claim forcefully to know relatively little about what a given piece of observed behaviour means until they have developed a description of the context in which the behaviour takes place and have attempted to see the behaviour from the position of its originator. That such contextual understanding and empathetic objectives are unlikely to be achieved without direct, firsthand, more or less intimate knowledge of a research setting, is a most practical assumption that underlies and guides most qualitative research (Van Maanen, 1983 cited in Gable, 1994, p.113)

To a qualitative researcher, family business is a constructed reality that is perceived and interpreted by the people who act towards it (Nordqvist, Hall and Melin, 2009). Each
individual’s perception of family business is different, which is based on the discourse of participants’ accounts rather than being an objective and statistical style (Thomas, 2009). However, individuals can understand and interact with each other through interpretative processes, which help to construct the understanding of action among members within the group. Thus, individual perceptions and actions are contextual by their shared interpretation of reality and the shared perspective on people’s social life (Hesse-Biber and Leavy, 2006, Marvasti, 2004). In a multicultural society, the Chinese-Australian family business exists within a complex context in terms of the cultural, social and economic aspects of the Australian environment. Qualitative, case-oriented research has been used to understand the Chinese-Australian family business context that is related to the experiences of the individuals and reconstruct their interpretation of life situation within their complex contexts and content. Thus, the current study began with a qualitative methodological framework. It focused on presenting a ‘candid portrayal of social life that is true to the experiences of people being studied’ (Neuman 2000, p. 171).

A detailed and rich understanding of the contextual meaning using qualitative research is acknowledged as an interpretative paradigm. The practices of an interpretative approach will be manifested through the use of qualitative methods for the collection and analysis of data (Silverman, 2005). The following section discusses the interpretative approach to qualitative research that the current study applied.

3.1.1 Interpretivist Research Paradigm

The qualitative methodological approach for this current study was guided by the interpretative research paradigm through ‘descriptions of people’s intentions, beliefs, values and reasons, meaning making and self-understanding’ (Henning, Van Rensburg and Smit, 2004, p.20). Chinese-Australian family businesses are subject to a complex array of influences. Little is known about the goals of Chinese-Australian family businesses, so that it is difficult to determine what these goals are in terms of succession choices. In a qualitative study such as this, the research questions cannot be examined or measured in terms of quantity, number, proportion or trends. The meanings of succession are situated entirely
within their family business context and require analysis of factors or lifecycles. The current study started with the subjective meanings that the subject individuals attributed to their activities and their environment in Chinese-Australian family businesses. Meanings are fundamentally contextual, where ‘people are active in interpreting and responding to the people and objects they encounter in the world’ (Travers, 2001, p.22). The use of an interpretative approach in this study allowed the researcher to study the process of the meaning making of Chinese-Australian family businesses in depth and detail, to develop insight and understanding of their cultural background, and to draw the life experiences that the participants bring into their succession decisions.

The subjective nature of the data gathered from the natural settings allows continuous reflection on the research progress (Teddlie and Tashakkori, 2009). Both intentional and interpretational processes are essential features in the interaction between the researcher and those being studied (Silverman, 2006). On the one side, the researcher’s reflections and impressions about the information and perspectives revealed by the respondents is informing a part of the interpretation in the research process. In other words, the researcher asks people for their views, meanings and inferences in a way that they can relate them in their own words. With an interpretative approach, probing questions are required to uncover the meanings that are complex or taken-for-granted. On the other side, the respondent’s construction of reality and presentation of information are largely subject to both their intentions and interpretations. In the process of uncovering the meanings of their life situations, their intentions about a life event in a place and time may be largely subjected to cultural, social and political discourses. Furthermore, how the individual interprets and construes past and present experiences may be filtered and constructed purposefully, due to the usage of culture and languages. Thus, the researcher has to address the social context, which gives meaning and substance to the respondents’ views.

The interaction with the participants allows the researcher to blend his/her own observation of the realities and nature of the subjects in the respondent’s world with the
observations provided by the respondents through their personal experiences and life stories. Methods commonly used, such as interviews, case study, participation observation, and analysis of textual materials are adopted in an interpretative paradigm with a qualitative methodological framework. Nevertheless, qualitative and quantitative methods are not mutually exclusive (Bryman, 2007). A mixed method research is often used to find out a more complete understanding of the phenomenon studied (Creswell and Clark, 2007).

However, in the current study, the emphasis is on processes and meaning that are not apparent in the numerical results or causal relationships between variables. It is appropriate for this study to employ qualitative observation. This ‘identifies the presence or absence of something, in contrast to quantitative observation, which involves measuring the degree to which some features are present’ (Kirk and Miller, 1986, p. 9). Instead of measuring and explaining or predicting statistical analysis of cause-effect relationships among variables, the current study observed people’s worlds and actions in narrative or descriptive ways, and exploring how social experience is created and given meaning, which more closely represented the situation as experienced by the participants. Therefore, the current study generated an understanding of how and why Chinese-Australian family business owners perceived, evaluated, and considered the choice of succession that would foster or hamper the business continuity.

Furthermore, for this current study, its context of a Chinese-Australian family business had led to a multi-context research process in studying their way of construction of realities from different cultural, family and business perspectives. Thus, a qualitative methodological framework and an interpretative approach with constructivist position were required. The following section discusses how to understand a subjectivist world view of ‘their reality, the way they have constructed and interpreted their activities together’ (Blaikie, 2000, p. 25).
3.1.1.1 Constructivism Position

The current research was conducted from the position of constructivism with an interpretative approach. The relational perspective of constructivism is placed on understanding the nature of people or their life situations, where ‘the experiencing, observing, describing, understanding, and analysing of the features of social life in concrete situations’ takes place (Brewer, 2000, p.33). The ontological constructivist pays attention to multiple perspectives, opinions or value selection, instead of multiple realities that are derived from multiple, contradictory, but equally valid accounts of the same phenomenon (Charmaz, 2008).

The current study was situated in the constructionist approach to represent the perspectives of the participants in the appropriate context, by providing detailed accounts of how they felt and understood events that were sensitive to the family influences, business context and personal preferences. The orientation of this study was to observe what was happening in a Chinese-Australian family business, and then to analyse people’s meanings ‘from their own standpoint’ including the ‘feeling, perceptions, emotions, thoughts, moods, ideas, beliefs and interpretations’ (Brewer, 2000, p.33). In other words, the context in which the experiences and perceptions of Chinese-Australian family business participants were presented was socio-economically and culturally relative. In addition, the construction of meanings about succession was concerned with the nature of different Chinese-Australian family businesses, and then considered how the participants constructed certain intentions or forms of decisions that may have been shaped by interaction with others and by historical and cultural norms that operate in individuals’ lives (Patton, 2002).

With an interpretive approach, a constructivist position implies not only viewing events, actions, norms, values, etc. from the perspective of the people being studied, but also viewing social life as involving interlocking series of events, process and activities (Trumbull, 2000). It is necessary to acknowledge that the position of constructivism would obtain probabilistic evidence (i.e. relativism), not final proof, in empirical research, because alternative explanations would continue to exist (Creswell, 2007). Thus, using individual
interviews, the inquiry questions are often open-ended so that the participants can construct the meaning of a situation (Byrne, 2004). The goal of questions is to focus on the specific contexts in which people live and work in order to understand the social and cultural settings of the participants (Baxter and Jack, 2008). This goal is consistent with the basic message that qualitative researchers convey is that whatever the sphere in which the data are being collected, it can be understood only when they are situated in the wider social and historical context (Richards and Morse, 2007). In addition, it is critical to look at how meaning gets constructed in the interactions between the researcher and the research participants (Onwuegbuzie and Leech, 2007). The following section describes the role the researcher plays in qualitative research.

3.1.2 Role of Researcher in Qualitative Research

The influence of the researcher on generating qualitative data in an interview setting are often influenced by the researcher’s ‘behaviour, appearance, tone, attitude, reactions to answers, or comments made outside of the interview schedule’ (Neuman 2000, p.279). In order to address the issue of researcher’s influence, I not only consciously monitored the content of the answers and the behaviours of the participants, but also constructed a balanced position as a researcher towards their responses in the interview sessions.

The complexities of my stance as a researcher were accentuated through the process of data collection. Even though my ethnic Chinese identity as an “insider” (Baxter and Jack, 2008) enabled me to develop a comfortable rapport with most of the Chinese business owners making it easier to gain access, convincing the owners to participate in the case study in which they were asked to reveal family practices in the firm, as well as the family involvement in ownership and succession, proved to be quite challenging (more details in Section 3.3.1). The participants’ concerns about privacy issues were overcome by the ethics procedure of informed consent statements (more details in Section 3.5). The consent forms confirmed that all the material obtained in the study would remain confidential, and in any publication, information will be provided as anonymous accounts. Displaying integrity and
ethical conduct helped to ease tensions with regard to responses to sensitive issues.

My ethnic background impacted on how I mediated the questioning of the interview and my interaction with the participants in ways not totally evident to me at first. I was neither detached nor entirely objective, and may have even ‘become emotionally involved with respondents and to convey their own feelings to both respondents and readers’ (Gubrium and Holstein, 1997, p. 58). For the constructivist view of process, the data is collaboratively constructed by the researcher and those people being studied (Morse, 2003). On the one hand, my position as interviewer assumes a learning role (Patton, 2002), ‘spending long periods watching people, coupled with talking to them about what they are doing, thinking and saying, designed to see how they understand their world’ (Delamont, 2004, p. 218). On the other hand, my position as researcher calls for the need for reflexivity in the interview process. In face-to-face encounters, interaction between the researcher and the participants is a part of culture, as reflected in the cultural artifacts like reproducing social and gender hierarchies by modifying the flow of information (Bryman, 2007). In my case, being a relatively young Chinese female researcher certainly impacted on the relationship with participants and the depth and quality of their responses.

Through the data collection phases, it was evident that my position as researcher/interviewer was invariably interchanging between an “insider” and “outsider” in different contexts. I had to negotiate my role as a cultural “insider” as I was studying migrants of Chinese background. Being perceived as sharing a common heritage could be positively constructed, as the participants may find it easier to express themselves since I could speak the “same language”. One respondent expressed that she would be more at ease in sharing her personal experiences in Chinese. However, there were dilemmas posed by direct questioning relating to ethnicity. Some respondents expressed comments such as ‘I am a businessman who happens to be Chinese’. Therefore, I became constantly being cautious for the frame of reference that was being invoked in the given context. To work out the apparent inconsistencies, the respondents were asked to reflect how they came to the
views they had about certain issues.

Often after the revelation of the questions of the managerial behaviours and practices, I was perceived to be an “outsider”, due to lack of intimate, firsthand knowledge and understanding of the business practices. Some respondents used metaphors to explain their decisions during the interview, fearing that I may not be familiar with the business context. Although I understood their intentions were of generosity and kindness, their awareness demonstrates that I became a reference point of the ‘other’—an otherness stemming from my theoretical assumptions. ‘Family involvement’ as a concept is taken for granted that it did not require explanation, because of their closeness to the daily operations in the business. In this respect, being positioned as ‘outsider’ inevitably impacted on participants’ interaction with me. To overcome this sense of otherness, my mediation with them was adjusted according to the situation and response. I sought to ensure a state of listening by recognising that they were experts of their business experiences and genuinely focused on their perspectives.

Furthermore, my own perceptions of self, being a cultural insider but not entirely a social in-group member, due to my length residence in Australia, had an impact on the progress of the research. I was at times struggling to renegotiate the social roles I was accustomed to. Although as a researcher I aimed at objectivity by balancing the social interaction with the respondents, the perception of my identity as an ethnic Chinese and my research topic in relation to Australians of Chinese background sometimes put me in awkward positions. My knowledge of Chinese cultural values at times conflicted with my attempts to establish my position as a researcher. For example, through my Chinese upbringing I have been accustomed to “agree with” seniors as a sign of respect, even though I may have a different opinion (as discussed of Chinese culture in Chapter 2). However, to de-emphasise an “agreeable” stance, I had collaborated directly with participants by having them review their comments or by having them respond to my interpretation of their meanings in follow-up interviews.
3.2 Case Study Design

Case study design was considered appropriate for the purpose of exploratory research into family business, in order to understand people, events, activities, and certain behaviours under a given context and certain circumstances (Nordqvist, Hall and Melin, 2009). Case study design can be quantitative or qualitative depending on the different modes of philosophical inquiry. In the current study, the case study research follows the interpretative approach to qualitative philosophical inquiry. It assumes that each family business is different where individuals’ experiences are constantly being created and recreated in an ongoing process that incorporates the analysis of family background and the context of business. A case study as a form of inquiry provides a greater ability to explore meanings and behaviours from the actors’ frame of reference rather than imposing the predetermined views of the researcher (Yin, 2009, Stake, 2005). The strengths of case studies are that they provide a very detailed description of the cultural contexts in which the participants are situated and identify a diversity of unseen variations within individual circumstances from the respondent’s point of view (Baxter and Jack, 2008).

A site is a context in which events or activities take place, whereas, a case is based on a real subject, or a real individual, yielding a variety of potentially multiple facets of the phenomenon within its context (Yin, 2009). The current study was conducted in the field site of Chinese-Australian family businesses with its focus on studying the case of succession choices of the first-generational founders. By means of case studies, the current research aimed to gain an understanding of the natural settings within Chinese-Australian family businesses, recognising the complexity of the participants’ cross-cultural and business experiences and the context of their behaviours bounded by time and activities.

For the current study, the site and case were selected for the value of representativeness, in order to give insight to an issue or elaborate on common characteristics. The family businesses selected for this study were migrant Chinese families who had-founded firms
that had been identified as ones where Chinese business owners’ behaviours were
dependent on their cultural beliefs, their life experience, and their interpretation of, and the
perceptions they derive from, experience learning. In addition, the focus of the study was on
the succession choices of family businesses in a cross-cultural context. A Chinese-Australian
family business is under the influences of at least two different cultures, the Chinese cultural
heritage from the family background and the western culture in the surrounding society.
This case and site had the value of representativeness in terms of complexity of succession
decision-making. The following section presents a multiple-case study design, which
involves several instances of the same phenomenon in order to explore the case in depth.

3.2.1 A Multiple-Case Study Design

A case study design can either focus on a single case or on multiple cases, depending on the
nature of the subjects and the purpose of the research (Yin, 2009). In a single case study, the
researcher focuses on an issue, and then selects one bounded case to illustrate this issue. It
may allow the researcher to better understand a rare or extreme circumstance (i.e. an
intrinsic case study), or represent a need to refine an existing theory in new context (i.e. an
instrumental case study) (Stake, 1995). In a multiple case study (or collective case study),
multiple case studies are selected to illustrate an issue (Stake, 2006). Essentially, a multiple
case study examines a number of cases that exceeds one. A multiple case study design could
be used with the aim of replication, in which the researcher replicates the procedures for
each case. A key advantage of multiple case study design is its ability to gain multiple
perspectives on the same topic through different cases.

In the current study, the aim of the multiple case studies was to use diverse cases to study
the range of characteristics that may be that may be encountered in Chinese-Australian
family businesses, to show different perspectives on the research topic. The use of multiple
cases provided explanation on the characteristics of Chinese-Australian family businesses
and illuminated how their multi-contexts led to their distinctive succession choices. The
comparison between cases was to analyse the different decisions in which the different Chinese-Australian owners in each different family business setting engaged. The goal of examining several cases was to identify the similarities and differences between the cases, given the context that was different for each of the cases. In addition, the replicating findings across cases was used to either ‘(a) predicts similar results (a literal replication) or (b) predict contrasting results but for predictable reasons (a theoretical replication)’ (Yin, 2003, p. 47). The transferability of the results was appropriate to allow for the application of the emerging findings in a new context, which was an additional rationale for designing and implementing a rigorous case study.

Besides what are considering what sites and number of cases are, the design of case study also considers the boundaries of cases. By determining the unit of analysis, the researcher selects the appropriate data to illuminate the data analysis. The key idea behind case study research is to learn about the multiple views of the research topic from participants, and to address the context to obtain that information. The following section describes the units of analysis chosen, and provides information on all phases of the research process that guide how a multiple case study design is conducted, analysed and reported.

### 3.2.1.1 Unit of Analysis

The research question determines what the case is. The case is defined as ‘a phenomenon of some sort occurring in a bounded context’. The case is ‘in effect, your unit of analysis’ (Miles and Huberman, 1994, p.25). The aim of using case studies is to understand an issue or problem using the case as a specific illustration (Baxter and Jack, 2008). A choice of what is to be studied (Stake, 2005) involves determining the analysis of a case (i.e. the individual, an event, an activity, a process, or the differences between organisations) within a bounded system (i.e. a setting, a context).
In the current study, the case was a succession issue explored through the business owners’ decisions and behaviours within a Chinese-Australian family business context. The analysis of the case included looking into what factors caused the decision, what actions were taken in response to the decision, specific situational factors that influenced the acts, and the outcomes from the decision. Chinese-Australian family business owners were selected to illustrate their cases. However, it should be noted that the unit of analysis is not necessarily the unit of data collection. The precise methods of conducting a case study and data concerns will be discussed in the next section.

3.2.1.2 A Procedure Design

The following diagram (Figure 3.1) depicts a flow of procedures in the stages of the research study reported in this thesis. In the diagram, blue boxes represent the stages of the research activities in the study. The inputs of stages are represented by grey boxes. The blue lines connect the sequences of procedures in the design. A blue single-headed arrow is used to show the flow of results from the research question.

![Figure 3.1 Case Study Design Process](image)

During preparation, three main inputs have influenced the decision of the case study design: (1) the research questions, (2) the research context, and (3) potential important factors and relationships identified from the existing literature. After entering the field (see more details...
in Section 3.3), a single exploratory pilot case study was conducted, in which the interview protocol was pilot tested. Through this data collection design, problems and issues that emerged in the pilot interview were used for revising the order of the protocol questions and further developing additional probing questions. The phase of multiple case data collection involved data collection from different sites and multiple individuals. The multiple sources for collecting data included: (1) in-depth semi-structured face-to-face interviews with five participants; (2) series of follow-up interviews with each participant to secure additional information on the emerging themes; (3) interview transcripts to validate the information obtained during the interviews; (4) participants’ responses to the scale questions on the survey in the recruitment phase to get additional details related to the cases; (5) researcher’s reflection notes on each participant after the interview.

The type of analysis of data consists of within-case analysis and cross-case analysis. A detailed description of the individual cases was prepared in which the data detailed such aspects as the background of the case, the chronology of events, and a day-by-day activities of the case. After this description, a content analysis was performed for data coding and theme development (see more details in Section 3.4). The analysis of themes aimed to identify the complexity of the case as well as comparing similar and different themes across cases. Within-case analysis provides a rich background description of each case and themes within the case. Cross-case analysis focuses on generalising common themes for all cases and the various subthemes and categories comprising them.

### 3.3 Data Collection

The data collection was conducted from June 2009 to November 2010 within the Melbourne region of Victoria, a state in Australia. The major rationale for conducting the fieldwork in Melbourne was based on population distributions and migration movement in Australia. Of all the capital cities in Australia, Melbourne has the second largest Asian population. Ethnic Chinese maintain a significant presence, with approximately 70,000 people represented in this group, according to the 2006 Census (ABS, 2006). In order to
obtain a diverse sample, the process of data collection started with identifying the sampling criteria, applying the sampling strategies, and conducting recruitment. Furthermore, the multiple case studies involved different methods of generating qualitative data, such as questionnaires and interviews.

3.3.1 Case Selection

As previously discussed, the options for case selection include exploring a number of cases with clear boundaries (see in Section 3.2.1). These boundaries reflect the contextual setting for the case (Yin, 2009, Stake, 2005). Moreover, the establishment of boundaries refers to the development of inclusion and exclusion criteria for case selection and recruitment. The decision about who or what should be sampled can be divided into the site level, the participant level, and the issue (e.g. an event or activity) level. In the current study, case selection started with finding the types of people and businesses, which were relevant to the research questions. The target constructs to identify the subject cases to study included being Chinese-Australian, performing private business activities, and having self-employed owners. The characteristics for eligible representative cases were selected according to the following criteria in terms of the individual and organisational level.

First, the sampling selection involved identifying ethnic migrant Chinese who own, manage and/or work in a family business setting. The emphasis was on self-conception as ethnic Chinese, from Chinese cultural and family origins and backgrounds. This criterion reflects the theoretical stance of the study which highlight complex migratory movements between China and Australia, including a number of overseas Chinese families who settled at a third place in South East Asia (Ho and Coughlan, 1997). The aim was to obtain a diverse Chinese-Australian sample. To assign respondents by birthplace helped to identify them as first or second generation Australian. First generation refers to Australian residents who were born overseas, while second generation refers to people who are born in Australia but have one or both parents who are overseas-born (ABS 2006). Allowance of diversity is deliberate as the current study is concerned with the impact of their “ethnic” background on their
self-employment experiences.

Second, the sampling selection identified the nature of firms that I believed fit the criteria outlined in this study. The form of the business organisation was specified as a family business in which the majority ownership or control was within a single family, and at least two family members are or were managing and/or operating in the business (Litz, 1995). The essence of family involvement is the crucial factor affecting family business growth and continuity. But, it would be too broad for studying the complex family dynamic in a business. Choosing first-generation family-owned/managed firms is deliberate as the current study is concerned with the nature of ethnic migrant Chinese families within the context of family business. Although their firms have been established in the Australian context and are supposed to have adapted into the “host” culture, their defining feature can still be recognised as being family-centered, patriarchal and united. Therefore, the influence of their ‘ethnic’ family background can be highlighted by the business goals and practices.

Diversity in the type and size of business were welcomed in the sample. However, as previous studies shown, Chinese-Australian family businesses were largely identified as small to medium size (Collins, 2002), ranging from a small business employing less than 20 people, to a medium business employing 20 or more people, but less than 200 people. This fact leads to the assumption that the sample selection would fall into the small and medium size business category (Trewin, 2002).

Ideally, it was hoped that the sampling selection included both senior and junior family members to participate in the case study research, in order to create direct comparison of their experiences and perspectives of succession in their family firms. However, when the recruitment process failed to yield an adequate number of responses (more details in Section 3.3.1.2), an alternative sampling criterion was used. The sampling selection screened the case for firms that expected the business succession in the ensuing 5 to 10 years and those in which the leadership transition would occur in the foreseeable future (i.e.
in the next 5 to 10 years). Rather than extract multiple family members from a sample firm to pinpoint the exact time at which a family firm begins or ends the succession process, allowance of greater ambiguity of family participants is deliberate as the current study is concerned with the decision-making process that would impact on the succession implementation.

In the current study, cases were selected on the following basis:

1) whether the business owner is an ethnic Chinese
2) whether the business is family-managed and/or operated
3) whether the business is small to medium size

Having outlined the sampling criteria on cases, the following section will discuss the sampling strategies and recruitment process. In the data collection process, the sample cases were selected to complete the questionnaire and participate in the more in-depth interviews.

3.3.1.1 Sampling Procedures

The most important decision involved how to select the research participants. Identifying Chinese-Australian family business for participation in research is typically difficult, because a comprehensive sampling frame of Chinese family firms in the Australia does not exist. There is a lack of variables and secondary data sources classifying ethnic Chinese firms as a family business. Therefore, this current study relies on a convenience sample derived from voluntary membership associations, as in most empirical research studies of family businesses (e.g. Chung and Yuen, 2003, Zheng, 2002).

Purposeful sampling methods are used in the selection of case studies, as opposed to the systematic sampling methods used in quantitative studies (Stake, 2006). Exemplar cases are selected where the phenomenon is derived from in-depth understanding. ‘This leads to selecting information-rich cases for study in depth’ (Patton 2002, p.46). In addition, maximum variation technique is used to increase the diversity of variation in the sample
(Silverman, 2005). In this current study, there were relatively successful access attempts to get diverse samples.

To obtain a representative sample of Chinese-Australian family businesses in the research location, I employed various methods to find suitable participants. The approach for contacting individuals involved the use of convenience sampling and snowball sampling technique. Convenience sampling is a pragmatic approach to individuals who are accessible and willing to provide information. Snowball sampling uses a process of chain referral where members of the target population are asked to provide names of other members of the target population.

3.3.1.2 Recruitment

The Melbourne metropolitan and regional area, the capital of the Australian State of Victoria, was selected as the research field, because the urban settings encompass an abundance of family businesses and a large number of ethnic Chinese businesses (Australian Census Bureau 2011). In addition, it is a convenient location due to its geographic proximity to the researcher. The sample population was identified via the membership in two organisations located in the Melbourne area: the Chinese Commercial Chamber in Victoria and Chinese Community Association of Victoria (CAV). The decision to obtain the assistance of the local commerce and community association was made for a number of reasons. First, these gatekeepers are prominent advocacy organisations representing the interests of businesses at the local practices and local contexts. Second, the presidents of these organisations were asked to help locate potential participants, because they would be more familiar with their members. Finally, I hoped that if I gained the support of these organisations, it would help elicit greater participation and to gain the confidence of participants.

At the initial meeting with the president of each organisation, they were introduced to the current study and explained the need for their assistance (see Appendix 3). After gaining their consent in assisting this study, the president of the Chinese Commercial Chamber
agreed to provide selected participants’ contact details. The president of CAV recommended
the people in trading and professional list on the community newsletters and also agreed to
publish an advertisement in their upcoming issue of the newsletter, which contained
information about this project and my contact details as the researcher. In practice, the
advertisement did not prove to be successful. One of the reasons for this was that people
were reluctant to take the initiative if that involved disclosing personal and family matters.
In addition, the circulation of the newsletter is limited to members, instead of the wider
population.

Gaining access through gatekeepers and using chain referral, the information (e.g. the
company’s website) about what the potential organisations were actually doing was readily
accessible to the researcher. In the initial sample, 28 member firms were selected. The
businesses selected for this study were not necessarily representative of all Chinese-
Australian family businesses in Australia. They were selected on the basis of the
gatekeeper’s recommendation and personal contacts, in some cases, with a minimum of
advance knowledge about the nature of the family involvement.

Each business owner was contacted and presented with a formal letter outlining the
research goals (see Appendix 4) and inviting them for a voluntary participation. The process
of locating and targeting participants took a long time. Although locating the business was
relatively straightforward, identifying firms with the concerns of succession issues was not
an easy task. As expected, it was met with some resistance. Some companies never
responded at all, some said simply that they could not afford the time, others took months
to get back to me, and others claimed that it was too early to concern themselves with the
research topic, because of the age of the firm. The most available family-business
relationships were of wife-husband and parent-child, which by nature limited and skewed
the sample in the current study.

Six Chinese-Australian business owners agreed to participate, five were male and one was
female. These participants were between 45 and 55 years of age. The organisations were
their privately owned enterprises, and covered as much business diversity as possible, thus increasing the variety of contexts. Chapter 4 will illustrate the diversity that was achieved with the research participants and businesses. Five of the six cases were selected with the aim of replication, and are classified as migrated first-generation ethnic Chinese families and a first-generation family-owning firm. Although different from the others, an Australian-born Chinese case was selected with the aim of extension of theory. This case was useful in revealing differences in the effects of a culture and experiences of working in a family business, as well as revealing similarities to the first-generation firm’s characteristics.

3.3.2 Data Collection Methods

The current study is about understanding how owners make their decisions to undertake succession, the factors considered in making them, and the contexts in which those decisions are made. Focused interviews were determined as the most suitable method of data collection to gather detailed qualitative data from people in small sample cases and acquire an in-depth understanding of how they create meaning. Although the main source of data in the current study was via primary interviews, the case data was corroborated with a questionnaire.

Data collection leading to the preparation of case studies was conducted during June 2009 and November 2010. A self-administered questionnaire method focused on verbal information, which covered basic business information, including ownership, number of employees, business operations, financial turnover and the education level of owners. The descriptive data involved the firm’s structural and family characteristics, as well as the role of founders in regard to management and leadership. In-depth interviews were used to verify and corroborate information provided in the questionnaires, and also to obtain a more detailed understanding of the founder’s attitudes and experiences working in a family business. The narratives and quotes offered a rich analysis of cases.
3.3.2.1 A Questionnaire

The first step in the data collection process involved making contact with prospective participants. I used a self-completion questionnaire and distributed it by mail. Follow-up emails were sent periodically as reminders to encourage businesses to reply. The seven-page questionnaire (see Appendix 5) was attached to a plain language statement (see Appendix 1), which introduced the study, its purpose, and procedures for responding, as well as the mechanics for returning the questionnaire. The purpose of the questionnaire was to gather descriptive information about the nature of the business and family as well as the ascribed attitudes and behaviours of the key members.

My focus was on the factors that impacted on succession decisions. Therefore, it was important to have a good insight into the specifics of each of my cases. Succession is a complex issue that takes a long time. It is viewed as a sequential process of several phases, including a period of no succession, a pre-succession period, succession, post-succession period and then again the renewed business is without succession (Murray, 2003). By exploring the perceptions of family business succession, I used the questionnaire to draw attention to the founders’ opinions on the linearity of their succession progression. Based on their answers, I was able to prepare interview questions, consisting of the management and leadership styles, family adaptation and resourcefulness that addressed the identified period.

The questionnaire consisted of four components: Demographic Information, Family Climate Scales, Organisational Culture Scales and Management Style Scale. In the first part, respondents were asked about personal background (educational level, gender, age, birthplace, and generation who own the family firm), and business characteristics (industry type, size, the legal structure, and economic status). Generally, descriptive information of the questionnaire was completed by the owner of the firm.

In the second part, the Family Climate Scales (FCS) measurement examined the effects of family functioning on business matters in terms of artifacts, behavioural patterns and value
characteristics (Björnberg and Nicholson, 2007). This scale used the original content developed by Björnberg and Nicholson (2007) to measure 48 items on six variables: Open Communication, Intergenerational Authority, Intergenerational Attention to Need, Cognitive Cohesion, Emotional Cohesion and Adaptability. Using a Likert scale, this section of questionnaire inquired about the family functioning towards the family, the business and its members.

In the third part, the Organisational Culture Scale examined the degree of reflection to four archetypes, that is, hierarchical/bureaucratic, rational, entrepreneurial and team cultures (Kalliath, Bluedorn and Gillespie, 1999, Parker and Bradley, 2000). The original Competing Values Framework instrument comprised 16 items divided equally into four subscales, each representing one of the four archetypal cultures (Zammuto and Krakower, 1991, Quinn and Spreitzer, 1991). A modified 20-item version has been developed (Shortell, O'Brien, Carman, Foster, Hughes, Boerstler and O'Connor, 1995) and validated in health services research (Gershon, Stone, Bakken and Larson, 2004, Scott, Mannion, Davies and Marshall, 2003, Helfrich, Li, Mohr, Meterko and Sales, 2007). Parts of the 20-item questionnaire instrument were adapted to manifest the organisation culture in the family business setting. This section of questionnaire asked questions regarding the firm’s strategies and succession intentions.

The final part examined 32 items regarding four dimensions of the management style: supervision style—the degree of managers’ participation in subordinates’ work flow; decision-making—the extent to which employees participate in managerial decision making; communication—the degree of key information accessibility to employees; and paternalistic orientation—the extent to which the supervisor participates in employees’ non-work related matters (Culpan and Kucukemiroglu, 1993). Although there are two more dimensions (interdepartmental relationships and control mechanism) mentioned by Culpan and Kucukemiroglu (1993), they are not included in the scope of this current study because of my focus on the behaviours of owner-managers, rather than organisational structure.
This section of questionnaire asked questions regarding the leadership behaviours of the firm owners.

Because each section of the questionnaire had been tested and used previously, additional testing was not necessary. The questionnaire was written in English and interviewees’ responses were also in English. The questionnaire required approximately fifteen minutes to complete and was self-administered. The completed questionnaire was returned to the researcher in person. The returned surveys are not sufficient to warrant valid statistical analyses and reporting due to the small sample size. I decided to give priority to the qualitative interviewing, despite collecting the questionnaire data. In the pilot study, Likert rating scales of the survey were used to quantify subjective opinions concerning the nature of participant’s experiences. Although the survey questions asked for participant’s opinion on particular issues (e.g. family factors on the cooperative behaviours), it did not reveal the predictive power of the selected external and internal factors on their decision making. However, this information (participants’ opinion on particular issues) is used in the evaluation of the self-completion questionnaire in relation to the interviews. This enables the researcher and the participants to play more reflective roles in the following interview process, because the background data has already been collected. Furthermore, the main goal of this phase was to identify the potential participants and to allow for purposefully selecting informants for the interview phase of the study. The questionnaire was to obtain and record demographics and confirm other relevant descriptive details.

3.3.2.2 Interviews

Primary data was collected from the interviews. Comparing to the survey-based, quantitative fixed-choice questionnaire, the conversation of participants offered the opportunity to uncover the different perspectives of business owners, the nature of their family in the business, and the ways they built and experienced their business. After the questionnaire was completed, the participants were contacted to schedule the interviews. Interviews were conducted with six individual business owners at a time and location of
their convenience. Most of the interviews took place at their workplace. In a business setting, the interviews were designed to range in length from thirty to fifty minutes at the place of business. On average, an interview lasted between thirty and forty minutes. Participants were also informed that follow-up interviews may be required after the initial interview to clarify some responses. With the exception of one participant, all other respondents agreed to take part in the follow-up interviews. A total of fifteen interviews were conducted from December 2009 to August 2010. All conversations were audiotaped. English language was used in the interviews, with the exception of one respondent. Participants chose in which language (English or Chinese) they preferred to be interviewed. All participants had accepted to communicate in English through initial email contacts and phone calls. During interviews, one participant (Case 5-Li) chose to express herself in Chinese Mandarin, while others used English.

Face-to-face interviews offered the opportunity to establish rapport with individual interviewees (Rapley, 2004). As an interviewer, it involves trying to interact with a specific person, trying to understand their experience, opinion and ideas in an open-ended and conversational setting (Yin, 2003). As a respondent, it means choosing to reveal ‘the details of the situation to understand the reality’ (Saunders et al., 2003, p. 84) in order to provoke further talk. One of the strengths of this type of interview is its ability to access directly what happens in the world of the interviewee, by examining what they actually do in real life, as well as asking them to comment upon it (Silverman, 2005). There are three reasons why one-to-one interviews were selected for this exploratory study. First, it allows respondents to use their unique ways of defining the world with a non-standardised and open-ended stance (Stake, 2005). Second, it assumes that no pre-scheduled standardised sequence of questions is suitable for all respondents (Berg, 2004). This type of questioning allows participants to control the flow of conversation in order to tell their stories. When conducting interviews in an applied setting, a degree of flexibility is required. Furthermore, the face-to-face interviews allow the researcher to hear, observe and capture first-hand the words, feelings, facial and physical expressions and gestures of each respondent, such as
nodding, laughing, joking, smiling, frowning or other non-vocal expression (Rapley, 2004). Finally, it allows respondents to raise important issues not contained in a fixed protocol. Instead, open questions and answers allow for discovery of new insights and ideas (Trumbull, 2000). Therefore, the researcher interacts with the participants to co-create the interpretations in which both interviewer and interviewee participate actively in making sense together.

To facilitate the in-depth interviews, an interview protocol was used (see Appendix 6), which helped to narrow the central question and provide a guideline of further probing of the participants’ stories (Trumbull, 2000). The interview protocol was concerned with roles and activities as owners-managers in their firms, and the meanings that emerge from their family affiliation. The focus was to understand the ‘naturally occurring phenomena in their naturally occurring states’ in depth and detail (Patton, 1990, p. 41). The participants were asked for their views, meanings and perceptions in a way that they could relate their personal experience, cultural background and frame of references in their own words.

In the pilot case study, an interview protocol was developed with the aim of focusing on three themes. First, what does it mean to carry on the family business into the next generation? Second, what influences and constrains them in what they can do? Third, what influences the way they think about the business and themselves? Based on this pilot interview results and assessing the degree of the researcher’s bias, the revised interview protocol was modified by refining and developing six major topics—the motivational goals of business start-up, their role in the firm, the role of the family members in the firm, leadership and management practices, relationships with family and non-family members, and their overall future intentions towards the family, the business and its family members. The revised interview questions focused on understanding how individuals viewed the succession and identifying its importance for business continuity. The more detailed exploring questions included: What was central to the business? What influenced or caused the decision of succession to occur? What strategies were employed during the decision-
making process?

Although the topics were generally the same for interviews with each participant, each participant was asked a set of separate questions that were based on the interview protocol to more accurately capture the distinctions between each case, according to their responses regarding organisational and individual characteristics and personal opinions provided in the questionnaire. The questions were grouped into five contextual areas regarding the position and responsibilities of the owner: (a) starting the business, (b) managing the business, (c) interaction of business and family, (d) leadership towards business growth and future goals (e) intentions of succession. Respondents were asked to give reasons why they set up a business for themselves and, given their reasons, they were asked to the associated connections with their business type, customer base and market niche, as well as the resources, knowledge and experiences that were required. The guiding questions for managing the business included a description of daily activities within their firm, how they managed non-family employees and major business decisions. The interaction of business and family questions included the division of labour among family members, the working relationships that were of concern and the struggles they faced in decision-making. Under the present context of their businesses, the respondents were asked to describe what goals they perceived their business could achieve in next 5 to 10 years, and how they planned to sustain the survival and success of the business. Considering the succession, they were first asked how the family decides what to do. Then, they were asked what alternative succession strategy might be used.

One primary focus in the current study was on cultural influences during succession but, to understand the effects of culture at hand, it is important to realise that much of cultural values are hidden in tacit understanding of how to do things, to which the founders often unconsciously had access through socialisation and experience. This means that respondents, in making such decisions, did not themselves explicitly consider how their decisions were influenced by their cultural background. The taken-for-granted nature of cultural sensitivity
as a result of socialisation may be unknown to these owner-managers in an explicit form. To capture the cultural values and personal aspirations employed by the respondents, I asked about the family business daily routines through which some of their tacit understanding could be explicated when the persons who were experts in what they do explained them to me. It was also important for me to pay attention to how these respondents thought about and acted upon their decisions, and draw out in my interpretation those aspects that could also be related to cultural elements.

At the initial interviews, the participants were asked what they experienced, thought, and felt about their business start-up and growth, and the family practices they have engaged in terms of business start-up and daily operations. They provided insights of motivations and reasons for why they kept carrying on their business, claiming that they received all the needed support from both the family and external entities. While the interview was underway, the less articulate, short or shallow responses to questions presented the challenge of inadequate data (Byrne, 2004). Therefore, probing questions were used to elicit further explanations, such as “Do you mean...?” or “Could you explain why do you think like that?” There were occasions when the participant “jumped” around questions and “skipped” through part of answers. I chose to listen and made a mind note to draw back what I wanted to focus on via the later questions. Most of time, the participants generously explained their ideas and personal perspectives by eliciting rich and informing answers in response to the questions.

During the follow-up interviews, I discussed my preliminary case study findings either by asking respondents specific questions about them, or sometimes, telling them about my reflections and letting them comment on them. The interview interactions were an opportunity to discover specific themes by asking respondents to talk about them. Since succession decisions are integral to the firm’s ability to maintain a stable progression, those that are perceived as ideal/desirable and those that are perceived as pragmatic decisions were included. The probing interview questions were asked to confirm these desirable
norms and to gain knowledge regarding the practical decisions associated with succession in the context of respondents’ own definitions of particular acts. In other words, the interviewer and interviewee are engaged and collaborating in creating meaning regarding the respondent’s perceptions and interpretations of their succession choices.

The interview cycle provided vital information and gave the researcher the opportunity to ask clarifying questions, because the participants would not always agree with the researcher’s analysis and their comments could provide important new insights and ideas (Rapley, 2004). The emergence of themes and new information promoted further questions. For example, business growth and competitive advantage significantly influenced the intention and motivation for business continuity. These influencing factors were explored in later interviews regarding the strategies that management has concerning control of the business in the future. When the further interviews revealed little new information, this saturation of the material marked a stopping point.

Using a digital recorder, the recording was made with PC software and turned into a computer file that can be listened to and stored. After the interview, I transcribed the interview tapes myself. In this way, I got to listen to the tapes repeatedly, and generated a textual version of the interaction that could be used for further analysis. Observation notes were taken on non-verbal communication, such as facial expressions, hand gestures, body movements, which are vital to make sense of otherwise cryptic words and ideas expressed by the respondents.

3.4 Data Analysis

Although the current study utilised a questionnaire to generate data, its main purpose was to select cases during data collection. The data collected from the questionnaire was used to provide context in which the information obtained from the in-depth interviews was embedded. The data of the questionnaires was summarised in the description of the case
The qualitative data collected from the interviews holds the greatest weight in data analysis. The focus of analysis was on the transcripts taken from the in-depth interviews. A number of patterns, themes, and categories were identified through inductive content analysis. To enhance the reliability of the analysis, the Nvivo8 software was used to sort, categorise and manage the primary data collected at the fifteen interviews. After transcription, each interview was saved in word documents and imported into Nvivo8 for data management. A framework of hierarchical nodes was created to make it easier to identify patterns and interpret the data among responses from each case separately. The computer files of Nvivo 8 were used to organise, store and process the codes. It ensured access to each code easily and displayed all the text segments that fit a code label (Bernard and Ryan, 2009). It also helped to efficiently code a text segment that related to two or more code labels according to the three different types of coding (Richards, 2009). For example, the code “motivation of business start-up” might be combined with “value of independence” to yield text segments in which people talk about business with an independent attitude. Alternatively, “motivation of business start-up” might be combined with “value of community” to generate text segments in which people talk about business from a group-oriented perspective.

3.4.1 Inductive Content Analysis

For positivists, content analysis is a systematic and objective means of describing and quantifying phenomena by testing theoretical issues in a new context (Babbie, 1999, Bryman, 1988). It includes a technique for the calculation of frequencies and percentage frequencies of comments coded in each category. In qualitative data analysis, content analysis is a method for analysing written, verbal or visual communication messages, such as the words written in documents and spoken by interview respondents (Silverman, 2006, Miles and Huberman, 1994). It is not only to learn about the data from the bottom up, but also to make valid inferences from the data to their context (Creswell, 2008). It is, therefore, a content-sensitive method (Richards and Morse, 2007).
Given an interpretive approach in qualitative analysis, the key feature of content analysis is that many words and phrases of the text are classified into much smaller categories, which share the same meaning (Elo and Kyngäs, 2008). It is much more than a simplistic description of data. The aim is to distil words into fewer content-related categories. The outcome of the analysis is developing an understanding of the meaning of concepts or categories describing the phenomenon (Hsieh and Shannon, 2005).

There is either an inductive or deductive way of conducting content analysis (Elo and Kyngäs, 2008). An inductive approach moves from the specific data to the general view, so that particular instances are observed and then combined into a larger general statement. In contrast, a deductive approach is based on the previous knowledge and, therefore, it moves from the general to the specific, leading to testing the theory (Bernard and Ryan, 2009). An inductive content analysis was relevant to the exploratory nature of the current study, to enable the researcher to understand the participants’ experiences through making sense of their comments during the interviews and subsequent transcription. The qualitative data collected was categorised into codes, reduced into categories; patterns and themes were identified, together with descriptions and interpretation of the researcher’s conceptions (Miles and Huberman, 1994). The analysis process committed to the interpretation of key issues, concepts and opinions and emphasised the context of the respondent’s cultural and perceptual world (Hsieh and Shannon, 2005).

For qualitative textual data (e.g. interview transcripts), the process of data analysis consists of describing, classifying and interpreting (Creswell, 2007). The theoretical assumptions that lie behind how the interview data is treated are to “hear” what the respondent said and to find evidence that portray multiple perspectives about each topic (Stake, 2006, Stake, 1995). The empirical conduct of the participants is treated as the central resource out of which analysis develops (Silverman, 2005). First, the researcher provides a detailed description of what he/she sees. Using a coding scheme, codes are used to sort text segments into units
(Miles and Huberman, 1994) within the context of the setting of the case. In the current study, the information was organised to determine how the decisions of each participants fit into their own family business context. These codes are used to describe information that was expected, unexpected, or theory-related (Richards, 2009). Second, classifying codes are used to identify broader themes, categories or dimensions of information (Miles and Huberman, 1994). This helps to come to grips with related topics within an individual case and across cases. In the current study, the individual decisions, behaviours, attitudes and experiences were arranged into similar or different themes. Finally, interpreting the data plays a central role in data analysis. It involves making sense of “what’s going on” in the data (Richards, 2009). This process of analysis results in the propositions that specify the relationship among categories.

In case study research, analysis typically begins by making a detailed description of the case and its setting. A case description is to summarise the information and to get a sense of the whole case. Then, it is to generate a collection of related topics from the data, which is called categorical aggregation (Stake, 1995, Stake, 2005). By comparing the issue-relevant meanings, to the researcher can pull together the same ideas and interconnect the different categories. Building a way that connects between the categories is about establishing patterns and showing the relationship between two or more categories (Yin, 2003). The following sections involve the process of coding, categorising, constructing themes and conceptualising patterns.

3.4.1.1 Coding

The interpretation of the data started with coding. In coding, themes emerged from the segmenting of the information. Each code was named using content-characteristics words, which may come from the words of participants, the literature or be a term designed by the researcher (Miles and Huberman, 1994). Codes were freely generated at this stage. By compiling and organising the textual data collected, and forming the raw data into codes, the researcher was able to construct a picture of Chinese-Australian family businesses
through individual perspective of each respondent under study.

There are three sorts of coding that I have adopted in the current study, including descriptive, topic, and analytical coding (Richards and Morse, 2007). Descriptive coding is storing information that describes the subject being studied (Richards, 2009, Richards and Morse, 2007). For example, when cases of interviewees were being studied, there was information about the attributes of these cases (the person’s gender, age, educational level, birthplaces, company roles and so on). By summarising these attributes (see Chapter 4) is the researcher begins building the patterns of characteristics of the sample. Similarly, attributes of the businesses were stored in a separate table of data. This helped to reliably record and sort the data by its attributes of the cases.

Topic coding is a term of allocating relevant passages to the issues being discussed or the reasons for a response (Richards, 2009, Richards and Morse, 2007). It is a sort of data disposal by asking the data ‘what is this about’ to label text according to its main idea or its context (Richards, 2009, p. 101). For example, the specific context conditions that influence the business owner’s decision was coded as personal-related, family-related, business-related, or as external factors (e.g. the social, historical, and economic conditions influencing the acts). The effects of gender and immigration experiences associated with consequences of the decision were also coded. This coding was done either by identifying the text segments of the transcripts, or finding specific words in the text (Miles and Huberman, 1994). By gathering all the text segments about one topic coded at one place, it is easy to see how participants were discussing the issue in a similar or different way (Creswell, 2007). The next step of interpretation aimed to develop the analytical understanding of the meaning of these text segments.

Analytical coding is central to the interpretative process, which is reflecting on meanings in their own context (Richards, 2009, Richards and Morse, 2007). It involves discovering and exploring the themes that emerge from everything the participants contribute about their perception of the situation and experiences (Richards, 2009) (more details in next section).
For example, when the business owners talk about the business continuity, several themes were noted about patriarchal assumptions, the value of community or social contribution of the business, the uncertainty of intergenerational succession, and the interplay of interpersonal and employee relations.

All interviews were transcribed in English. While the interviews are mostly conducted in English, two interviews in Chinese language have been translated into English to ensure a comparable analysis. The next section presents how to explore the interrelationship among codes and organise codes into themes.

3.4.1.2 Categorising

Categories are classified as “belonging” to a higher order category in the analysis, and developed through comparison and grouping the codes (Silverman, 2006). During the process of categorizing, the researcher was combining the codes to put them into patterns and link to explanations of all the data related to them (Miles and Huberman, 1994). Common code descriptions were grouped into more refining and emerging category nodes. This involved a constant comparative method, which was a way of thinking about each code as it appeared and looking whether it was like any other code that had come before (Silverman, 2006). Within each case, the theme was coded descriptively, linking the topics to characteristics of the respondent in the responses.

At the cross-case categorising, the theme was based on the range of subject positions the respondents invoked. First, it was to recognise repetitive ideas (Auerbach and Silverstein, 2003, Bernard and Ryan, 2009). Second, it was to notice metaphors and analogies used through the talk (Bernard and Ryan, 2009). Third, it was to notice shifts in roles, e.g. “speaking as a father”, “thinking as an owner”, and “wearing my professional hat”. In addition, it was to structure subthemes to provide subtle insights to develop the understanding of the theme (Miles and Huberman, 1994). For example, one common theme for all participants was family involvement. I also noticed that the participants often talked
about what good business should be. The subthemes helped me reflect on different
atitudes of family involvement towards business.

I have used Nvivo8 software to structure category nodes and locate text segments
associated with each code. Sentences or paragraphs that related to a particular idea were
grouped together as the emerging categories of the data. These are called exemplar quotes
(Bernard and Ryan, 2009). After the initial coding and marking of text, by maximising the
differences between codes it was possible to generate the wider possible range of
categories and explore each node in a specific and applied circumstance (Richards, 2009).
The next step involved arranging these category nodes into themes that go together.

3.4.1.3 Constructing Themes

The number of categories was reduced by grouping those that are similar into broader,
higher order themes. The building of themes provided a firm base for developing abstract
concepts (Miles and Huberman, 1994). The understanding of the categories and concepts
emerged from making comparisons among themes (Auerbach and Silverstein, 2003). The
construction of themes involved several steps: re-organising the categories to finer themes
with more definitive names, analysing their relationships to each other, pulling all exemplar
quotes together, and reconsidering what the quotes in each theme had in common and how
they might be related to larger, more inclusive themes.

In a hierarchical structure, the themes represent the major dimensions of the findings
referred to in the research questions. There was a logical ordering of categories. For
example, one of the major dimensions of the findings was goals of the business. There were
four sub-themes which related to goals, including wealth creation, individuals’ achievement,
“making it happen”, and choice of lifestyle. The collection of categories was arranged into a
system of trees, which helped locate codes and placed them into a relative position. It was
transformed from descriptive topic and themes into an analytical thinking regarding how
these themes interplay with other categories. The next section presents the different ways
of representing the relationships between themes in a conceptual framework.

3.4.1.4 Conceptualising

After building a system of themes, the process involves ‘reducing the volume of raw information, sifting trivia from significance, identifying significant patterns, and constructing a framework for communicating the essence of what the data reveal’ (Patton, 2002, p. 432). The process of analysis by now has moved from some details of text segments (codes), to the descriptive meaning about them (categories), to the relationship with other structure of meanings (themes), and, finally, to conceptualise the higher level of abstraction (concepts) (Richards, 2009, Silverman, 2006). The literature was related to these themes, thus providing the focused abstraction of ‘concepts’ of parts of dimensions in the results and invoking broader interpretation of the meaning of the particular concepts (Bernard and Ryan, 2009).

A conceptual model was created when the pattern clarified not only the conceptual components but also the relationship between the conceptual structures of the findings. The model looked for verification of the theoretical understanding (Patton, 2002). The categories had become analytic themes. In other words, the conceptualisation for describing and explaining data was a means of exploring the descriptive relevance of patterns with a theoretical focus (Miles and Huberman, 1994).

3.5 Research Ethics

Throughout the study, careful attention was given to ethical practices. Ethical actions related to research on human participants were clarified by consulting the ethical guidelines of Deakin University Human Research Ethics Committee. Approval for this study was obtained by completing the National Ethics Application Form and the Low Risk research application Form in June 2009. Before administrating the self-completed questionnaire, participants were briefed on the Plain Language Statement (see Appendix 1), including the purpose of
the research, its importance to the academic and applied communities. Participants were provided with consent forms (see Appendix 2) and written documents that informed that their participation was voluntary, that they retained the right to refuse to answer any questions, and that they could withdraw from the interview at any time. They were assured that the data collected from them would be used for research purposes only, and that all their comments would remain confidential. Furthermore, it was made clear that no identifying information could be traced to their business or participants in the study. Summarised data was used in order to break the identifiable narrative thread. When certain words or phrases might have disclosed their identity, the analysis procedure tried to substitute more generic terms that convey the meaning while preserving anonymity. In addition, only pseudonyms would appear in the research report. Finally, participants were assured that all data would be kept in a locked filing cabinet and all data is to be destroyed after five years.

3.5.1 Ethical Consideration

Informed consent is central to most ethical practices. Interviews were conducted only after participants were given a plain language statement of the nature and an overview of this research, both of which were relevant to participants’ decision about whether to participate, and informed consent forms were signed. Also, the questionnaire was completed and returned, prior to undertaking the interviews.

After initial consent, it often is appropriate to obtain further consent for how the data may be collected, so called process consent (Ryen, 2004). Each participant was assured that he or she would be able to pull out the interview and research at any time. They were informed of the need for follow-up interviews. The follow-up interview process started only after the participant had agreed. For example, each research participant was asked whether they allowed obtaining a taped record before proceeding with the interview. Later, in the course of data collection, when the follow-up interviews were needed, the participants were asked if they would allow follow-up questions in response to their comments, and to confirm the
further interview schedules. Working this way, the intention was to ensure that the participants were comfortable with the way they were informed throughout the study.

3.6 Issue of Rigour in Case Studies

The issues of reliability, validity, authenticity and generalisability were considered in order to ensure credibility in the case studies (Bernard and Ryan, 2009, Richards, 2009, Silverman, 2006, Yin, 2003). In line with case studies design, the quality of qualitative case study methodology can be assessed by the use of rigorous techniques for collecting and analysing data, credibility of the researcher and a philosophical belief in the value of a qualitative enquiry (Patton, 2002).

3.6.1 Reliability

In quantitative research, reliability refers to how the same methods and conclusions conducted by an earlier researcher can be repeated and duplicated by following the decision trail of all the decisions made at every step of the procedures (Hesse-Biber and Leavy, 2006). Therefore, different researchers could repeat the test or measurement in a previous research project and come up with the same results, interpretations and claims.

In qualitative research, reliability usually refers to the degree to which the findings of a study are less impacted by the interviewer’s spontaneous understanding, because responses may be impacted when data is collected and in the circumstances of the study (Richards, 2009). The assumption of high reliability in qualitative research is to record observations ‘in terms that are as concrete as possible, including verbatim accounts of what people say, for example, rather than researchers’ reconstructions of the general sense of what a person said, which would allow researchers’ personal perspectives to influence the reporting’ (Seale, 1999, p.148).

This current study used tape-recording of all face-to-face interviews, carefully transcribing these tapes, including pause, laugh and overlaps, and presenting long extracts of data in the
chapter of research findings (Chapter 4 and 5). Tapes are a research resource that is more reliable than the notes or recollections of conversations (Silverman, 2005). Additionally, tapes can be replayed and transcriptions can be improved and analyses generated unlimited by the original transcript. The benefit of repeated listening to the tapes is to build an improving version of a transcript. In the current study, by repeatedly listening to the tapes, a more reliable transcript was achieved. The repeated listening helped me to hear things that I didn’t hear at first.

3.6.2 Validity

In case studies, it is essential to present the perspective of participants and reflect the reality of their experience with the support of the data collected. To improve validity, it is useful to establish a chain of evidence during data collection (Yin, 2003). The use of the interview cycle contributed not only to verification but also to the validation of the analysis. During the interview period (Section 3.3.2), taking one’s findings back to the participants being studied to see whether they confirm their own meaning is a test of validity of those findings. This method is known as respondent validation (Silverman, 2006). The researcher’s prolonged interaction with the respondents, with data support from different participants or site context can reduce artificial responses and improve the correspondence between analysis and the reality. In the current study, the follow-up interviews presented the participants with tentative results and refined them in light of the participants’ reactions. These interviews did generate further data and source of insights that suggested paths for further analysis.

3.6.3 Authenticity

While all interviews were recorded and transcribed to provide verification, it is essential to ensure authenticity of the data which is related to a fair and balanced account of responses (Neuman and Kreuger, 2003). Because the respondents may recall details in the best light, it depends on in-depth questioning by the researcher to ensure that the findings are reported in a trustworthy manner (Silverman, 2006). During the interviews, the tone and volume of
voice, as well as body language were observed in the field notes. The follow-up interviews reviewed the earlier responses so the respondent was able to comment on their recollections.

3.6.3 Generalisability

Generalisability is a standard purpose in quantitative research and is achieved by statistical sampling procedures (Teddlie and Tashakkori, 2009, Neuman and Kreuger, 2003). The selection of samples on a random basis allows the researcher to make broader inferences with the support of the sample population characteristics. According to Bryman’s suggestion that the qualitative research follows a theoretical, rather than a statistical logic, ‘the issue should be couched in terms of the generalisability of cases to theoretical propositions rather than to populations or universes’ (1988, cited in Silverman, 2006, p. 308).

Because a case study involves a limited number of cases in a restricted field or setting, the generalisations of the case study analysis will display a case-to-case transferability (Miles and Huberman, 1994) or theoretical generalisations (Bernard and Ryan, 2009), rather than apply to the wider population. At the analysis stage, the development of abstract concepts and propositions that go beyond the representative description of the case contributes to theoretical generalisation (Stake, 2006). In order to make theoretical inferences, it is also useful to apply multiple case studies by having similar individual subjects in different sites so that comparisons are achieved that allow empirical generalisation.

3.7 Limitations of the Methodology

The data collection took place in an urban area of Melbourne, due to the location of the researcher and funding restrictions. This means that some of the issues discussed could be specific to Melbourne and/or major Australian cities, rather than suburban or rural areas. However, the six cases chosen were diverse in terms of business types and business resources, as well as their targeted markets. The six cases chosen covered a number of
different businesses in retail and service industry. The impact of these business characteristics on the founder’s decisions related to succession could be analysed to compare to different types of family businesses in other industries (such as manufacturing sector or construction sector). Thus, the findings of the current study allow researchers to identify opportunities for future research.

During the process of data analysis, despite the individual level analysis of founders, the perspective of different stakeholders of family business such as the next generation, women, and non-family employees have been understudied. Since there is no clear separation of ownership and management in owner-led companies, much attention has been devoted to analyse the complex roles of founders and the nature of family involvement through family ties. Certainly, the area of interest on the group level of analysis seems to be a prominent part of family business life. In further research, the understanding of succession issues could be directed at identification and management of the clashes between people working together from different generations because of their discrepant values, mindset and approaches.

Nevertheless, the chosen cases shed light on how the first-generation Chinese-Australian family businesses respond to environmental and intercultural changes, how they make and implement decisions, and how they plan for the future direction of development of the family business in the context of succession.

3.8 Summary

The current study was designed as a multiple-case study, and was conducted under an interpretative paradigm, addressing a constructivist position in a qualitative methodology. It used various sampling strategies to select sample cases. The methods of data collection included questionnaires and individual interviews. An inductive content analysis was employed for data analysis and generation of themes. This chapter also described the ethics
practices and justified the rigour concerned with the data collection and analysis. Having established the methodological approaches used to conduct this study, the following chapter will discuss the core features of the representative cases of Chinese-Australian family businesses, and examine the major themes and patterns of their path from business start-up with respect to the nature of internal family involvement and external business context.
Analysis of the case studies identified that the formation of Chinese-Australian family firms was dependent upon a complex set of contextual factors. Taking into consideration the issue of Chinese-Australian family business context revealed the factors impacting on the founder’s decisions with respect to succession. The research questions are addressed by first analysing the role of founding owner-manager and considering the members of his/her family in business; this is the focus of the current chapter. Chapter 5 then turns to analysis of the approach that the founders take to express an intention to succeed in business continuity. In line with the literature of management development activities in ethnic migrant businesses, particular attention is paid to the values held by the founder and the culture prevailing in their owning family as well as the surrounding environment in which their family is located. The findings are derived from the case study interview evidence and the conceptual understanding is ultimately discussed based on a framework of Bulleye model of an open-system in family businesses.

This findings chapter first describes a review of the illustrative example cases of Chinese-Australian family businesses to provide a useful organising context and identify the characteristics of Chinese-Australian family firms. Then, it reveals the motives and goals of owner-manager that give rise to the formation of a business venture. The nature of Chinese-Australian family business under study is also dependent upon a complex set of factors specific to the family resources and involvement that affects firm’s operation, as well as the critical work/life tensions that impact on the role of family in the business. Within a family business system, the sources and types of Chinese-Australian business system projects a snapshot of the organisational lifecycle at the present time. The first-generation Chinese-Australian family business context consists of the founder, family and business systems and there is a prevalence of founder’s perception and intentions that facilitate business continuity and vitalize succession decisions. This chapter builds a picture of contextual and situational characteristics that help explain family business succession in next chapter.
4.1 Characteristics of Chinese-Australian Family Business Cases

In a family firm, the business formation and management are affected by characteristics of the owning family, in particularly of attributes of owner-managers (McConaughy and Phillips, 1999, Wang, Ahmed and Farquhar, 2007). In the current study, the effects of Chinese ethnicity are consistent with the response to business creation, which are dominated by the founder’s efforts and interests, because ‘ethnicity implies common values, beliefs, and practices based on nationality, common ancestry, and/or common immigration experiences’ (Danes et al., 2008, p. 232). Ethnicity is only one attribute of characteristics of these Chinese-Australian family business owners. Gender, age, education, pervious business experiences and other attributes make for a diverse Chinese-Australian business owners’ profile. As illustrated by Table 4.1, five owners were male and one was female. They are presented under the pseudonyms of Choo, Wang, Ong, Son, Li, and Sun, respectively. These respondents’ average age was around 50 years old. Except for Wang, who was an Australian-born Chinese, the rest of respondents were first-generation Chinese immigrants, who came to Australia between the mid-1970s and late-1980s. Choo and Ong were migrants of Chinese descent from Malaysia. Li and Sun had migrated from mainland China. Son was a migrant of Chinese descent from Brunei. Wang was an Australian-born descendant of Chinese migrants from mainland China.

Ethnic Chinese families are culturally conditioned units (Gomez, 2007, Piperopoulos, 2010). The family’s cultural values are manifested by an individual’s sense of ethnic identity and characterised by the ways interactions take place within the family system, as well as its broader societies (Dhaliwal and Kangis, 2006). In current study, there are not only individual differences among the six cases, but intercultural differences between the business owning families. As contemporary Chinese Australians, the first-generation immigrants had various conditions and reasons to leave their home town to make a life in Australia. Hope that one could find a better living abroad was one of the major pull factors. For example, Sun explained that the main reason for migrating to Australia was economic. Ong had come as
an international student to gain a greater ability to secure qualified employment as a professional. From the respondents’ experiences, there were many important decisions for immigration in general, as well as those unavoidable barriers during settlement process. For example, Li mentioned that the language barrier was the biggest challenge to adapt to the English-speaking environment. Although the immigration experiences had been mentioned by the several participants, the effects of such experience on ethnic entrepreneurship is beyond the scope of this current study.

**Table 4.1 Demographic Description of Chinese-Australian Business Owners**

<table>
<thead>
<tr>
<th>Cases</th>
<th>Case1</th>
<th>Case2</th>
<th>Case3</th>
<th>Case4</th>
<th>Case5</th>
<th>Case6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Choo</td>
<td>Wang</td>
<td>Ong</td>
<td>Son</td>
<td>Li</td>
<td>Sun</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>Male</td>
<td>Male</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Birthplace</td>
<td>Malaysia</td>
<td>Australia</td>
<td>Malaysia</td>
<td>Brunei</td>
<td>China</td>
<td>China</td>
</tr>
<tr>
<td>Age</td>
<td>51-60</td>
<td>51-60</td>
<td>41-50</td>
<td>41-50</td>
<td>51-60</td>
<td>41-50</td>
</tr>
<tr>
<td>Arrival at Australia</td>
<td>Late 1970s</td>
<td>Later Father arrived at 1940s</td>
<td>1970s</td>
<td>1980s</td>
<td>Late 1980s</td>
<td>Late 1980s</td>
</tr>
<tr>
<td>Education</td>
<td>Master of Educational Studies</td>
<td>Art degree</td>
<td>Engineering degree MBA</td>
<td>Certified Financial Planning</td>
<td>Business degree</td>
<td>Physics degree</td>
</tr>
<tr>
<td>Work Experience</td>
<td>Corporation</td>
<td>Family firm</td>
<td>Corporation</td>
<td>Association</td>
<td>Private firm</td>
<td>Teaching</td>
</tr>
</tbody>
</table>

There are many characteristics that create similarities and variations of the business experiences among the six cases. First, these business owners used to engage in professional careers with a qualified degree. None of the participants started a business as an initial career choice. All of them went through a series of employment roles in related or unrelated industry fields before they opened their own practice. Second, the
work experience of the participants showed a mix of formal and informal knowledge and skill acquisition that contributed to the success in their own business ventures. This suggests that their business knowledge and skills are beyond simple cultural knowledge rooted in their Chinese heritage. Third, it was found that, in general, the family had influenced and been influenced by their individual entrepreneurship. The following sections will present each case individually. Whether the business owner is immigrant or Australian-born Chinese, whether they had business experience prior to entry, the social networks and organising capacity of the family, how actively engaged the family members are or have been, and how the family has influenced their business start-up and operating patterns.

4.1.1 Case 1-Choo

Choo was born in Malaysia and came to Australia in the late 1970s. He used to have a professional marketing career in a cosmetics business. In order to spend more time with his family, he became a franchisee of an international education program, and has been an independent and self-resourcing entrepreneur for two decades. With a postgraduate degree and a desire of being an educator, running education centres was a promising business. In recent years, he gradually delegated the daily operational responsibility to hired managers, while he holds the ultimate ownership control as the franchisee.

In 2009, he expanded his investment to property markets with a partner, with the desire to achieve relatively high economic rewards. He earned his first million within three months by building a significant property portfolio. He intends to continue to build his own investment, while he also educates investors in the ways of taking control of their financial future through property investment. He shows strong confidence in the business’s prosperity.

His children were taught in his education centres and usually helped out when it was necessary. He reiterated that he gave his children freedom to engage with related or unrelated businesses and professional careers as they wished. He perceived himself as self-sufficient in dealing with his current businesses. He had no objections to working with
family members, if they shared the same business dream. He also indicated he respected his children’s choices and therefore did not press them to follow in his footsteps.

4.1.2 Case 2-Wang

Wang’s father came to Australia after the end of World War II, from Shanghai, mainland China. Wang was the second son, having an elder brother and a younger sister. He grew up within an entrepreneurial family. He had just graduated with a Bachelor’s degree in Art when he was welcomed to join the family business. His early career was shaped in his father’s furniture retail firm as a marketing director. He worked with his father, elder brother and younger sister to expand the business. He praised his father as an outstanding businessman and was proud of him as an influential person in the local community. He admitted that he learned and acquired business skills by observation through employment within the family firm. He recalled that the family hierarchy was mirrored in the organisational structure, where each family member was clearly assigned to a specific area according to their family status. He was eager for a sense of independence, despite the learning experiences.

After his father passed away around the late 1970s, he and his brother continued to operate the family business for a while. He also started a partnership with other furniture designers in 1992. At the beginning, he had a rotated managerial role in the business and the business grew quite slowly. Later, as he separated from his brother, his involvement in the new partnership increased and he ultimately took over as a single owner. He has now run his own design furniture business over 15 years. He has only three people working with him, because he prefers a profitable business that is small in size and is passionately involved in the whole operational process from design to sale.

His wife assists him as a bookkeeper behind the scene. He has provided opportunities for his daughter to be involved and mentored her to learn some aspects of the business in which she might be interested. However, he rejected the idea that she had been groomed to take over the business. He advised that he intends to create a business model to sustain business
growth, preparing to hand over the management to professional managers, and even ownership to the potential investors.

4.1.3 Case 3-Ong

Ong is a migrant of Chinese descent from Malaysia. He came to Australia for engineering studies in his early 20s. His early career was shaped in some of the world’s most recognisable multinational corporations before a decision to enter into private business in childcare services. He said that entry into the childcare sector was due to his wife’s interest. With a Master of Business Administration, he was responsible for the overall business strategy decisions as Chief Executive Officer, while his wife was charged with managing daily operations as Chief Operating Officer. They created a working partnership that enabled them to complement each other with their different skill sets.

Ong and his wife have over 16 years’ experience in the childcare business. They started up their first centre in 1994, with a capacity for 60 children. With increasing demands, they gradually expanded their service by building and buying more centres. By 2002, they had six profitably run centres. In 2005, they had received offers to sell the company which they had accepted. After a one and half year retirement, they went back into business in 2007. With the support of an external partner, they were able to grow the business considerably in a short period of time. The childcare service now has ten centres in operation, providing much needed childcare and family services to multicultural Australian families. The company employs more than 100 non-family employees, ten of whom are centre managers.

Ong said that he was determined to expand the business to a medium size. He was not sure about the intergenerational involvement in the business, but felt he wanted to be fair and try new ideas that seemed appropriate in later business development. He had not expected his children to join the business at the expense of their interests. He also described when the business had experienced significant growth and diversification, he could allow his children to choose to either maintain the business as it is, or even separate sections and run them independently.
4.1.4 Case 4-Son

Son is a migrant of Chinese descent from Brunei. He had obtained professional training to act as certified financial planner and has provided the financial planning services since 1995. He recalled that his personal childhood experiences motivated him to acknowledge the significance of financial planning in a family. This was because he witnessed how hard life could be, as his widowed mother had to raise six children singlehandedly, after his father passed away.

He recalled that during the early days in Australia, he started his business with a Yellow Pages telephone directory and a calculator to find the opportunities. With persistence and fast upgrading information technology, he could continuously strive for more knowledge and expertise to provide high quality financial advice, solutions and information. He worked diligently and the business grew steadily. He understood that he had the responsibility to build the reputation of his business among the Chinese community and thus, he emphasised high standards of trust, ethics and integrity in taking care his clients and in building trustworthy relationships. He is active in the activities of the Chinese Association of Victoria, such as fund raising and committee meetings. His connections with the association provide him with certain advantages and have brought him regular Chinese clients.

His wife assisted him as office manager and in charge of staff payroll. He indicated that he was eager to expand the current business in next few years. Although he considered that his children were still too young to tell their future, he had no objection to the idea that they would join the business; rather he praised the significance and rewards as being a professional in finance.

4.1.5 Case 5-Li

Li is a migrant from Guangdong, mainland China, and the only female in the study. She indicated that English proficiency was the greatest challenge to settling down in Australia,
including the ability to successfully adapt to the business environment. She used to operate several small businesses, such as a café and a milk bar. She also used to work in a private real estate firm. With experiences and connections, she started her own real estate agency in 2007. She tried very hard to build a business reputation among Chinese communities, and the business grew rapidly. During the global financial crisis of 2008, she moved her headquarters to an area of high concentration of Chinese and bought a number of properties, as property prices were quite attractive at that time. All the property she bought appreciated greatly after the crisis and she advised that she made a large profit when she sold some of the property. Three years later, she was proud that her firm was one of the largest real estate agencies in the local Chinese community. She promotes hard work and good management of the company, in order to enable her employees to contribute their talent to make the business more prosperous. She has attempted to move a step forward to expand her business to different branches in suburban areas.

She is seen as a leading figure both in the firm and the family. Although her husband had been hesitant for her business ambition at first, he later joined the company to manage daily operation. Her son was a great supporter and helped to establish the foundation of the business by using his language ability and knowledge of business from his tertiary education. She praised that her family maintained a harmonious and close relationship with each other, although sometimes they argued over business strategy. She admitted that she would retire in the next five to ten years, when she was aged over 65, but she was not in a hurry to transfer the control to her son. She mentioned her son was pursuing his commerce and law degree and had a greater ambition in business. Whether he would take over the current one was uncertain and she indicated the succession was highly dependent on his willingness.

4.1.6 Case 6-Sun

Sun is a migrant from Shanghai, mainland China. He came to Australia in the late 1980s and wanted to pursue economic success. Describing himself as a self-made businessman, he said it was “in my blood”. At first, he engaged in general trading, and then started a computer
retail business in 1996. He claimed the company was established with a simple philosophy of providing the best price, and competed with other local retail shops. His marketing strategy was successful and the business prospered. At first, everything was done by him and his wife. He indicated that understanding Australian culture was the important starting point to setting up his business in regional area. He hired expert staff to handle the technical issues and local employees to deal with local customers. He opened three retail shops in different locations. He intends to further expand his market outlets to more regions. In order to diversify the business profits, he also invested in financial markets, and even has considered franchising other businesses.

His wife is in charge of financial matters, because she had obtained the necessary professional training. He said that his children showed little interest in the business. He confidently believes that they should be able to pursue their own fulfilling careers as they preferred. For example, his daughter has the intention to become a lawyer. At present, he still plays an active role in running the business, but he intends to pass the operational leadership to hired managers in the near future.

From the above case descriptions, the character of each case means not only a rich variety of management of the unique resources in a business setting but also a rich variety in family dynamics gained from cultural socialisation and experience. Those qualities of these Chinese-Australian family business cases have certain things in common, including the following key components: the individual, the family business system with the family and the business subsystems, and the environmental context in which the family firm is embedded.

Based on the sample selection and the research design in Chapter 3, the individual (i.e. Chinese-Australian family business owners) comprises the basic level of analysis. The actions and behaviours of the respondents determined the decision and management at the group and organisational level. The interactions among the components of family business influence and is influenced by the larger environment, because the family business is integrated and operated within a framework provided by their particular economic and cultural environment (Danes et al., 2008). Table 4.2 provides the definitions, the level of
analysis and dimensions of the findings, in line with the dimensions of the family business subsystem, in line with the composition of family business defined as the Bulleye model of an open-system (Pieper and Klein, 2007).

<table>
<thead>
<tr>
<th>Key Component</th>
<th>Definition of Component</th>
<th>Level of Analysis</th>
<th>Dimensions of Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Single decider within an organised structure</td>
<td>Owner-manager</td>
<td>Characteristics, intentions, motivations, skills, and values</td>
</tr>
<tr>
<td>Family</td>
<td>A group of individuals consisting of a number of generations and related by kinship (Gersick et al., 1997)</td>
<td>Founder’s nuclear family</td>
<td>State of lifecycle, cooperation and tensions between family members</td>
</tr>
<tr>
<td>Business</td>
<td>Organisation that processes inputs from the environment and returns products and services (Goffee and Jones, 1998)</td>
<td>Small to medium-size firm</td>
<td>State of lifecycle, business type and scope, relative market position</td>
</tr>
<tr>
<td>Environment</td>
<td>Broader, complex economic and cultural system (Park, Russell and Lee, 2007)</td>
<td>Customers, competitors, suppliers, government and other agencies</td>
<td>Australian society, Melbourne urban location, Ethnic Chinese community</td>
</tr>
</tbody>
</table>

Sources: adapted from Pieper and Klein (2007, p. 305)

The founders, family unit and business entity, as well as the surrounding environment are independent characteristics of the Chinese-Australian family firm. Their interdependencies are illustrated in Figure 4.1, which identifies that the founder affects both the family functionality and firm’s operation, leading to work/family tensions. In the following sections, the founder’s motives and goals will be discussed first, because these business owners are central to the creation of the entrepreneurial firm. Second, the discussion will focus on understanding the Chinese-Australian family system, because the family influence is the essence of what makes a Chinese-Australian family-owned/operated business unique. The family roles, structure and relationships have determined the interactions between the family and the business domains. The overlapping of these two systems not only provides mutual support, but also leads to work/life tensions. Meanwhile, the formation of the Chinese-Australian family firm is also dependent upon a complex set of
factors specific to the surrounding environment. The final section presents the sources and types of Chinese-Australian family firms in terms of their business context and business strategies.

4.2 Founder's Motives and Goals

A series of individual decisions of the research participants were evaluated in terms of a personal commitment, their entrepreneurial actions and activities. These respondents’ business aspirations were multi-dimensional. Objective financial success was the primary concern of most business owners. However, other non-financial goals were also important, such as subjective achievements. Thus, the reasons for a family firm’s existence are not merely economic and guided by economic principles, such as maximisation of returns and profitability (Olson et al., 2003). Instead, the influence of social and psychological factors is a powerful means of guiding the founder’s motives and goals (Andersson, Carlsen and Getz, 2002). Subjective indicators such as motivation (e.g. a sense of independence), rewards (e.g. meeting challenges), and perception of success are important in providing a fundamental
basis for their business aspirations (Stanley, 2010).

There were a number of attributes of these business owners that contributed to their self-employment mentality, including early work experience, skills, and taking advantage of opportunities within the co-ethnic markets. The special technical or business backgrounds were necessary as part of the human capital (McConaughy and Phillips, 1999), related to the creation of a business venture (Bates and Dunham, 1993). For ethnic immigrant’s entrepreneurship, their moves towards business start-ups can be accounted for both push and pull factors (Amit and Mueller, 1995). Pull factors include family cohesive strategies, a need for achievement, a need for independence, a need for internal locus of control and keeping the rewards of their own effort (Sahin, Nijkamp and Baycan-Levent, 2007). A major push factor is the lack of suitable employment opportunities or no opportunities at all, especially due to language barriers (Collins et al., 1995).

According to the research participants’ perspectives, there were four different motives for the founder’s goals. The first motive was driven primarily by economic interests (wealth creation), as emphasised by a number of economists researching entrepreneurship. A basic premise of business creation values its revenue generation potential. Second, the respondents reported that they enjoyed a greater degree of self-achievement. The desire to being independent was realised by recognising opportunities and developing strategies to take advantages of these opportunities. In addition, all of respondent chose and preferred to be their own boss. Their self-determination to create new enterprise was derived from their aspirations and capabilities, and in part, to avoid low-paid jobs and blockage to upward mobility. The final reason for business entry decision was shaped by these business owners’ lifestyle choices. With such disparity in goals of founder, the role of family and the interests of different family members in the business may vary according to each motive. In addition, it is important to notice that differences among these goals lead to differences in the founders’ succession intentions. The following sections explore in depth these four founders’ motives and goals.
4.2.1 Wealth Creation

From the participant’s perspective, the main objective for the business was profitability and viability. Economic motives, including the accumulation of wealth, the desire of economic or financial goals of higher profitability, and the insurance of the financial independence, was a common motivator across cases, which they pursued through business ownership. In other words, these business owners strived toward profit maximisation. In speaking of this goal, the participants noted that they saw the profit goals as important for any businesses owners, whether running a family business or not. The pecuniary motives are expected by any other profit-driven firms, regardless of gender and ethnicity (Basu and Altinay, 2002). Ong explicitly indicated that a high priority of business organisations was to create financial returns.

The fundamental goal of doing a business is to make profits. That’s the first one. If you cannot make profits, your business is a charity. The main goal in any business is to make money, to be profitable. To be profitable that means you need to have a good business. That means, you have to do, like I said before objectives, you have good quality, high quality service, brand, high quality staff, all of that. Once you achieve that, you achieve your ultimate goal--to be a good profitable business. (Case 3)

The current study also found that all of the respondents aspired to achieve economic advancement, not just economic survival. Despite of the founder’s capabilities, starting up a professional services business (e.g. finance services, real estate agent, etc.) shows that these business owners tended to pursue higher-yielding lines of business, such as skill-intensive services and capital-intensive fields, contrasted with the low economies of scale of traditional areas of ethnic immigrant business (e.g. restaurants, grocery stores for particular ethnic goods, garment manufacturing and food retailing) (Collins et al., 1995). For example, Li said that striving towards economic prosperity played an important role in motivating her to start her business as a real estate agent.

Real estate is a highly profitable industry. One reason for running this company is to receive a satisfactory economic return. When you do some small businesses, such as
restaurants or noodle shops, you work hard to earn a small amount of money from each order. When you deal with properties, you could earn more than millions for one deal. The financial return is much higher than any other small business. (Case 5)

The attitude towards monetary success was strongly associated with an extrinsic reward of financial objectives. This finding was consistent with “money-first” aspirations that were found among ethnic immigrants in UK studies (Basu, 2004). For the business, economic growth and a belief in work itself play an obvious role in the founder’s motivation. In addition, for the family, affluence implies more opportunities to satisfy objective and subjective needs. For example, Choo reflected on the financial security that he provided for his family. He explained that wealth creation had fundamentally influenced his children’s life choices.

My children were a little lucky, a little bit fortunate, because I have got enough means for them to be very free. Whatever they wish to do, they can do… Wealth allows you to have freedom. That freedom is what everybody looks after. Not everyone has the ability to achieve this freedom. Every single one of us wants this freedom. I am not talking about wealth to show-off. I am talking about wealth that enables you to have freedom, freedom of what, [it is] freedom to do whatever you wish, to play golf, to sleep in, to travel, to do whatever you want, to buy your grandchildren scholarship. (Case 1)

The accumulation of wealth values the financial betterment with a continued concern for family needs. Feeling of freedom implies that families become more individualistic after their wealth increased (Hofstede, Hofstede and Minkov, 2010). The founder’s attitude towards wealth creation not only reflects the need for financial success as a component of status of admired businessmen, but also the founder’s intentionality of commitment to the creation of opportunities for family members. Besides of a need to realise entrepreneurial ambitions, the perception of business creation was guided by three non-financial objectives—achievement, determination, and life choice—which have acted as significant motives for the participants of this study to start their business.
4.2.2 Individual Achievement

All participants considered themselves as work focussed. They were motivated by a common need for achievement, because of an expected gain from working hard. Generally, entrepreneurs are driven by an idea, knowledge and skills, or an opportunity that attracts them and eventually determines the kind of business they want to devote their full time (Shaver, Gartner, Crosby, Bakalarova and Gatewood, 2001). Ong reported that his business re-entry decision was influenced by several pull factors, including the opportunity to access to new resources, the knowledge of the marketplace and the desire for individual achievement.

After being sort of retired for a while, we got bored. We got too much free time, sometimes, [you] felt like you want to do something again. In 2006, another friend of mine, who is a property developer, approached us to join venture. He had lots of properties. We did proper [assessment]. We bought the property. We built [childcare centre]. We ran it. We operated it. So that's how it started. We didn’t think doing other businesses. We looked [at a] few things. But in the end, we want to do something you are good at. (Case 3)

The respondent showed that to achieve upward economic and social mobility was through business experience and skills to recognise opportunities. The motivators were composed of financial, social and human capital, which were extrinsic elements to the creation of the business. Unlike these tangible capitals that were embodied in relationship among people and external parties, several respondents reported an intrinsic element of enjoyment in being engaged in business activities. The experience of enjoyment is an important part of the founding spirit (Douglas and Shepherd, 2002). There are the intangible factors that could not be measured financially, such as the joy and satisfaction the activity brings (Zellweger and Astrachan, 2008). Consequently, this factor appears to strengthen emotional commitment and the willingness to commit to the business. Choo had developed a positive affinity for the business ideas of his chosen field of business - property investment - and formulated his personal beliefs that he would be rewarded for his commitment.
It was not [type of business] that attracted to me. It was the business opportunity. Business, to me, one of the reasons to survive is enjoyment. For this particular project [real estate], I enjoy [it]. I have shifted from just [being] an interest, now practically, [investing] all of my time. [It has been] taken over and removed all of my other interests totally to this. You have to believe in it. (Case 1)

It seems that the business owners concern with any action they took that produce the desired results. In practices, a great deal of emphasis was placed on advancing individual interests, rather than the interests of the business in general. In addition, the feeling of enjoyment of the business depended on personal resources and capabilities the respondents possessed. Wang’s choice to develop an idea into an opportunity was to combine his knowledge of retail and with his interests in design as a lucrative hobby. For self-enjoyment as considerable motivating force, Wang had eventually taken time away from other business pursuits in order to focus on what he thought was best for the current company as a committed owner-manager.

[At the beginning] It was just a habit. Then, over the years, the business became better and better slowly, only slowly. I like enjoying designing furniture with people. It's an enjoyable thing. It's a part of day-to-day activities. I don’t define business as having to go to work, because if people say ‘what do you do for work?’ I say ‘I don’t do any work. I sell furniture but I don’t regard it as work’. By the time I enjoyed the business so much, I decided to follow that path, full-time. In the past, I had a publishing business, [my late father’s] family business, and other businesses. In time, you realised if you concentrated on one business, more than just numbers, you can be more focussed and get a lot of further. So I decided to, about six years ago, I needed to do the furniture business. (Case 2)

A sense of enjoyment can also be strongly associated with the founder’s perception of success (Walker and Brown, 2004). The business owners’ perceived success was demonstrated by their competence and ability to achieve the set goals, which was reinforced by their entrepreneurial activities and behaviours (Hoopes and Miller, 2006). Sun
described how he valued the growth prospect of the business, because it was not only something of financial value, but also a demonstration of his ability to meet the challenges.

IT is not an easy business to be, but it's a great feeling when you succeed. You stand out in the crowd…I just enjoy growth, that's why constant growing…for me, the business of growth is important, [because] I enjoy it. I enjoy business growth. I want to be more successful in the business. But for a lot people, [they] have different views in life, [they have an] easy-going life. They don't want the challenges. They want stability. Every step you move and grow, at the same time, you involve the risk as well. (Case 6)

This view reflected that the influences and personal preferences of the founder were expected to affect the goals and achievements of the business. When the business owner had a growth focus, there was association between objective measures of business performance and the owner’s perceived performance. In other words, owners with a sense of individual achievement were more likely to base their perception of success on achieving both financial goals and non-financial goals. These findings are consistent with the selection of life goals of family business owners that rely heavily on their self-confidence in their own knowledge, skills and abilities (Moyer and Chalofsky, 2008). From the above participants’ narratives, the business entry was motivated by individuals’ need of achievement, enjoyment, and perception of success. These emotional motives seem to emanate from an individualistic value position of preference for personal independence and pursuit of personal interests. In other words, the individualistic dimension of culture plays an important role in shaping the respondents’ perception of the enjoyment of a degree of independence, which subsequently acts as an important motive for the prospects for business creation.

4.2.3 “Making it Happen”

While the above findings suggest that the business entry decision could be seen as a route to economic prosperity and personal success, it was also a reflection of the willingness of these respondents to engage in route of calculated business-related risks. The views and
assumptions inherent in the way of “making it happen” are reflected in the attitudes and the time orientations of key decision makers, who are willing to subordinate themselves to a purpose (Hofstede, Hofstede and Minkov, 2010). Personal characteristics that relate to self-assertiveness and self-determination were found among the respondents’ motives. For example, Ong strongly held a value that an individual’s success depended on one’s own qualities and effort. He claimed that the decision of self-employment was driven by a strong personal preference for self-direction and in turn his satisfaction increased with the business ownership.

After many years working for a large company, [you] changed to [have] your own company, which started small and got to the medium. At least you know that if you put the right effort in and you do the right thing, you actually can achieve the credits for yourself. For a long time, I achieved a lot of success for the company I worked for, hundreds millions dollars of business, new businesses, and profits. So I said ‘I can do that for a large company, I should be able to do it for myself’. Then you feel the satisfaction, so you can do that. But you have to believe that you have that ability to [do] it. (Case 3)

It shows that it was important for the respondent to be rewarded for his own efforts and leadership. All respondents tended to be more self-confident and openly display their willingness to take chances in an effort to explore opportunities, bring forth business concepts and carry them through to completion (Lumpkin and Dess, 1996). In low power distance societies, such as Australian society, there is a much higher degree of social mobility that would encourage individuals to improve and better their current position and status (Ashkanasy, 2007). Thus, the launching of entrepreneurial ventures empowers and motivates these Chinese-Australian participants to undertake independent action and initiative.

In addition, the tolerance of uncertainty affects the behaviour of entrepreneurial individuals, which typically encourages a greater willingness to take risks. In uncertainty-accepting societies, such as the Australian society, individuals with a need for achievement tend to be
ambitious and willing to cope with ambiguity and uncertainty in strategic situations (Hofstede, Hofstede and Minkov, 2010). For entrepreneurs with a proactive stance, it is essential they have the ability to make decisions and take actions without being hindered by the constraints or norms that often impede progress (Chen, 2004). Choo supported the view that seeking an opportunity was a state of mind, which enabled him to tolerate and manage challenges along the way. Rather than simply respond to external pressures or threats, he tended to hold a spirit of strong perseverance and determination and so, could adapt to change, because he believed that the possibilities would outweigh the barriers.

I believe everyone wants [success], but they do not know how. They give it up before they even start it. When they think it is impossible, they just push it aside. For example, a girl wants a handsome boy, she wants to be married to him, [but] you know it is impossible, so you just put it aside. On the other side, there may be opportunities to link you up. You never pursue it. What I am saying is when a person sees an opportunity and it is too far away, he cannot see it and reach it, he don’t bother to pursue it. Another person thinks getting a degree is very important, but he doesn’t have money to go to university. He doesn’t bother to work hard. He simply says I cannot get to university because I am poor. Other people work part-time and pay for them fees. I have a friend who came to Australia with less than a hundred dollar. He becomes multimillionaire. He has had a master degree. It is mentality. For some people, they put it aside, because they cannot see it, for some with ambition move forward, they make the bridge. (Case 1)

The attitude to make things happen has also been reflected in the strategic decision-making process that occurs in the recognition of economic opportunity. The analysis sought to identify if the focus in seeking opportunities was to match the skills and interests of the respondents. This contrasts with an expected focus on diverse opportunities, rather than the creation of a particular business. The pursuit of favourable business opportunities creates a subtle lens from which ethnic entrepreneurs view economic activities and shows the links between relevant skills of the respondents and specific opportunities. Li addressed
the ethnic component as an important indicator for her self-employment. Her personal experience as a migrant was an advantage to approach to the large and growing nature of Australia’s Chinese immigrant population. In order to build a solid base for specialist services in the real estate industry, she set up the head office of her business in an area of high Chinese ethnic settlement. She recalled her initial impression of business ideas to make use of ethnic ties to develop and seek market opportunities.

When I first bought a house, I found there was no Asian agent. After selling the house, the agent was gone and [basically, didn’t care anymore]. Once I moved in, I found there was a huge amount of trash. It took me several days to clear it up. I felt it was really hard to live in a foreign country with limited language ability, especially for newcomers. I thought why not I set up my own real estate company. For these newcomers, I could speak with them in the same language, which makes them feel comfortable. I could offer help when they have difficulties. They may find it easier to accept our suggestions. (Case 5)

This finding is consistent with ethnic studies that have shown that capitalising on the linguistic skills, cultural knowledge and business contacts of ethnic communities provides a strong competitive advantage (Chavan and Agarwal, 2000). From Li’s perspective, providing culturally-based services allowed her to cater for migrants’ special needs, and was made possible because of her inside knowledge and shared heritage. It reflects that there is a positive link between a factor of ethnicity and business opportunity among ethnic migrants’ businesses (Danes et al., 2008). It should be noted that the effect of ethnicity was considered as an opportunity-driven condition rather than a necessity. The firm’s business resources and capabilities will be described in detail in Section 4.4.1. Nevertheless, customer acceptance of the service was a primary concern for all respondents, because the way of “making it happen” required creating a niche market to ensure business survival. More importantly, the respondent’s perception of “making it happen” was driven by personal assessments of the opportunities and challenges and their capability to meet economic purposes.
4.2.4 Choice of Lifestyle

The respondents’ desire for the independence provided by business ownership was not only based on a thorough knowledge of the industry in which they operate and an ability to adapt to the market, but also derived from their lifestyle-oriented aspirations. These were associated with two basic rewards: financial returns and emotional returns (Andersson, Carlsen and Getz, 2002). Financial returns are generated from profits, compensation as investors, and other material rewards, which has been discussed in Section 4.2.1. Emotional returns are derived from owning a business, being an independent owner and having the option to work in a flexible style (Deakins et al., 2007). Son described that economic goals and personal life goals were reciprocal and inseparably interconnected through choosing a lifestyle as the founding owner-manager of his business.

[To compare whether] You achieve a business goal [or] you are going to achieve your personal goal, I’ll have to say they are the same because they are related one to each other. I do have my personal goal, [such as] I want to go for a trip for three months. Those are very personal, but it’s related to my business goal, because I’ve got to make sure that my business achieves certain targets. So that is why I look at it, first priority [is that] I’ve got to make sure I achieve my business goal, [then] that way will lead to [achieving] my personal goal. (Case 4)

Some comments suggested that the respondents wanted to be their own boss. There is recognition that highly educated and skilled professionals are particularly sensitive to the opportunity costs of self-employment, because they commonly sacrifice secure positions as employees with wages available in the labour markets (Douglas and Shepherd, 2002, Phizacklea and Ram, 1996). In the current study, Ong chose to pursue business ownership, because self-employment was sufficiently remunerative to compete with life as a well-paid employee. He recognised that entrepreneurial ambition and risk-taking propensity were important stimulus for self-employment. He also described the sense of flexibility as an owner was one of benefits to choose to be in business.
You can be an employee, and remain employee forever. For business people, [they] have different thinking. Business is [a] risk, [which] can reward. [Because] Your own business, you work hard, but also you have your own flexibility. You can choose how hard you want to work in certain days. Other days you may want to relax, [and] you may want to do something else. If you work for someone, you have to be there, to start and finish. You cannot to go shopping for two hours. You cannot take a long long lunch. That’s the differences with your own business. You do what things have to be done, when you have little bit time and you can relax a little bit. (Case 3)

This finding was that the respondent tended to be more autonomous and independent in his own firm than being an employee in collectivist organisations. In addition, choosing to run an organisation in which the business owner has a personal stake enables the business owner to act independently, without the constraints imposed by dependence on alliance partners or the kind of specific commitments that limit freedom (Basu and Altinay, 2002). Wang identified himself as an independent person and described how the desire to preserve a feeling of independence affected his attitude towards having a self-owned business.

If I had a partner, I [would] have certain obligation to the business set by different people, [which is an] expectation of obligation. I am a free person. I can do whatever I like. I don’t regard my business as work. That’s the difference. I don’t need to answer to anybody. Whatever I decide to do today, it’s not a work or not work. It’s just what I decide to do. Because I enjoy work, I don’t regard it as something I have to do. So it’s completely mental outlook. So it’s big different either having a partner or not having a partner, whether [it] is a family partner or not. So I prefer not having a partner. I am pretty a free thinking person. (Case 2)

This finding is consistent with suggestions that owners’ feelings of independence were manifested through independent thoughts and actions, in terms of choosing, creating, and exploring their own success beyond economic performance (Sahin, Nijkamp and Baycan-Levent, 2007). Furthermore, the desire to preserve the current lifestyle appeared to be associated with how they perceived their own firms. Li explicitly said ‘It is sort of our lifestyle. When we accomplished each case, we felt proud for ourselves’. Wang described
that his business was a sort of extension of the person and his identity was heavily involved in the business he had created. He acknowledged the fact that he acted the way he did simply because he enjoyed exerting control to make things happen.

In my case, it's not necessary to make lots of money, but really extension of my expression and making the money is the result. [The business] is the way in which I express myself. I can say that's the way that I choose to make a living, to suit certain parts of my character. That's not all of my character, only a part of my character. I can utilise them to earn a living. The development of the business, business structure and business method is a personal method, not a general method. So I am designing a piece of furniture. [In the] process of designing, it evolves around my personal preference. [It] may not be the best way. [It] is the best way in given a circumstance, what time I choose to create. I am pleased the choices that I made. I am never pleased for what I do, because it always has more [things] to do. There are always not enough time in a day to do things… The business is just what I am. I enjoy standing with people, doing this, doing that. It is things I do every day and it is part of my life. I’m not doing business divorced from myself. There are people like me who have developed business and that become their life and so business is just part of my life. (Case 2)

This view reinforces the view that a business is a manifestation of its owner’s individual identity, a source of pride and recognition, especially for the founding owner-manager (Schein, 1995, Davis and Harveston, 1999). In addition, the respondent’s choice of lifestyle reflects his own perception of life control in an individualistic culture, which can be characterised by the levels of self-efficacy or confidence in one’s abilities to undertake and succeed in living one’s life more or less as one pleases (Mio, Barker-Hackett and Tumambing, 2009). Such a sense of freedom can be regarded as a cultural trait that is related to values about individualism, small power distance, and low uncertainty avoidance (Hofstede, Hofstede and Minkov, 2010). Thus, these cultural factors enhance the individual respondent’s stance toward entrepreneurship as a chosen lifestyle.
Besides of personal preference for their work situation, choosing to establish a self-owned business catered for the need to support and provide for the respondents’ family. As migrants in a new country, they are highly likely to experience difficulties, like unemployment, limited the opportunity to secure financially attractive employment, and language barriers (Kloosterman and Rath, 2001, Dhaliwal and Kangis, 2006, Basu, 2004). The need to be upwardly mobile had been regarded as a push factor to shape migrants’ perceptions for being self-employed as their career prospects. Sun comments related to his concern for, and achieving family security by building his business through the experiences of migration and settlement. The search for financial advancement was considered ‘in my blood’, as he described.

Most people, particularly in my generation, moving over the board is looking for a better life. I want to be successful and I want to be recognised as well. You want to offer better financial [basis] for your family and a stable income for your family. You want to buy a nice comfortable car, [and] bigger houses. There’s always something you desire. And the more you enjoy the desire, the harder you have to work. (Case 6)

The transfer of time from the work/job to make time for family activities was also attributed to the reasons of choosing self-employment. Choo explained that the flexible working hours and freedom from the corporate rat race were linked to lifestyle considerations. He described that self-employment was suited to lifestyle changes by reallocating his work schedule for more family time, which accommodated the needs of his family at that time.

If I did stay on the [previous corporate] business, I would be extremely tired. I didn’t go that far, [because of] having young children at that time, so I changed my direction. It was not because I did not have businesses to go on. I had a lot of businesses, but I didn’t have much of my time. It took me away from my family. I wanted my time with my family. I knew I had the ability to make money at where I wanted to. So I decided to make money where I needed it, rather make money [missing family time]. It was just a choice. I kept a lot of private time. I maintained the mix of business and family. (Case 1)
This view is consistent with suggestions that a lifestyle-oriented business owner has a focus on supporting the family’s welfare and develops the business to accommodate the need for family stability and flexibility (Hall, Melin and Nordqvist, 2001, Collins and Low, 2010). In order to balance work and family, Chinese-Australian family business owners took initiatives to create an alternative lifestyle to bring about both the business goals and the family needs.

To sum up, the research participants’ motivation for establishing and managing a business emerged from personal, business and family reasons in varying degrees. The respondents in this study are not just motivated by extrinsic economic goals (personal wealth, financial income, etc.), but also by intrinsic non-economic goals (recognition, accomplishment, pride and social advancement). There is no clear-cut priority of these economic and non-economic interests and goals where each Chinese-Australian family business case is a combination of a profitable business and family welfare. Both financial and non-financial goals are all enmeshed but some are more explicit in the respondents’ opinions than others. The common theme of wealth creation is a result of what these respondents do. There are qualitative differences among why they do what they do. The label of ‘individual achievement’, ‘making it happens’ and ‘lifestyle choice’ are my doing in which I recognised the different roles of personal motivation and family needs in shaping their purpose, belief and reason of running a business.

An establishment of a business is concentrated to the founders which give them a sense of freedom to act as they please. The need for achievement and a sense of independence and lifestyle orientation, suggests that the underlying assumptions of the Chinese-Australian family business owners in the current study was derived from positive “pull” factors, rather than “push” factors, i.e. as a last resort. These respondents’ experiences painted a different picture from the one I had composed from my literature review on Chinese family business in an immigration setting.
These founders’ motives and goals have implications for the development direction of the business. An idea of business venture is how each respondent liked and his/her business mode is constructed accordingly. As will be further discussed, managing the business is a team effort that family members included along the daily business operation. The particularity of each Chinese-Australian family business context is attributed to the different kinds of relationship between the family and the business.

4.3 Chinese-Australian Family System

The view of family as a group has a dominant influence on the levels and types of family business ownership and management (Hoopes and Miller, 2006, Sciascia and Mazzola, 2008). Although every case of Chinese-Australian family firm is not homogeneous, the unique context of this kind of firms is related to two issues. First, each firm has embraced family-based ways of organising in terms of the firms’ operations. Each family has its own structure that influences the mind-set of its members. In addition to the founding owner-managers, the unique resources and capabilities configuration of the firms were derived from having partners (copreneurs). In the current study, the tensions in the interaction between family and firm were specifically analysed with regard to the involvement of family members in managerial and operational activities in the Chinese-Australian family firms. Second, the interactions between family and firm had a relevant influence on the decision-making process in the family firm related to financial control, decision-making authority, work-life balance and individual self-interests.

Culture is implicitly included along the socialisation within a family setting. Family roles, structure, relations and dynamics can demonstrate values through which their hardly visible yet always present. The ethnic Chinese family can be considered as a tight collectivist social framework by which people express a degree of loyalty to the group and, in turn, expect the group to look after them (Smolicz, Secombe and Hudson, 2001). Along with high power distance cultures (Gupta et al., 2008) the nature of family culture that influences the business practices and structure cannot be neglected in a family business (Gupta et al., 2009, Tan and Chee, 2005). Family values, such as collectivism, harmony and interdependence
have influenced the attitudes and behaviours of the individuals functioning in the Chinese family businesses (Zheng, 2009, Yan and Sorenson, 2006).

Family structure matters, in terms of the formation of the family firm, and has profound implications for the model or roles within which organisational transactions are conducted (Kellermanns et al., 2008, Birley, Ng and Godfrey, 1999). For example, traditional Chinese family businesses have paternalistic family structures whose members have a clear sense of obligation and hierarchy, which is integral to forming the management structure (Westwood, 1997). A “family embeddedness perspective” on firm creation states that families and businesses are complementary systems, which reflect important aspects of family involvement in the business system (Aldrich and Cliff, 2003). In a family firm, family involvement is a function of how individual family members define and manage key aspects of the business through interpersonal transactions (e.g. functional roles, management of resources) (Chrisman et al., 2010). The rationale for family involvement in the business is based on the reciprocal relationships between family and business, because the business could benefit from the skills and other resources that a family member can bring to the functioning of the firm (Kellermanns et al., 2008). Therefore, the business is grounded by family. Because of the dependence on family roles and norms, the management processes are often driven primarily by family structure and relationships (Zachary, 2011, Sciascia and Mazzola, 2008). In the current study, Wang supported the view that the business’ operating and managerial patterns require alignment with the patterns of family involvement. He believed that each family member’s characters and their interpersonal relationships can either lead to a potential competitive advantage (e.g. family cohesion) or disadvantage (e.g. conflicts). These factors in turn influenced the family business prospect.

You have to consider every person who run the business, own the business, or work in the business. They all have different personality. Like me in a way, have completely different values or priority than other person who own [their] family business. There isn’t a set of national about family business, about how one family business survived, or how another family business existed, because the people built the business around the family, their character within that family. Some family businesses aren’t great, because
their character within them cannot live together, be together. Some family businesses are really good, because at one point of time, those particular personalities work well together. There is not written formula for it. It’s all to do with people. It’s just people’s relationship in family business and personality of those people that make the family business go where they go. (Case 2)

In this study of Chinese-Australian family businesses, it was found that the degree of family participation in each firm affected the firm’s operation. Two common family relationships emerged among a variety of family relationships, that is, the husband-wife relationship, and the parent-child relationship. In line with the family FIRO model (Danes et al., 2002), the extent and ways of family involvement revealed the family structure (i.e. roles and positions) and the family member’s subsequent behaviours in each of the Chinese-Australian family firms in the study.

The respondent’s perception of family involvement was concerned with the available family members as inputs that contributed to the business activities. To develop a working relationship, Choo tended not to advance the business’s interests in general at the expense of other family members’ self-interests. He replied that his family members occasionally participated in the functioning of the business on an informal basis, but he did not view family members as employees. He claimed that he is less dependent on his family, although he was confident that he would receive their support if it was necessary. The extent of family participation in his firm was perceived to be feasible and flexible.

The family members are always part of working. They get their own personal interests. Being [in] a business, I don’t impose them working on a regular base. They turn up, and help me in an informal base. For example, someone is absent, many are very busy, when the Sundays are very busy, and they help me and give me a hand. But I don’t treat them as formal staff. Whenever I seek help, they would be there. They will always be my side, if I yell. When there is something needed to be done, they always contribute. Obviously, there is something beyond them, they listen to it, and then get along with their life. Something they can feel they can be part of it, they take initiative and take
care of that. They expect me to be competent, so they don’t [have to] help me. It is not because they don’t want to help. In my experiences, whenever I am mentioned, I get it.

(Case 1)

This view expresses that family members are considered as a source of available labour and temporary help. Because of the relationship between the business owner and the family members, he can turn to them when needing help. The family business foundation is fundamentally about mobilising family resources consistent with the founder’s strategic intent (Habbershon and Williams, 1999). This finding also suggests that trust, collective interests, and personal connections were features of family resources in the respondent’s business. The strong ties inherent in family relationships represent ‘clan control [that] implies goal congruence between people, and therefore, the reduced need to monitor behaviour or outcomes. Motivation issues disappear.’ (Eisenhardt, 1989, p. 64).

Besides providing the firm with a steady supply of trustworthy human resources, the family can provide important resources for the family firm’s existence, including network contacts and social capital, finances, knowledge of business routines and information of markets, as well as emotional support (Danes et al., 2009, Sirmon and Hitt, 2003). The current study found that the extent and type of the family’s involvement in the Chinese-Australian family firms were shaped by how the resources and capabilities family members possessed were valued. Li reported that she had relied on her son’s language skills to prepare the business for start-up, because she valued that her son was well integrated in the local institute system and was proficient in English. She considered that her son’s contribution had played a significant role in the business and had been an invisible support behind the scene.

My son stands for me. My son supported me a lot. He was educated in Australia, and learned the Australian culture. He is learning commerce and law. Actually, he started his first year college. From the legal issue, he contributed a lot. Setting up a company requires a lot of legal documents from various departments. He helped me handle the requirements, payment and communication. He could be viewed as an administration manager. Whenever you ask him for help, he would come. But he still focuses on
studying. (Case 5)

This finding is consistent with prior works that have shown that family participants place value on ‘relying on mutual trust, intra-familial altruism in its purest sense (i.e., unselfish concern and devotion to others without expected return to oneself), and clan-based collegiality’ (Corbetta and Salvato, 2004, p. 356). For immigrant families, it is not uncommon to see that the younger generation often absorbs the new language with greater ease than the parents do, so they often become their parents’ guides, translators and representatives (Chiang and Yang, 2008). It seems that the younger generation tends to accommodate and collaborate in helping to accomplish the collective goal and interests of Chinese family businesses (Gomez, 2007, Tong, 2009).

However, the level of involvement of the junior generation in the other Chinese-Australian cases is less prominent, due to the current lifecycle stage of the family growth and business development. The tendency of collective values and interdependent orientation applies primarily to the husband-wife partnership. The following section will present the copreneurship collaboration and its sharing of knowledge, skills and commitments to foster a sense of identification with shared business aspirations in Chinese-Australian family firms.

4.3.1 Copreneurship

A collaborative husband-wife team was presented in each of the cases of Chinese-Australian family firms in the current study, whether or not the respondent’s spouse had direct influence on the strategic decision making in their firms. Copreneurship is a form of ownership where a couple shares in the ownership of, and responsibility for a single business (Smith, 2000). In the current study, having a partner (copreneurs) means to being able to obtain cooperation from spouses who may have the expertise and resources necessary for business creation. From the above case descriptions (Section 4.1), each Chinese-Australian family revealed different ways and degrees of sharing decision making and activities with their spouse. In a family structure, the husband and wife were observed to be part of a family collective linked through interpersonal relationships, deliberately relied on each
other to keep the family together. In a firm structure, internal trust, cooperation, coordination and collaboration, that are key elements of the organisational culture, were heavily influenced by the relationship of the couple in formulating their business decisions and strategies.

From the respondents’ view, spousal partnership served to foster commitment and a sense of identification with their vision. In addition, spousal commitment to the business was coordinated to ensure the functions of the business (specifically, who does what, how to divide time and energy between the demands of the business and those of the family system, who has decision authority over which issues) (Danes and Olson, 2003). The common pattern of husband-wife division of labour within a business operation presented two behavioural patterns. First, some respondents described that their spouses were co-founding and working together in the business on a daily basis. Second, some respondents viewed themselves as the dominant decision maker, regardless of gender and familial norms.

Studying gender issues in family firms, the recent literature suggests that wives are rising to leadership positions, and enjoying equality and participative involvement in important decision making (Collins and Low, 2010, Curimbaba, 2002). The findings of the current study confirmed an egalitarian relationship as a subset context in Chinese-Australian family firms, along with a low-power-distance culture in contemporary Australian society (Ashkanasy, 2007). The distribution of decision-making authority in these firms resonated with the pattern of differential human capital, which consisted of the skills, abilities, attitudes, and work ethic in individuals that served as inputs to the business decisions and management (Hoffman, Hoelscher and Sorenson, 2006). For example, Ong expressed that his firm was led by him and his wife in a team management. He considered that they took equal responsibility for their business.

I am responsible for the business overall. I am a CEO. I am a director. I am a general manager. I am looking at the marketing, administration side, [and] finance. She is looking after the operations—day-to-day operations, dealing with staff [and] managers. Her job is to manage day-to-day operation issues. So that's why two of us cover all of
This finding is consistent with previous works on the efficacy of the wife in the ethnic migrants family businesses, which found that wives played a primary or equal role in the management and decision making for the firm (Collins & Low, 2010). This view also reflected a shared leadership where husband and wife had their own areas as well as a shared responsibility for the whole. Therefore, a business can be driven by a sense of unity making them work together in a working relationship that is comparable to interpersonal relations.

The role of women in family firms is more complex than that of men, as their roles remained defined in terms of “wife and mother” (Jimenez, 2009). The domestic labour remained a wife’s responsibility (Danes and Olson, 2003, Danes and Morgan, 2004). This may relate to the different roles assigned to gender in a family structure. In a business context, it is important to develop a sense of competence to display independent, professional and managerial practices (Ip and Lever-Tracy, 1999). For example, Sun suggested that the reason to involve family members, including his wife, was mainly because a combination of their aspirations and capabilities, which in turn made a contribution to the organisational performance.

My wife, she is financial controller. She got qualification in finance. I think she would do a good job. If I have criteria, [it is a] standard for everyone. For the family member, they want to work for me. They have to meet that criterion as other staff member. They don't get privilege or jumping [up] if they don't know everything. Probably sometimes, I would have a higher standard for them, because I am expecting them more, sometimes they have to deliver more, yeah, not less. (Case 6)

This view reflected the leadership and control of the business unit was more centralised in the hands of the respondent, although the family involvement was a strong social element affecting the decisions that determine the firm’s strategy, operations, and administrative structure. The family unit and individual family members (i.e. spouses and offspring)
influenced the resource pool that was at the disposal of these Chinese-Australian family firms. However, the founding owner-managers utilised his/her resource-picking skills to make resource evaluation decisions and established the norms that guided behavioural expectations of family members. Therefore, leadership and control are concentrated to the founders in Chinese-Australian family firm which uphold them as a one leader to decide on the key strategic decisions, such as division of labour among family members.

Having family members worked in the business, a family business is the same time espoused in different kinds of work-family tensions, affecting work habits and lifestyles among family members, which in turn, influences on business performance. The following sections will discuss four types of interpersonal dynamics, which are inherited in the structure of the owning family unit. The focus of concern is what the respondents think of, and how they react to, the tensions that accompany collaborative efforts.

4.3.2 Work/Family Tensions

At the interface of the family and business domains, family member interactions are compounded by the dual roles in both family and business systems. The roles and norms of the family system ‘clarify who leads, specifically how members manage or distribute family resources, and limit the effect of constraints’ (Danes et al., 2008, p. 248). The social element of the family system has values that give it a unique character and culture (Haberman and Danes, 2007), and which can be manifested by decision and authority patterns (Danes and Morgan, 2004). For ethnic family businesses, the values, norms and beliefs of the family culture are even more salient because of their strong cultural values and belief orientation to family (Gupta et al., 2009). As ethnic Chinese families migrate to Australia, their worldview and behaviours are guided by a combination of their family values and the surrounding culture. It is imperative to take into account the intercultural values that appear to be evident in each respondent. These respondents simultaneously adapted to different ways of interacting with members inside and outside the family, because of the influences of the dimensions of collectivistic family culture and individualistic national culture. In
addition, the manner and degree to which the family system overlaps with the business system was rooted in the meanings that respondents give to that interaction.

Family involvement has been viewed as a necessary condition for constituting a family business. However, nepotism, which is a negative side of family involvement that shows self-serving behaviour by various family members, negatively affects business outcomes (Ward, 2004). It is not easy to resolve tensions that concern personal rivalries and self-control problems within the context of dysfunctional family governance (Schulze, Lubatkin, Dino and Buchholtz, 2001). For example, the entitled family members are out to enrich themselves without being controlled by norms of compensation, due to a sense of privilege (Miller, Steier and Le Breton Miller, 2006). Ong supported the fatalistic concept of shirtsleeves to shirtsleeves in three generations in a family business. He described that the failure of Chinese family businesses in general was because the future generations wanted to advance their self-interests at the expense of the unique resources, capabilities, and visions of the business.

Chinese people like to set up this dynasty, grandfather chairman, then CEO, children start to come in and take parts of business, and their children, sometimes, they say “I don't want to get involved in the business, I want to start my own”. That's why they say [in a] family business, first-generation, [gets to] second-generation, by the time of third-generation, they start to fall apart. If you do it very well, the first-generation started it, second-generation built it and became bigger, the third-generation learnt how to spend all the money quickly. (Case 3)

This view indicates that family involvement was considered as a mixed blessing and not necessarily a positive effect on the business. The survival of a family business is not only about who is part of the family business, but also about how and to what extent each family member is connected to the family business (Danes et al., 2002). From this respondent’s view, constraints of family involvement were manifested in a way of thinking and managing the business resources differently. Although family relationships were rooted in the family’s
values and emotions, the relationships within a family business had to grow to adapt to business progress and efficiency.

Among the six cases, the value created by the participation of spouses and offspring matched the vision of the founders and could determine whether the family businesses grew, changed or remained static over time. The tensions at the intersection of family system and business system were embodied in the type of family involvement that was characteristic of each Chinese-Australian family business. ‘Relationships in family businesses are dynamic and interdependent because what occurs in the family may have effects on the business and vice versa’ (Danes et al., 2002, p.31). Since family members (i.e. husband and wife, parent and child) are immersed in both work life and home life, the views of work and family were imbued with multiple meanings that could cause work/family tensions. The following sections offer more details of the interactions between family and firms, differentiating among the four dimensions of orientation towards family involvement: financial control, decision-making authority, work-life balance and individual autonomy. First, it discusses the allocation of resources concerning the family and business integration. Second, it deals with the building of consensus among the family team management. Third, it looks at work and family roles in work/life balance. Finally, it deals with the structural demands of firms as characterised and compounded by personal demands.

4.3.2.1 Tensions over “Money”

Competition for resources between family and business can be destructive and frustrating, especially when family needs often are placed in opposition to those of the business (Danes, Haberman and McTavish, 2005). In a couple-based business, each spouse carries their own evaluative lens on resource demands for the system they manage (Danes and Morgan, 2004). For example, Ong described that the emotional bonds within the working relationship with his wife could adversely affect business, when they had conflicting ideas. Therefore, he held an authority position in coordination, control and allocation of finance resources that created stability in his firm.
There are always conflicts in a personal relationship. [I am] trying to focus on a business objective. When you talk about business, sometimes, it gets to mix up with other emotions. I don't get very emotional in most of time. I try to look at everything objectively. [Otherwise] you lose track and things are out of control. The biggest challenge [is that], my wife is different, she is stubborn, she is emotional, so always arguing everywhere else but [what] we are trying to discuss. That's the biggest challenge for [a] family-run business, because it is arguing over the wrong things. The worse thing is trying to argue over the money. That's why it is important for me to always manage the financial aspect of the business. Manage that well, focusing on the important things, about cash flow, about customer collections, about spending, all that. If you cannot do financial well, the business will suffer. (Case 3)

It seems that this respondent tends to apply a patriarchal structure with authority to resolve conflicts among family members. The degree of centralisation and financial controls vest the founding owner-managers with more speed to make resource allocation decisions (Porter, 2004). Overseas Chinese family firms have been recognised as having highly centralised structures in which the owner-managers exert strong leadership, especially in first-generation companies (Carney, 1998, Westwood, 1997). This type of centralised structure was also reflected in the most of cases of Chinese-Australian family firms, when the founder-husband responded to the conflict and disagreement among family members.

4.3.2.2 Tensions over Decision-making Authority

The managerial structure of the Chinese family business has been considered to depend on whether the firm is managed in shared values and consensus on the strategic direction and government of the business (Westwood, 1997). In a traditional Chinese family, the husband’s headship simulates the family patriarch, following the hierarchy and status between people and strict rules and codes of interpersonal relations (Fu et al., 2007). When the boundaries between the family and its business are unclear, the family dynamics are mirrored in the business, resulting in a family-kind of hierarchy (Yan and Sorenson, 2006).
Wang recalled how family members played different roles in his late father’s business, with an emphasis on characteristics of the family structure that was correlated to the business structure.

If you are running a family business, you need a good father figure, or a good head of family, to be able to control the parts of family. I looked after the mainly [in] retail. When you got a size business, you got all different divisions. You got a wholesale division, retail division, you get a warehouse, and you got marketing. So I looked after all the marketing, promotions, retail, positioning, everything creative I shall say. So that’s how my father got me into the business, giving me parts of exciting, all the new things. My brother looked after all the importing, all of the goods. We all have different divisions. That’s how we keep everybody in the position, without clashing. (Case 2)

This view reinforced the founding owner-manager’s centrality within both family and business systems in Chinese family firms. The roles of each family member were coordinated, affecting both the allocation of resources in the business and interpersonal relationships within the family. The approach of ‘without clashing’ among siblings seemed to express mutual dependence in terms of creation, sustenance and development of the business structure. Having one’s own area in a family business has been suggested to balance a desire of individualisation for a family member while maintain a sense of belonging for sharing the responsibility for the whole (Hall, 2003). Therefore, the values about fairness and harmony were integrated into the organisational culture, and strategic decisions were formed through consensus among family members, instead of competing internally.

However, the struggle for consensus was manifested in the creation and maintenance of a harmonious system to establish the husband-wife working relationship. In a collective culture, making decisions that upset other family members is consciously avoided (Yan and Sorenson, 2004). The underlying assumption is that unresolved conflicts and tensions at work may constitute emotional stress that may spill over to the family domain and relationships (Smyrnios et al., 2003). Business issues, such as growth plans and managerial
challenges, are associated with high levels of stress. Thus, some business decision-making can become severely emotional (Danes and Morgan, 2004). For example, Li suggested that her family business was based on cooperation, coexistence and mutual support among family members, instead of fighting for business interests at the expense of interpersonal relationships in the family. She described that family members’ relationships would be at stake during conflict and disagreement. Therefore she took time to build consensus and delayed the important strategic decisions until consensus was achieved.

I take the major responsibility. He [my husband] works for me. I make the final decisions. He didn’t support me to set up this business at the beginning. He said the lifestyle was completely different from overseas, compared to our homeland. Overseas, everyone lives in a relaxed style. No matter whether you own your business, life is keeping going the same way. He would like to retire. It was enough for him. Although he did not support my idea, he still helps me out to manage the office and daily operation. We are able to negotiate and communicate with each other. Sometimes, we have conflicts as to business decisions. We are able to work them out. When my husband objected my decision, I would put it aside for a while and then sort it out later. My husband hasn’t agreed on this [expending] proposal yet. If he agreed, I would open new branch offices. (Case 5)

This view reflected that a disagreement among the spouse was caused by a lack of consensus on strategic direction of the business. It also confirmed that a desire to preserve family harmony was prioritised to maintain a relationship among family members, despite of their similarities and differences. Family harmony are socialised as the natural and normal state, as it had been noted in the literature on the functionality of Chinese family in firms (Yan and Sorenson, 2006, Gupta et al., 2008). Forging a consensus was considered an important ingredient for organisational functioning. The shared ties of husband and wife created a psychological state characterised by a more collaborative decision-making style, resulting in family harmony and stability, which in turn, productive results can emerge.
The tensions between work and family life occur at the interface of the family system and business system, because the needs of family and business resources may not always coincide. Business is affected by, and constrained by, the interests, needs, goals and practices of the family, as the norms of reciprocal altruism and mutual support are transferred to the firm at the family-business interface (Carney, 1998). In Chinese family businesses, the degree of overlap between the family and the business was characterised by the norms of mutuality and reciprocation (Tong, 2009). In the present study, Son claimed that the business-family overlap inevitably gave rise to tensions between internal and external demands. He suggested that the roles and norms were negotiated to manage unexpected disruptions or unplanned changes, where family members simultaneously occupied several, potentially conflicting roles.

My wife won’t be any help much, because we’ve got two young children to look after. So, therefore, that’s why I come back to [the need for] the office manager. We need to get a full time office manager to help me with it. There are always difficulties, no question about that. There are always many things and we go home and still think about it. No question about that, alright.

To manage that is not a simple matter because the time, given the time that you have you don’t. Usually we work 10 hours a day easily, if not 11 or sometimes even 12. But having said that as I say, I draw a line in the sand that is I make sure when I go home, I don’t get my clients to call me anymore, but I still think of my strategy plan [that is ] running my business and we come back to the time management skills.

I come back to the management of the business I’m trying to run, I work according to my staff. If there are times we do think about it at home how we can do a lot of business or some of the issues that might have, sometimes I talk to my wife, we have a discussion about that and yes, we do have a chat at home about business, why not, it’s very hard to overcome sometimes. You’ve got to come back to your own time management skills and you’ve got to allocate the tasks accordingly to your staff and
you’ve got to make sure that you are disciplined enough to keep to the timeframe.

(Case 4)

This statement expressed the view that tensions over work-life balance were caused by interactions between the roles of individual family members, the needs of family unit, and the business demands. The underlying question of the tension over work-life balance is about ‘whose interests should come first—those of the business or those of the family?’ (Ward, 1987, p. 142). From the respondents’ perspective, it was necessary to set boundaries between family and business to reduce work-life conflicts. The separation of family and business can be manifested in the different roles assigned to gender. In Son’s case, he (the husband) dealt with the business domains, whereas his wife remained responsible for domestic demands. In addition, this situation suggested that the family and the business, as competing entities, were more effective when they were kept apart through time management. It seemed that this founding owner-manager in the current study felt pressured by strong business responsibilities, so that the tensions of work-life was caused by the time and energy to develop the business.

The balance of work-life is also tipped by conflicting roles among members. There is evidence that work habits and lifestyles among family members can impose costs, when conflicts and difficulties arise, which make the business suffer (Miller, Steier and Le Breton Miller, 2006, Poza, Hanlon and Kishida, 2004). The contradiction between the family and work is rooted in the assumptions of family as emotionally based and that of business as task based (Poza, 2007). Ong suggested that he had a tendency to operate his firm in a ‘business-like’ way, and his management behaviour could be described as task-oriented.

Family business can work sometimes, if it is managed properly. I see good ones, I see bad ones. My consciousness came from a corporate background, so I look at it purely from [a perspective of] an organisation’s business management, how to run it professionally. Try not to do it emotionally, “oh...this is family, you cannot say, oh...this is family, you cannot say that”. Once that happens, your business suffers. You
have to be very clear. Family, yes, [has its influence on business] but family is not always right. But this is business. Family issues should not come to business. Because it is conflict, the business is in trouble, which means you cannot provide family anyway. Otherwise, why are you doing the business? If one is going to suffer badly, if you are too focusing on the demand of the family, the business is guaranteed [to] suffer, guaranteed. (Case 3)

It seems that this respondent, Ong, tends to deal with family demands separately from the business, because he believed that family interactions (potentially more ‘emotional’) might override ‘rational’ decision making. This finding is consistent with the suggestions that a healthy family and a profitable business are considered as parallel positive outcomes in the sustainability of the family business model (Stafford et al., 1999). The tensions over work-life balance are associated with the interference of family needs in the business. From the respondent’s view, in spite of his family being linked to the business, it was essential to prioritise clear roles and procedures in business tasks and to be able to resolve conflicts in order to create a sustainable family business.

4.3.2.4 Tensions over The Desire to be Independent

In a family business, each family member learns how they fit individually and collectively in the family and business (Kellermanns et al., 2008). The needs, desires and motives of the individual are culturally conditioned by the norms of the larger socio-cultural environment (Danes et al., 2008). For example, a business owner who values individual action more highly than collective action is more likely to perceive the business as belonging to themselves, as his or her personal dream, and more likely to perceive the effects of family involvement negatively (Gupta et al., 2009). In an individualistic culture, such as the Australian society (Ashkanasy, 2007), individuals need to differentiate themselves from family expectations/obligations. Acting as an independent and autonomous person is acceptable and considered ‘normal’ by social sanctions in Western ideology. Individualistic norms include personal freedom, self-reliance, personal achievement and thinking for
oneself (Hofstede, Hofstede and Minkov, 2010). Therefore, the tensions affecting the level of family participation in the family business prevail through gender conflicts, sibling rivalry and intergenerational conflict (Grote, 2003, Mock, 2004).

In all six cases studied, Chinese-Australian families seems to be somewhere between the dimensions of collectivistic and individualistic national cultures. The influencing dualities of independence and dependency, which is relative to family structure and relationships, may mandate the respondent’s perceptions on the effects of their ethnic culture on their family business’s decision-making and operation patterns (Brewer, 2000). In Case 2, Wang described his experiences of working in his late father’s family business and his perception of his current family business practices. First, Wang recalled the basic organising principles that defined appropriate role behaviour for individuals within his late father’s firm. He considered it was the close-knit relationships with the family that defined the social pressures for what was considered to be appropriate behaviours within the business. The business structure and hierarchy reflected that of the family. Social order within the business was based on understanding one’s perspective of role duties based on the seniority you had within the family and the firm.

It’s also part of the family pattern. It's like not leaving home. Although I left home, when you go back into the family business, it’s like being home again. When you go to work, all your family [are] around you, you assumed the same position in your family structure as home. So your older brother is always older than you, you got your little sister, your mother, your father, and they all there. We were very involved family business, in my father’s business. Three children were working in the business. My mother didn’t. But my father and three children worked in the family business. It was [a] family-oriented hierarchy based. And I didn’t want to be in there, I didn’t want to be there for a whole of my life, being a part of family, I am an independent person. So it’s all depending on how independent you are. (Case 2)
This view reinforced the idea that family members confronted heavy social expectations to conduct themselves so as to maintain proper social harmony, both within the family and the business (Tan and Chee, 2005). This is in line with the Chinese Confucian ethics of behavioural expectations (Gupta et al., 2008). In collectivistic cultures, Chinese family traditions dictate the specific role that is assigned to each individual. The individual internalises the role that has been assigned to him/her and the family’s values and goals, which in turn influence the intensity of the engagement of individual family members to the family firm. However, Wang perceived that the structure of his family’s business constrained his own personal choices. In his own practice, Wang described a need for independence to identify boundaries between the family system and the business system in terms of an individualistic perspective.

My father convinced me to go into family business. I stayed there for maybe 15 years, 20 years. I cannot remember how long. 15 years I stayed in that business. And I felt that, I always felt that really didn’t like being there. I didn’t mind being there, but I felt a little bit uncomfortable in there. It wasn’t my nature calling. It's very different, the whole mental outlook of running a family business than running a private, or a business of your own. You are only responsible for yourself, when you run your own business. When you are in your family business, you answer to your whole family. You have every obligation, every expectation, for the whole family. Each of them needs to work together, to fit in that. Because it’s an overlap of family, which is completely different of how a business runs. (Case 2)

This view reflected the respondent’s more liberal view of himself and his sense of responsibility toward himself, which were, in turn, reflected in the goals, values and beliefs in his own business. In a Chinese setting, family structures and relations can be both constraining and enabling that allows family members to work jointly in a family business (Gupta et al., 2008). From Wang’s opinion, a collective family structure was viewed as constraining, because he focused on a sense of individuality and a sense of freedom that were associated with his motives for individual achievement (Section 4.2.2). It also reflected
that the respondent learned through the process of socialisation and purposively choose to act in ways that were socially acceptable within an individual-oriented cultural environment. As will be further discussed, values learned through socialisation are implicitly included to understand the invisible preparation and strategic decisions of succession.

Through socialisation, the immigrants become a member of society by adjusting to the economic and cultural environment in a host country (Lund, Woods, Hibbins, & Barker, 2005; Sonderegger & Barrett, 2004). There are both lifestyles and work habits in immigrant families. Hence, socialisation concerns family matters as well as business matters. From Ong’s perspective, socialisation in the context of Australian business culture was central in tensions over the adaptation into the local environment (e.g. workplace, firm’s market positioning). In Australian’ working culture, where the primary role of work is to satisfy the need for achievement (Ashkanasy, 2007), the cultural adaptability responding to the individualistic value dimension was important. Ong recalled his experiences of trying to integrate into the larger cultural environment when he was working in a local company. He had been aware that Australian societies were more individualistic and egalitarian than the home the Chinese migrants had left. He suggested that interacting with locals and learning local practices allowed him to avoided unintended cultural conflicts and brought benefits from being able to enter new social networks and better accessibility to opportunities.

When I first worked in a large company many many years ago, I was a graduate engineer. I wanted to prove that I was not the same as everyone else. I was willing to work to whatever necessary, work more, bring things early, bring project early, and deliver good results. Within two and half years, I got promoted. Then, within six and half years, I was at the head of division, as a Chinese. There was no other middle senior manager who was Asian. All of other Chinese came and said 'how can you get promoted so quickly? You are a Chinese'. I said ' it doesn't matter what you are, it's how you do your work, your attitude, how your integrate things into the environment.' That's my criticism of some of Chinese, Asian here. They don't integrate. They separate. You are going to a large multicultural company. Do you hang around with other
Chinese workers or do you mix in with everyone? If you mix in with everyone, they say 'oh, you are one of us or you are one of them'. By the age of 30, I was the head of division. All of other people, division managers were Westerners. I said 'you don't have to be different. You are just going to prove you are a part of team'. (Case 3)

This finding is consistent with migrants experiences in lower power distance and individualistic cultures (Basu and Altinay, 2002, Hamilton, Dana and Benfell, 2008, Mahalingam, 2006). Adapting to the local environment might cause value dilemmas arising from the family, from the local work, and from the broader society (Chiang and Yang, 2008). From this respondent’s view, without conforming to the culture of the local environment, one would miss a lot of the subtleties of that culture and be forced to remain a relative outsider. It also reflected that the respondent intentionally learned about the surrounding environment. The implication of this notion is that it opens new ways of viewing what succession means and how succession is planned. Apart from personal experiences with respect to the need for social socialisation into local environment, the manners and ways of integration of a self-owned business into the local market will be discussed in Section 4.4.

4.4 Chinese-Australian Business Systems

The identifiable contextual and situational characteristics of a business include the type of business, the size and age of the firm, and ownership and management structure. This information was obtained through the predesigned questionnaire. Table 4.3 shows the varieties of different business activities in which the six cases are engaged. Generally speaking, for all the respondents, the nature their business could be described as service-based and professional, as well as geographically concentrated in urban regions of Victoria. Choo was a franchisee of an education program and diversifies into the property investment. Wang specialises in customised furniture design and retail. Ong is a key player in childcare services. Son is recognised by his financial services business in the local Chinese community. Li has a well-known brand in real estate business in the local Chinese community. Sun is engaged in electronic retail and services. These businesses were based on the owners’ early
business knowledge and professional experiences.

The size of the firm was considered on two dimensions: level of sales (in millions) achieved annually, and the number of full-time employees. Firms reported in this study are predominantly small to medium size, with one to ten million annual revenues. The firms of Choo, Wang and Son are small with very few employees. The firm of Ong has the largest amount of employees. The firm of Sun is a medium size. In terms of the number of employees, the firm of Li was viewed as a small size. However, Li perceived her size of firm as medium size in terms of market share and sales.

The age of the firm is represented by the number of years the company has been in business. Choo, Wang, Son and Sun started their businesses in the late 1980s or early 1990s. Although Ong had experienced in childcare services since the mid-1990s, he started his current firm in 2007. Li’s firm began in 2007. From the respondent’s perspective, the age of the firm wasn’t considered a meaningful measure of business development. All respondents presented the opinions that they were in early stage of business establishment, regardless of the number of years since the founding of the firm. An important theme emerging from the respondents’ vision for their respective businesses was to further improve their brand name and expand their market share, by expanding geographically into nearby suburban areas branches (more details in Section 5.3.1). The respondents’ views about business growth reflect the positive nature of their strategic concerns over succession.

The ownership structure of the family firm is one in which all shares are held by family members in terms of the investment stake and voting/control power. As first-generation family firms, these firms were controlled by the funding owner-mangers. The six cases can be divided into two sub-groups. The first sub-group is sole proprietorship, including Choo, Wang and Son, while the second sub-group is husband-wife partnership, such as Ong, Li and Sun. The management structure of husband-wife cooperation has been discussed in Section 4.3.1.
Table 4. 3 Business Characteristics of Chinese-Australian Family Firms

<table>
<thead>
<tr>
<th>Cases</th>
<th>Choo</th>
<th>Wang</th>
<th>Ong</th>
<th>Son</th>
<th>Li</th>
<th>Sun</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business type</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1. Educational Franchisee</td>
<td>Furniture Design and Retail</td>
<td>Childcare</td>
<td>Financial Planning Services</td>
<td>Real Estate</td>
<td>Electronic Retail and Services</td>
<td></td>
</tr>
<tr>
<td>2. Property Investment</td>
<td></td>
<td></td>
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<tr>
<td>2. Invested in property market in 2009</td>
<td></td>
<td></td>
<td>2. Restarted since 2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td>Small</td>
<td>Small</td>
<td>Medium</td>
<td>Small</td>
<td>Small</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>Mixed</td>
<td>Mixed</td>
<td>Mixed</td>
<td>Asian</td>
<td>Asian</td>
<td>Mixed</td>
</tr>
<tr>
<td><strong>Ownership</strong></td>
<td>Sole proprietor</td>
<td>Sole proprietor</td>
<td>Husband &amp; Wife Partnership</td>
<td>Sole proprietor</td>
<td>Husband &amp; Wife Partnership</td>
<td>Husband &amp; Wife Partnership</td>
</tr>
<tr>
<td><strong>Family members</strong></td>
<td>Children used to help out at Education Centre</td>
<td>Wife as Bookkeeper</td>
<td>Wife as Operation Director</td>
<td>Wife as General Insurance Manager</td>
<td>Husband as Office Manager</td>
<td>Wife as Financial Manager</td>
</tr>
<tr>
<td><strong>Paid employees (non-family)</strong></td>
<td>Less than 20</td>
<td>3</td>
<td>100 plus</td>
<td>4</td>
<td>14</td>
<td>32</td>
</tr>
<tr>
<td><strong>Annual revenue</strong></td>
<td>1-10 million</td>
<td>1-10 million</td>
<td>1-10 million</td>
<td>1-10 million</td>
<td>1-10 million</td>
<td>1-10 million</td>
</tr>
</tbody>
</table>

4.4.1 Business Resources

The way in which each Chinese-Australian firm uses its strategies to align internal characteristics with resource allocations and the characteristics of the surrounding environment and market conditions, has contributed to entrepreneurial opportunities. The family resources, such as human capital, have been discussed in Section 4.3. At the environmental level, the particular cultural and economic setting, including markets and legislative and institutional structures, provide the context for the family business system to favour, limit, enforce or prohibit certain business options (Krasniqi, 2009). The Chinese-Australian family business is a subsystem within a much broader, complex economic and
cultural system in Australia. The interactions between Chinese-Australian business systems and the broader environment are often mediated by interactions within the cultural context of their ethnic communities (Collins, 2002). However, the existence of a social network of co-ethnics is not sufficient for a successful business. The context in which the economic opportunities emerge relies heavily on how the ethnic business owners interpret and respond to local market dynamics (Deakins et al., 2007, Marger, 2001, Sanders and Nee, 1996). Choo considered the success of educational centre benefitted from the social value of respect to a teacher’s status, which the parents of Asian students projected.

The composition of the students is international, multicultural. In term of parents’ attitude, [they] have different attitudes. You have to deal with it. In terms of education, Asian parents spend more time with their children; their children have a better behave. Compared to western people, to some degree, they are a little bit lazier, but some of them are quite smart, just act differently. You have to accommodate that. The parents won’t spend much attention on their kids, which creates a lack of communication, creates a lack of progress. That could affect your business. Western parents come and think ‘I pay you, you fix it.’ At the end of day, if it is not fixed, they take it out; don’t try to overcome it at all. Asian parents come and talk, talk over and try again, give us more chances. (Case 1)

This finding confirmed that ethnic resources affected emerging business opportunities, because individuals of the same ethnic background, with shared cultural values, interact in family and social groups in which these firms operate. In addition, an active co-ethnic network enables ethnic businesses to maintain cultural continuity, because these business owners find support in a community of compatriots by serving largely or entirely co-ethnic customers and hiring co-ethnic employees (Piperopoulos, 2010). Li and Son maintained strong ethnic social ties and channelled such social strengths into their business activities. Their family and social networks were essential to building collective inter-firm relationships and capabilities. For example, they built a larger customer base using the existing customers’ “words-of-mouth” through their various connections within their co-ethnic
community. Li explained that the market niche that she had identified had a greater degree of dependence on the co-ethnic community, in particular on migrants. Being a member of “in-groups” provided her with protection in exchange for resources, which in turn, enhanced her business’s reputation among the targeted group.

More importantly, I want to help and serve the new immigrants to make them feel comfortable and a sense of belonging in Australia. It was hard for them to settle down in a new country at the beginning. Buying a house might be the largest and most important investment for most of them in their lives. We take care of this issue and let them have a better place to stay. Also it helps to boost our reputation among these Chinese immigrants. (Case 5)

This view reflected the fact that the respondent’s firm was embedded in co-ethnic networks, which was attributed to the respondent’s ethnic group membership. This finding suggests that some cases of Chinese-Australian family firms take a positive ethnic identity as part of their construction of the firm’s value proposition. To them, adopting a network-based strategy by cultivating customer relationships is crucial for acquiring resources to develop a niche market (Bruton & Lau, 2008). It is consistent with the fact that co-ethnic networks give these ethnic businesses an edge in building social capital in co-ethnic markets, because transactions not only imply a business exchange but also a social commitment with unspecified obligations and reciprocity over an uncertain period of time (Deakins et al., 2007, Piperopoulos, 2010, Harris, 2009). Cultural capital (e.g. languages) forms the basis for interpersonal trust through kinship, ethnicity, and community affiliation, and thus, it also affects the emergence of entrepreneurship initiatives (Danes et al., 2008), as cultural capital. Son used several languages to find connections and assess customer needs by making a better use of their cross-cultural knowledge and experience of both the Australian culture and the Chinese culture.

My main client base is in Asian background because I feel that I’m in a nice market where I can speak Mandarin, [and] Cantonese. A lot of the migrants from Taiwan or from China or Hong Kong, some of them can’t speak good English. I am in a better
position to assist them because I speak their language and it could mean that that is a reason against my other competitors. So, that is why I press myself, I press my Mum and she sends me to a Chinese school when I was in Brunei so that I would be able to communicate and it helps a lot in my career. (Case 4)

Consequently, family and social ties such as shared ethnicity are important to the Chinese-Australian family firm. It seems that these Chinese-Australian family business owners are pragmatic business people who make best use of their expertise for taking advantage of business opportunities that they identify. In spite of co-ethnic conditions, Chinese-Australian family firms are embedded in a complex set of environmental contexts specific to the social, cultural, and economic environment of the region in which the family resides. Different skills and strategies are required, depending upon the institutional context in which a firm is located, including learning new customs and new ways of communicating (Basu, 2004, Dhaliwal and Kangis, 2006, Nisbett, 2003). For example, Sun emphasised the importance of understanding the local Australian customers' needs in order to obtain customer acceptance of the product or service and to fit within the majority host culture (particularly in a regional area) which they were a part. He believed that, for a business to survive, the business was required to integrate socially and economically into the local community. This was important to consider his business

I personally find, if you particularly ask me [businesses] in Chinese community, I looked a lot of business around me [about] how people are running the business. One thing they don't have is to understand the culture. You need to understand the culture of Australian people and the customers you deal with. If you don't understand, you can probably [have] troubles. You can give something they want, but it is not really what they want. So my goal in business always is to tell staff that you've got to find out what exactly customer needs and you deliver and exceed their expectation. Your delivery has to exceed their expectation. It's very, very important. (Case 6)

This view reflected the respondent’s strategic business focus, which was to fit in with the host culture in which they operate. This finding is consistent with the idea that the success of ethnic businesses depends on how they interact with the broader marketplace, in addition
to fitting in with their co-ethnic culture groups (Deakins et al., 2007, Collins, 2003). Wang explained that such strategic decision depended strongly on the context in which the firm was embedded. He illustrated that his late father was eager to break out of the ethnic niche market and embrace the larger mainstream markets.

This is about... not about a cultural identity issue, it’s not about... It’s really just a circumstantial issue, because this business is also very circumstantial. A lot of the time you do business because of the circumstance of where you are, what the demand of the product is and if you’re a business person, the culture becomes secondary, because business... business... the kind of business is much longer than some cultural issues sometimes. Like my father when he came, he, he said “I don’t want to sell to Chinese people, because there aren’t enough of them. I only want to sell to Australian people, because there’s 99% of the population is Australian.” So, he sold to Australian people, because that was the circumstance. But, if it was cultural he would say “I’ll go to sell to my Chinese people who I can speak to and communicate with, because that’s part of their culture, my culture”... but he decided not to sell to Chinese people, because there weren’t enough people here; it was a business decision. So and that was why he was quite different to everybody... every other Chinese person. Most of the Chinese community in the 1950s and ‘60s, they just sold to their own people. He was the only person to actually go out and sell to everybody else. (Case 2)

This view indicates that the specific environmental conditions have a direct bearing upon the kind of competitive advantage an ethnic business is likely to attain. The finding suggests that there is a contingent relationship between the family firm’s environment and the business strategies, regardless of the family’s ethnic identity. The central issue was the founder’s ability to adapt to specific environmental conditions in order to occupy an advantageous position (a niche market, a ‘familiess’ capability, a competitive opportunity). In some Chinese-Australian family firms, the advantage of social capital the founder possessed was seen as especially important to attain a set of organised relationships nested within co-ethnic markets. In other cases, the founder emphasised a focus to deal with different stakeholders among the geographic reach of the market in order to meet the firm’s
economic purposes to experience the possibility of doing things differently and potentially better. A rich variety of Chinese-Australian family firms are embedded in rich variety contexts in terms of the unique characteristics of targeted customers. The common business strategies adopted by the respondents involved maximising the customers’ willingness to pay for the particular goods and services while providing a competitive pricing.

4.4.2 Business Strategies

From the respondents’ perspective, their understanding of customers’ needs and industry factors had influenced their strategic choices. Competitive tactics for these respondents included implementing price-cutting and enhancing customised service. These strategic choices can refer to low cost and differentiation as two contrasting approaches (Porter, 2004). First, the low cost strategy focuses on selling the products more cheaply than competitors’, which enables the firm to gain market share and enhance an increase of revenue. For example, Sun operated on a low cost strategy to compete with the local computer retails, because he considered that the customers were price sensitive.

People can compete on price, they always, people compete prices is second nature. Someone would say people never want the low price. The thing is [that] people compete [on] the price. When they find the products and can find it from somebody else, put together, they start to compare the prices. If your products and services are [something] no one can match, you can charge whatever you want to make your margin. (Case 6)

This view reflected that the advantage of low price was seen as a common competitive advantage in the retail sector. Apart from cost-leadership, most cases of Chinese-Australian family firms preferred to strive for a unique positioning in a niche market. For example, as a furniture designer, Wang considered that his business success was attributed to his unique products that tackled customer’s needs at the individual level, rather than seeking economies of scale on low price. He suggested being creative and innovative was his instrument to gain a competitive advantage and to differentiate his firm from others.
We never sell anything that everybody has…We are not like normal shop. You walk in and you see a big piece of wood. You cannot get that piece of wood again. It’s just a piece of wood that you cannot get, because it is 300 years old tree. People like that, people like to say piece of furniture is made from this piece of wood. We sell Japanese prints, you cannot get those anywhere else in Australia. It’s just like the idea we are presenting to people, they haven’t seen it before. It’s like the idea that we give people things that are completely different from anybody else. I don’t want competition with anybody. That’s the basic premise of the business. We are not in competition. The price is not the issue. You deliver a good service and you charge what you need to charge with some profits, and then that’s what you offer to them. (Case 2)

This view expressed that the differentiation-based strategy followed by the firm improved the perceived value of the product’s attributes. The respondent’s ability to create an appropriate value was a source of competitive advantage relative to other firms operating in the same industry. In addition, a value-creating strategy based upon differentiation depended on the competitive structure of the industry. Ong described that service businesses succeeded by using the internal resources of the firm more flexibly to generate customers satisfaction as a way of creating competitive advantages.

[To] know what makes the business successful. If you are running a coffee shop, a cafe, what do you think to make you special? [Is it] the coffee? Another shop down the street can make great coffee, too. Is it the atmosphere? Yes, you can make it look nice. [But] It’s actually [people] behind the counter. When people come, [it’s about] the coffee, friendly [place], nice friendly staff. It's the whole package. If the owner doesn't understand this, it is not just making the good coffee. Modern society is looking for the package. (Case 3)

This view expressed that the differentiation-based strategies aimed to combine tangible and intangible resources, and to develop the organising systems necessary to coordinate various functions in broad-scope markets. The overseas Chinese family firms have developed a reputation for cost-efficiency and flexibility to facilitate the fast and decisive capture of opportunities in certain trades, such as retailing, food services, restaurants and some forms
of manufacturing of consumer commodities (e.g. Chen, 1997, Collins, 2002, Redding, 1993). The Chinese-Australian family firms in the current study are implementing differentiated-based strategies by drawing upon a pool of resources such as human capital, social capital and cultural capital that has no equivalent in other forms of enterprise. The founding owner-managers interact with specific environmental conditions such as growth of demand, financial requirements, competitive environment, personnel required, and governmental regulations, to create strategies unique to each of their businesses. Through socialisation and experiences, this is how the founders gain access to business resources and this kind of competitive advantage is developed accordingly.

4.5 Chinese-Australian Family Business System

The four levels of analysis of Chinese-Australian family businesses (the founder, the family system, the business system and the environment) have been discussed above. This analysis indicates that it is appropriate to apply an open-system approach to connect each family business component through relations and interactions, as discussed previously and represented in Figure 4.2.

![Figure 4.2 The Bulleye Model of an Open-System Approach](image)

Chinese-Australian family business is based on the founding owner-managers who belong to the family and form the ownership and management team. Then, a Chinese-Australian family business is located within the surrounding environment in which the individual and
family both reside and the firm operates. In Figure 4.3, the proposed model for understanding Australian family business context is presented. This model is an adaption of Pieper and Klein’s (2007) Bulleye model of an open-system approach. It retains the structure of the original Bulleye model, which is centralised in individuals and then circled around the business system and the family system connected through ownership and management systems, as well as embedded in environmental system. To emphasis the cultural effects, five national cultural difference dimensions have been identified and recognised as environmental factors that are inextricably relative to the cultural characteristic in Chinese-Australian family businesses.

As shown, the component of individuals has been highlighted as a separate element relative to the family and business systems. The proposed model replaces the conventional representation with three overlapping circles: business, family and ownership, illustrating as the three-ring model as shown in Figure 2.2 on page 20. The conventional model misses the fact that there are family firms that no longer employ family members in the business
but can potentially accommodate more family members. Moreover, in the conventional
model, the interactions between family and business can be not only manifested by
ownership, but also day-to-day management. The connection through ownership and
management systems in the proposed model can better explain the different options and
style that influence the way of individuals who active in interface between family and
business. The proposed model also replaces the unified system perspective of family firm
performance presented as Figure 2.3 on page 21. The notion of “familiness” only models
family firm level concepts and associated circular interaction among individuals, family and
business. As a result, this unified system do not identify that the family business system of
itself is shaped by the larger environment and unavoidably intertwined with the external
economic and cultural frameworks. The open-system approach in the proposed model
acknowledges that each Chinese-Australian family business owner(s), their family and their
firm are imbedded in a wider environmental context. In addition, the proposed model
integrates the particular cultural settings in Chinese-Australian family business, as well as the
broader environment of Australian society. This model is examining the cultural
characteristics of Chinese-Australian family business as manifested within the national
cultural differences.

The individual represents the basic level of analysis within the proposed model, and he/she
was pivotal to the study of Chinese-Australian family firms. The founder’s values, intentions,
motivations, and skills determine the constitution and connection of family and business
domains. For example, the motives and goals held by the participants in the current study,
regarding the start-up of their businesses, influence the reasons for existence and the
nature of the business. Each respondent, as entrepreneur, owner-manager, and family
member, influences the formation of his/her family business in a particular manner,
according to the case descriptions in Section 4.1.

Family and business are domain subsystems in which the individuals are embedded. The
founder of each of the Chinese-Australian family businesses is embedded in the overlapping
area of the family and business subsystems. For example, the founder of a Chinese-Australian family business is a member of the family subsystem in his or her role as father or mother; at the same time, he or she is a member of the business subsystem in his/her role as owner-manager. The circular connection indicates that the individual (i.e. the founder) plays different roles in the family and the business, neither of which is static. Because they change constantly, they form a dynamic whole. The continuing process of a circle allows for reciprocal interaction and cooperation, and even tension, because of their potential conflicting roles in the two subsystems.

Ownership and management subsystems connect the family and the business subsystems. In the controlling owner stage, the founder has a direct impact on the organisational characteristics of the Chinese-Australian family firm. The legal ownership is centralised in the hands of the founder. In the current study, the definition of family is applied for a nuclear family structure, because these research participants primarily addressed the reciprocal impact of spouse and children on the business subsystem. The management team was formed as manifested by either co-leadership (i.e. husband-wife partnership) or one leader. The family relationships, in particular between husband and wife, impact on communication style, forcing consensus on business’ decisions.

The Chinese-Australian family business system does not operate as an isolated entity, but operates within the social context of the Australian environment. The environment provides resources, institutional structures and cultural values that can be drawn on to attract entrepreneurship and create private firms (Krasniqi, 2009). At the same time, it establishes law and regulatory framework, social norms, technologies, and markets that provide a framework for the survival and success of businesses as well as the functioning of their owning families (Park, Russell and Lee, 2007). In the current study, it paid particular attention to the national cultural differences within the environment system. For some Chinese-Australian family business owners, Chinese ethnicity is not only an individual attribute and family heritage, but also a business resource that extends social ties to
business spheres. There was evidence for a collectivist approach to seek and evaluate entrepreneurial opportunities by the founders of Chinese-Australian family businesses. At the same time, some founders emphasised the diverse approaches from an individual perspective to acculturate the resources and human capital they bring to the business. To facilitate the creation and utilisation of resources and capabilities, the configuration and behaviours of these Chinese-Australian business owners has been influenced by local environment in terms of business resources and business culture.

4.6 Summary

The chapter started with the presentation of the six cases reported in the current study. The Chinese-Australian family business context under study was divided up into three subsystems, namely, the founding owner-managers, the family, and the business. The formation of family firms was dependent upon a complex set of factors specific to the founder’s motives and goals, with the individual acting in the interface between family and business, as well as the specific environmental conditions in which the firm was embedded.

Through a cross-case analysis of the six cases in the study, four different motives were identified for starting up the business. Wealth creation constituted their primary economic goal, but all of the business owners addressed a range of other goals related to their personal and family needs. The business they established was viewed not only as a means of livelihood, but also as a vehicle for individual achievement, a sense of self-determination and the choice of lifestyle.

The specific collection of resources and capabilities of family members, in particular of the founder’s spouse as a copreneur, were considered by the business owners to facilitate the daily business operation and management. The various types of interaction between family and business were subject to tensions over “money”, decision making authority, work-life balance, and a desire for individual autonomy. Successful resolutions of these tensions were essential for the business owners to develop clear roles and have one’s own areas to sustain a collaborative management team and harmonious relationships between family members.
In the context of the firm’s lifecycle, the ownership and management control were centralised in the hands of the founder (the controlling owner stage). The six Chinese-Australian family firms had certain features in common, including their size (small to medium), location (urban areas), and business sector (service sector). However, each Chinese-Australian family firm gains access to different kinds of social capital, whether it is embedded in family and social ties or enlarged to wider social sources, can facilitate developing a niche market to enhance the firms’ competitive advantages. Therefore, a rich variety of Chinese-Australian family firms consists of the firms which are embedded within a specific ethnic environmental context, and the firms which are integrated into the larger economic market that they sought to serve. The choice between price-leadership and differentiation-based strategies was strongly influenced by the accessible business resources and corresponding customers.

Finally, the model of the Chinese-Australian family business system illustrates the interactions among the individual family members, the family unit, and the business entity, in relation to the surrounding environment. At the environmental level, the particular cultural and economic setting provides the context for the Chinese-Australian family business system. At the organisational level, the Chinese-Australian family business consists of four subsystems: family, business, ownership and management. The four organisational subsystems integrate the individuals of one or of several subsystems. For the six case studies, at this point time, the founders can be seen to sit within each subsystem in terms of the way decisions were made, functions were performed, strategies and structures were set. The following section deals with how individuals, the family, the business, ownership and management interact to create decisions on succession choices unique to Chinese-Australian family businesses.
This chapter deals with the factors that impact on the types of succession choices made by Chinese-Australian family businesses. The strategic decisions related to succession represent a complex phenomenon, reinforced by factors concerning not only the individual (i.e. the founding owner-manager’s ties to the business) (e.g. Wang, Ahmed and Farquhar, 2007), but the dualistic domains of the family and business (e.g. Royer, Simons, Boyd and Rafferty, 2008). In addition, organisational values and assumptions (for example, related to organisational continuity) (e.g. Duh, Tominc and Rebernik, 2009), and the environment’s impact on organisational ownership and management structure (e.g. Janjuha-Jivraj, 2006) inform the decision process. In the current study, there are also factors that vary across cultures, integrating personal and societal values in Chinese-Australian families. Taking into consideration of both the family and business contexts, the role of the founder plays in the preparations for organisational development in the decision-making regarding succession.

Figure 5.1 highlights how the business-specific concerns of first-generation Chinese-Australian founder-owners in the current study have impacted on the succession decision-making process. First, a firm’s management system, influenced by the owner-manager’s managerial proficiency, affects the firm’s organisational capability to develop internal routines, norms values and culture, which in turn play a role in the type of succession choices made by the owner. At the same time, the family firm faces challenges and opportunities across its organisational lifecycle. Therefore, in line with the lifecycle perspective, the stage of development of the Chinese-Australian family business also affects the succession option and style. Further, the founders’ aspirations and attitudes on succession are influenced by both the prevailing national culture and the values in their own family. These affect the founders’ choice between allowing family members to share responsibilities in key positions and recruiting non-family individuals (i.e. professional managers) to the top management team on the basis of professional expertise or managerial ability.
The following sections start with exploration of common patterns in the firm’s management system and the relative impact of the founding owner-manager’s leadership behaviours. This is followed by the discussion of the organisational culture of the Chinese-Australian firm as it develops, which is associated with the stage of development for the six Chinese-Australian family businesses. Clearly, the founder plays a significant role in managing the boundary between the family and the business when considering succession. The key role of founder is manifested by their aspirations and visions, as well as their preferences and perceptions on family succession and business succession.

5.1 Management of the Business

While there are significant differences in the various business types and strategies, common themes of business practices can be identified. All cases of Chinese-Australian family firms in the study demonstrated strong leadership by the owner-manager and a highly centralised management structure. The characteristics of this managerial pattern indicated that the stock of knowledge and skills possessed by the firm owner-manager was
a key factor in the economic viability of the firm (Fuller-Love, 2006). Therefore, the management skills of owner-managers of Chinese-Australian family firms was emphasised as a way of achieving the desired outcome—economic returns, as Ong described below.

I think the rewarding part is when we run the business well. [When] you make good money every year, [when] you make good money, you feel that you actually achieve success. You get good feedback from your customer. You get good feedback from your staff. Your bank balance increases. That's the best outcome you achieve. The money is actually the end of result. Good profits are the results of the whole process of running a business, from operation to financial management, to customer management, to your cost management. If you manage them all well, it will be profitable. So, the result of the end of financial year of a company shows you have made so much money. It only shows you that you have done other things well. (Case 3)

In the management of the business, the respondents also focused on how adaptive their organisational structure needed to be to allow them to achieve their financial objectives. The structural form can directly be related to organisational goals and performance improvement (Tosi, Brownlee, Silva and Katz, 2003). For example, Wang described how a firm’s system of management influenced subsequent business performance, regardless of the extent and nature of family involvement in the business.

If you got a business structure, you should go into that structure. If you don’t have that structure, your business won’t work anyway, whether you are a family member or not. I think having a family business, if it doesn’t work as a proper business, having family members aren’t going to hold the business together. It works, because it is a business. (Case 2)

In order to match the needs of the business, the respondents considered a range of internal and external conditions that facilitated the effective management of their organisations. A business operation relies on various forms of capital—human, social, financial and environmental—that enable a firm to pursue its economic objectives and establish its
competitive position in a fast-changing environment (Hoffman, Hoelscher and Sorenson, 2006). For example, Sun stated that ‘you’ve got to understand the market, the market demand and supply, and finding out what you specialise in and standing out of the crowd’. In addition, it was important for these business owners to commit to what they believed would be a long-term, consistent, reliable and accountable relationship with their customers or clients. The norms and values that originated their commitment enabled them to be more responsive to growth of demand. It seems that an understanding of the internal and external factors has a direct impact on the competitive advantage a Chinese-Australian family firm is likely to attain.

Each case of Chinese-Australian family firms faced a range of challenges and opportunities and their owner-managers required specific knowledge and skills to manage these effectively. In general, the respondents considered two key resources mattered in managing their businesses: people and money. At the stage of founder management, the respondents perceived themselves as sufficient human capital to deliver solid performance, because they were extensively involved in the day-to-day operations of the firm. For example, Li addressed that it was important for an owner-manager (herself) to have the answers to most of the questions that subordinates may raise about their work, because she considered that it was her responsibility to take part in the practical coping with daily matters in the firm’s operation. In addition, Son attributed the long-term success of his business to an ethical and professional business conduct as a financial professional. He held the value that his business practices should reflect credibility and accountability to develop his brand reputation in the co-ethnic niche market.

Absolutely, in any profession, you need to be honest, no question about that. You see people will judge you by your action or what you have done. For us to be able to in this group [in] the last 22 years, we’ve got to be doing something right. I think that and especially [in] the Chinese association or in the Chinese community. It is a very, very small community, so if you work well and your reputation is good, people come to you. I like to present a trustworthy, reliable, really worthy. And as a key point, people can rely on us on the advice given to them. They can trust us on the advice given to them.
That’s what I like to make sure—have that perception of us. It is important to let them understand that so the client will feel that you actually perform a duty of care for the client. That is utmost importance. That is why we always make sure we perform well and keep a nice and clean reputation and perform our job in the most professional manner. (Case 4)

This view indicates that taking a positive ethnic identity as part of their construction of a firm’s social capital is seen especially important in co-ethnic markets. The respondent’s ethical business behaviours gave the firm an edge in building social capital, because these behaviours not only implied a business exchange but also a social commitment that fit within the ethnic context in which the firm was located. The norms and values favouring trustworthiness were viewed as an important factor in their relationships with customers and tied to the respondent’s behaviours that have been part of his way of business practices to gain a competitive advantage of the business. This finding is consistent with the idea that the viability of ethnic business is accumulated and sustained by the organisational consequences of founder-owner’s human capital and managerial capability (Piperopoulos, 2010, Sahin, Nijkamp and Baycan-Levent, 2007).

External environmental conditions (e.g. competitive environment, customers’ needs) can shape the contingent relationship between the firm’s resources and strategies (Krasniqi, 2009) as well as the objectives of the firm, such as sales, profits or equity growth (Anderson and Reeb, 2003). How well the business owners manage the financial resources was emphasised as a stimuli for further business development. For example, Sun claimed that ‘a lot of businesses are failing, because they don’t know what they are budgeting, they don’t control their spending versus their income’. The fact of private held ownership confers managerial control that allows the founder-owner great flexibility towards their decision-making in ways that are unavailable to firms with other governance structure (Chrisman, Chua and Litz, 2004). For the sake of financial independence, the unification of ownership and management control reinforces organisational authority to owner-managers (Hoopes and Miller, 2006). Ong described that the way of his financial control and planning tended
to operate under a relative freedom from accountability to third parties, such as an institutional investor or a bank. He held the value of a rational decision on the financial resources to focus on the development of capability within the firm.

I think about one thing about good business management is [about] knowing when to spend and knowing when not to spend money. In the business, you borrow for growth; never borrow to cover the expenses. That's dangerous thing [when] you start borrow to just pay for expenses. That will lead to major failure. You borrow money for growth, or buy assets for business which has possibility to contribute. That's my philosophy of strategy in financial planning. I would never borrow for pay bills. All I do is to tie up the unnecessary expenses. (Case 3)

It appears that controlling owners are more prudent with their money, because the financial resources may inhibit the firm’s ability to internally generate income for its capital. In addition to founder-specific human capital, organisational capabilities are expanded through the accumulation of human capital and social capital from “outsiders” (i.e. non-family employees) (Miller, Le Breton Miller and Scholnick, 2008). Attracting and managing non-family employees depends on the leadership and managerial practices of the firm owners (Reid et al., 2002). The following sections discuss how the respondents shape the organisational structure by adding non-family employees, and how they exercise their influence on the business operation through communication and leading by example.

5.1.1 Managing Non-family Employees

In the controlling owner phase, the ultimate authority within a family firm is incorporated in the person of the owner-manager (Gersick et al., 1997). In the current study, the personalisation of authority allowed the founder-owner to project their vision onto the business, including the questions of whether or not hire non-family employees in. For example, Wang preferred a tight structure with few employees. In his view, having to monitor more people, more relationships, and more transactions in which the firm owner might not be directly involved, was inefficient.
I only have 3 staff and turnover 5 times more than individually the sales staff did in the previous business. So it’s much more sufficient. [It is] the efficiency what I do now. And the management level is much lower, the efficiency is much higher. So in terms of business is manageable, it’s not a model of business; [but] it is a business that suits me. It’s much specialised, and you don’t need a lot of people. There’s not a lot. The project is a design business, and the more people you have, and the more chains, the longer the link – the longer the chain is, the more watered down the instruction gets. The less people we have, the easier it is to do the business, because there’s lots of knowledge, and lots of information on the through. (Case 2)

The decision to recruit non-family employees was based on what resources were needed at the time. Most of respondents considered that the business operation was expected to move from doing everything themselves (the norm at the start-up stages) to working with others, then to working through others, while keeping an eye for growth opportunities. As their firms grew, Ong, Li and Choo recruited non-family employees to operate the firm in a larger scale, in spite of the pool of family members. The focus of job generation has a direct bearing upon the firm’s business development and wealth creation (Reid et al., 2002). These respondents expressed confidence that they had capable people eager to utilise their abilities to help their firms achieve their goals—the long- and short-term financial returns from the business. In service-based businesses, they paid particular attention to human and social capital that non-family employees brought to the business. They considered that their firm was a community of people blending individual capabilities to allow the firm to offer customer-made products and serve customers well. For example, Ong illustrated that the quality of his employees made his firm a profitable entity as a customer-oriented business.

In the service business, your service quality depends only on one thing—your staff. You can build most beautiful structure, you have terrible staff, people will not stay with you, [and] customers will not stay with you, because in the end, it’s about the service quality.
The most important point in the service business is called the moment of truth. The moment of truth is when the customers directly interact with service provider, which happens to be our staff. If that experience is no good, you finish. (Case 3)

This view illustrated that business performance could be directly dependent on the delivery of services by non-family employees postulates. It also reflected that the respondent believed that the effective behavioural attributes of non-family employees was crucial to the nature of a service-based firm’s performance. The following section discussed what qualities to look for in non-family employees that match the needs of the organisation.

5.1.1.1 Selection of Non-family Employees

Non-family employees are an important human capital in the service business to delivery customer-made services and support their firm’s growth and development (Arregle et al., 2007). Most of the participants emphasised the importance of selecting the “right” employees, as they believed that employees are one of the most costly and important investments to their business. Recruiting the right people is a key leadership activity, because the owner-managers identify the critical roles and positions in the organisational structure and design chain of command and responsibilities through to the systems and procedures in a firm (Miller, Le Breton Miller and Scholnick, 2008).

The selection decision is followed by an assessment of the competencies and skills required to fulfil the business purpose. When it came to determine whom they want to hire, individuals are then selected that must possess the right competencies and skills to fill specific roles. The majority of participants noted that qualifications of training or education were not the sole measure of people’s experience and ability. A fit between the employees’ attributes and the requirements of the business was considered an important factor to integrate someone external to the family business. The respondents explained their desired qualities and different ways in relation to the selection of a new employee.
The specific attitudes towards work and the characters of the person were key characteristics some respondents looked for when recruiting. As Sun stated, ‘in the business, it’s all about the attitude. It’s not [about] the qualification, skills that you can teach. Because the attitude [is things that] you cannot teach’ (Case 6). It is critical to determine if a candidate will be a cultural fit with the owner-manager (Schein, 2010). In the current study, balancing the owner’s traits with complementary skills and experience was one of the important factors the participants considered. For example, Son described that a good candidate not only needed relevant qualifications and language/communication skills, but more importantly, needed to have the right attitudes and a character that was compatible with his firm.

It is always a challenge to get good people. Yes, there are plenty of students with good qualifications, [but] they are not having the right attitude with us. [It is about] their passion about it, their attitude to serve the client, their passion about building up their own career in this line of business. In any line if you don’t have the passion the success rate will be very low. Passion plays a very strong role. The skill I need to have is their people skills. They need good qualification, communication skills. [To] be able to speak Mandarin and Cantonese is one very important criterion. And their character is important to me, I want to understand the character well enough before we can put them on because some have very poor character. They may have good qualification but very lousy character. (Case 4)

This view reflected that the requirements for hiring non-family employees were perceived that the specific person was committed to the work, had the competence and abilities to achieve results, and had certain personal characteristics that gave the business owner confidence in the performance of the person. To be open to external influences from employees, the respondents not only assessed who they are and what they are, but also concerned about the whole system of which they are part. Wang tended to create a team orientation of working atmosphere among employees in his firm.
You just need to have... the people who have the right temperament and have the right ability to be able to work.... [and] have the right... the personal skills to be able to work together (Case 2)

It seems that compatibility in terms of working ethic, interest and personality was required in prospective employees to fit the particular family business. A family business tended to transfer explicit forms of knowledge regarding the values, norms, and meanings of the owner family, which made it difficult and time-consuming to teach someone external to the family business experience (Hall & Nordqvist, 2008). Therefore, the importance of matching the employee’s competencies and the requirements of the business not only need a general business experience, but also family (business) specific experience.

Most of the respondents were pragmatic in casting a wide net among multiple sources. Job interviews were perceived as an important way to assess the potential employees and for predicting future performance. For example, Ong suggested that it was critical to ask a set of performance-based interview questions about on-the-job “scenarios”, because he believed that it helped to disclose the presence or the absence of the traits and characteristics the job required. A person’s character, personality, work habits and attitudes become evident in the way the person handles the task presented (Ensley and Pearson, 2005). At Ong’s childcare business, it was important that employees presented a caring and trustworthy attitude. He believed the performance of employee must reflect the value of the business.

I think quality we look for the people with real interested in caring children and providing the good care, also understand the psychology of children. Actually they care; rather than they go for a job. Some people study childcare, because they think ‘oh, I can get a job easily’. Other people study childcare, because they like to work with children. So there are two types. You cannot tell it when you look at the qualification. Once they come in and sit down, you interview them. You will know they actually have wrong mind, wrong attitude, or wrong personality. We have maybe 10% or more turnovers
every year. (Case 3)

The higher search and verification costs (i.e. agency costs) were a concern when engaging non-family employees. While Choo, Ong and Sun recruited and searched for a large amount of potential employees by posting a job listing on their own company websites or other career-oriented sites, Li provided a different insight into choosing her staff relying on information that was readily available, such as family or friends’ referrals. She identified “trustworthy” employees through the network to save time and costs. She stated that her co-ethnic employees were well suited to the business in its current stage, because of their cultural proximity to the family and their clients. Li described it this way:

I didn’t post advertising to hire employees. My staff came to me at the first place. I appreciated that. I knew there was a lot of advertisement, but it may not effectively attract good people. When your company has gained a substantial market [share] and you have earned your reputation and your recognition, you attract good people…Some would be introduced to me through mutual friends… I think friends referrals are a good way to know people. When you find some people and let them work for couple months, you still don’t know this person. Being a real estate agent, a person’s credibility is the most important criteria. You need to build up your credibility; you need to know how to earn your client’s trust. If this person used to have some bad record, it was hard to find out in a short time. So, most of my staff was introduced by my friends. They would know them for a quite a long time. (Case 5)

This view confirmed that advantages can be achieved by linking the business to ethnicity (Oxfeld, 2001, Shapiro, Gedajlovic and Erdener, 2003, Lever-Tracy and Ip, 2005). The extensive networks of ethnic identity, family and community resources are of paramount importance to acquire business information and inside knowledge of market opportunities that facilitate business development (Siu and Bao, 2008, Qian, Razzaque and Keng, 2007). This type of business relies heavily on personal relationships. Relationship building and trust are inseparable among overseas Chinese businesses (Batonda and Perry, 2003, Tan, 2004). Gaining trust is nurtured through the building of strong relationships (Park and Luo, 2001). In
addition, this finding reflects deeply held values of collective in-groups culture (e.g. a sense of belonging). The preference is for dealing with people with whom the business owner or his/her friends had established interpersonal relationships. Because such personal relationships are a critical factor in employment relationships (Yeung and Tung, 1996), it seems that the business owners in the study not only worry about finding the right people, but also about how to get the group of employees working together. Apart from assigning a performance-based position in an attempt to motivate employees, the business owners focus on the characteristics of employees which are compatible with the business nature. The following section discusses how the respondent led the hired employees.

5.1.2 Founder’s Leadership Style

The private ownership and the centralised degree of control of their firms had a strong impact on how the respondents perceived the nature and function of power and authority, the structuring of relationships, styles of interpersonal interaction, and the desirable characteristics of the leader and the leadership style. In an organisation, the owner-manager’s way of thinking, behaving and believing are transmitted and get manifested through their leadership behaviours (Stavrou, Kleanthous and Anastasiou, 2005, House et al., 2004). The founder’s ownership and control rights were a defining feature of all cases of Chinese-Australian family firms. For example, Sun described how organisational authority was centralised in his hands, because he felt it was his role to take economic and social responsibility in both the firm and the family dimensions.

You can call it the pressure. You can call it the responsibility. You can call it gender issues because in Chinese culture, you have to take more responsibility on your shoulders, and you deal with things more seriously every step you move. And you do see the more ‘happy face’ on women rather than [on] men. In general in the family, you have a more serious position. Normally if you have to say ‘no’, it’s the father’s job to say ‘no’ to the daughter or son, that kind of thing. I think it’s important and even in the company. I’ve got to make the call if we decided to fire someone or make a hard decision and I always play the ‘bad guy’ in the whole organisation. It’s the position
This view reflected that the controlling owners, regarded as the “father” figure, had influence and power to identify and solve problems in both the business and family domains (Westhead et al., 2002, Astrachan, Klein and Smyrnios, 2002). From the business side, values about direct supervision were manifested by the choice of managerial mechanisms in terms of internal routines, processes and systems. From the family perspective, personal power rested in the patriarchal structure and gender roles. At the individual level, the founding-owner immediately fixes an issue, directly when he/she sees that it needs to be done (Stavrou, Kleanthous and Anastasiou, 2005). Therefore, the owner’s personal values are naturally immersed and transmitted to the family business practices. For example, Wang described his business had evolved around himself in terms of certain patterns of ways of doing things, because these actions produced his desired results.

When you run a small business, more cases, and [a] small business are ran by individual who owns the business. [They are] not just managing directors or employer, actually own the business. Most of business evolves their knowledge or their personality of that person. You can achieve your personal goals. You can impose your own values freely and act very honest way. [You are] to be honest to yourself. When you work with other people, you have to compromise in terms of the things that has done. Often, you wouldn’t do that way. I have to do this way, because that is the way [that] business works. That’s the system. [If] you create the system, that’s [a] fulfilling thing. People follow the system. And you reach the goals. (Case 2)

This view reflected the founder-led firms tended to be more independent in nature, which facilitated individual initiative and reduced constraints of compromising with other people. It also emphasised the desirability of centralisation and a simple organisational structure with less hierarchy. To reinforce the owner-manager’s control, communication and leading by example are perceived as vital to communicating the owner’s decisions and reducing incentives for non-family employees to act in their own interests at the expense of the owner-manager (Le Breton Miller and Miller, 2006, Carney, 2005). From the respondents’
point of view, effective communication promoted clarity and accuracy of information, and included proper explanation of the rationale behind, as well as expectations related to decisions and actions. Role modelling enhanced employees’ participation, productivity and commitment. The following sections will present the themes of Communication and Leading by Example with respect to leading and motivating non-family employees in founder-led Chinese-Australian family firms.

5.1.2.1 Communication

Fostering good communication between the individuals involved in the firm’s operation emerged as a prime concern of all participants. As the owner-managers with legitimate power and expert authority, these participants were confident about how their firm should do its business, what type of jobs employees were assigned to, and how to respond to the daily matters that occur when working with non-family employees. Communication is central to establishing clear understandings and negotiating areas of discord (Blanco-Mazagatos, de Quevedo-Puente and Castrillo, 2007, Chrisman, Chua and Litz, 2004). The respondents used direct communication to engender cooperation and achieve the tasks that they had delegated. For example, Ong found that there were employees who were less than enthusiastic about the firm’s vision and strategy, because of mismatched messages in the chain of communication.

Sometimes, we find that we think we treat them well, but some miscommunication somewhere, they think ‘we don't look after them’. Those are something that needs to be addressing. I am working with my wife in communication channel, because information flow is very important, like of some information to some people means you don't care, like of some information because sometimes you forget to tell people, people interpret it saying ‘they don't care about us, so they tell us nothing’. [Then] you find there is no communication between staff, managers and us. And then when we talk to them, they say ‘by the way, we do this all the time’, but we don't know about this. There is a problem [that] it is the line managers. The centre managers are not passing on the information. (Case 3)
This view seems to be an evidence for the validity of an agency perspective about the potential conflict arising from the separation of ownership and management (Blanco-Mazagatos, de Quevedo-Puente and Castrillo, 2007, Miller and Le Breton Miller, 2006). The respondent perceived the lack of communication may generate feelings of distrust that could reduce employees’ commitment to the firm. Non-family employees are only loosely tied to the goals of the firm, so that their behaviours are highly driven by divergent attitudes, experiences and expectations (Barnett and Kellermanns, 2006). Therefore, employees’ actions may cause significant inconsistency and uncertainty in the firm’s operations and performance. From Ong’s perspective, the prime response to monitor and mitigate this agency problem was to improve open communication exchange. He viewed his ability to share information with employees based on a clear and sound communication channel. Ong suggested that communicating the employees’ roles and responsibilities would enhance the owner’s ability to create a team and workplace environment that make the working process more clear and explicit.

The important thing is you don't want to give your staff an attitude that owners don't care. We are the owners, they are the workers. We are seen not to care, they won't care. Staffs are human beings. If you appreciate them, they also appreciate being recognised. That's what is important...If I don't tell things to my staff, the staff don't tell the parents, people don't know, they gossip, you have big problems. so I always say, anything important, I make notices and copies, make sure every centre and every staff have the information, so they know, whether it changes the policies, whether we had promoted someone, whether we will start new business this year, you know, what we are doing in terms of staff activities, then they can understand what we are doing. (Case 3)

This view reflected that the communication style of the business owner was a feature of their own human capital. Creating ‘an atmosphere in which employees feel encouraged to express their ideas and criticism’ (Hall, Melin and Nordqvist, 2001, p. 205) leads to the commitment of non-family employees. By sharing information and numbers in the operational situation and finding out where the gaps, employees can become informed on
what is happening in the business and then can be empowered to respond challenges and change (Ensley and Pearson, 2005). Thus, it is necessary for the owner-manager to be aware of what employees are working on. For the respondents, they were keeping track of their employees’ workflow, so that they ensured that their employees were less likely to become careless or disengaged. Moreover, keeping employees informed tends to feel a sense of belonging, because individual employees are valued with recognition from the owner-managers to share responsibility for the whole (Schein, 2010). Thus, smooth ongoing communications within the organisation is essential for motivated employees to do good work without much supervision and monitoring from the owner-managers (Steier, 2001). Sun described that non-family employees were actively assigned to the firm’s middle management and operation frontline.

Every store we have a store manager, and a head of people. They are doing admin, staff training, marketing, finance, [and] purchasing… [The] Store manager is running day-in day-out… Most of my time, I go visit the store, not working in the store. I am demonstrating for them, teaching them, training them, talking to them and understanding what they need. One question I always ask them is ‘what else I can do to make it better or I can do better for you.’ They say ‘I prefer this, this…’ [I see] this is not criticism to me. I have my different focuses, sometimes; I probably forgot to serve the areas they want to improve, so [they] let me know. My phone is known, not to the customers, but to my staff 24 hours 7 days. They can call me anytime [when] they need support [and] they can ask their questions. (Case 6)

This view reflected that the respondent tended to be an accessible owner-manager that employees met frequently and could talk to easily. In addition, communication is advocated as a means of giving employees opportunities to participate in decisions that affect their jobs (Wang and Poutziouris, 2010). Because the survival and profitability of the firm were dependent on the decisions made and actions taken by employees on a daily basis, the participants perceived that the interaction and communication between themselves and their employees played a significant role in increasing the sense of mutual understanding
and in creating behaviours that were supportive of organisational goals. Sun suggested that his firm’s internal operation was enhanced by constructive discussion of different perspectives among employees to find better solutions to problems.

They [employees] are day-in day-out. [There are] a hundreds of millions of decisions you made, but that doesn't mean all of you made are correct. Even sometimes, [once the] decision is made, you realise it is [a] wrong decision, probably it is not appropriate. It depends on how you interpret, what, which angle you look at. It's more like I say to them everything has different angle to look at, the same thing, looking at different angles, could have different results, different views. The instant I always give to my staff members is a cylinder. I have a cylinder. If you look at the top, standing on the top, looking at the cylinder, [it] is a round, but if you put it in a far distance, you look at the cylinder, [it] is square. So what's the shape of the cylinder? It's not round, [and] not square. You've got to understand the different angles, the different views that could have different results. So the communication is the key to success. (Case 6).

This view highlights that the best solution may not be reached when someone has only partial knowledge about a particular problem. Therefore, communicating clear goals and explaining what was happening in the company as a whole was critical for the respondent to give employees a broader perspective on how their jobs influenced the overall business. From the perspective of agency theory, employee performance can improve if the business owners communicate a defined set of expectations, working through business issues and differences of opinion (Le Breton Miller and Miller, 2009, Miller and Le Breton Miller, 2006). Thus, managing, redefining or reconditioning the expectations of what is most important at work is a critical aspect of effective management to improve performance. In addition, the mutual exchange of ideas and attitudes lets each employee feel included, leading to the creation of positive communication and feedback and enhancing their performance through transparency. This implies that the founder’s communication leadership facilitates the establishment of terms and conditions that minimise agency issues and encourage desirable behaviours among non-family employees, as well as promote collaboration and participation in problem solving (Chrisman, Chua and Litz, 2004). Engaging in open discussion and
information exchange tends to develop a participative organisational culture (more details in Section 5.2.1).

5.1.2.2 Leading by Example

In addition to the sharing of information, the respondents considered leading by example to encourage employees’ productivity and influence their conduct. The owner-managers conveyed their dedication and commitment to their business by keeping themselves present and available to the demands of day to day business. Through their own behaviours, the participants tended to exemplify what was important to achieving results in the business. In addition, they were concerned for setting an example for non-family employees in order to inspire their commitment and motivation. They communicated their preferred way of doing things through their own behaviours. In order to socialise employees acting aligned with the firm’s interests, Li spent a considerable amount of time talking to her employees in ways that encouraged responsiveness, and helped create a work experience where communication flowed freely and conflicts could be resolved easily. She felt that, as the owner-manager she had the responsibility to articulate a vision of the future for her employees, and to play a fundamental role in every function of the firm.

You have to play a leading role. The first, you need to [be] far-sighted. You should see more than others. You get insights into the opportunities you want. Second, it is an important quality of your own, your skills regarding how to properly express everything, so that your staff and your clients can grasp the information. Moreover, your credibility is very important. When you give people the promise, you have to keep it. If you are honest, people will [come] back to find you. The customers will think of you, always be with you. (Case 5)

This view reflected that building trust and cooperation was essential for effective leadership. The respondent considered the leadership qualities entailed not only making important decisions of business and directing and instructing employees, but also the attitudes and behaviours which related to the particular family business regarding the values,
norms and meanings of the owner. From Li’s perspective, the quality of trustworthiness was associated with the effective business practices that consisted of honest dealings, predictable reactions, and ethical conduct. These actions were perceived to lead to a perception of credibility and reliability among non-family employees.

In addition, the purpose of leading by example aimed to guide behavioural expectations of non-family employees. In light of business routines and practices, Choo related that the way he behaved had an impact on his employees. He was more willing to make the first move required to handle the business matters and his staff was socialised to behave accordingly. To shape and influence his staff’s behaviours, he considered that the employees were not primarily governed by for a general business experience but the owners’ priorities and their corresponding behaviours.

It is very important in the business that you lead by an example. You always tell people if it works, you have to be the first person to test it. Like in ancient days, the doctor always tests the poisons, before he gives to his patients. I always work and lead by example. When I ever want have something done, I always do it first as the same way as I do business. If I want my staff to work hard, I show a lot of interests in my students, I show a lot of interests in my work. You need to show them it is important, you do have to emphasise several times, [considering] what are others’ priorities, [some things] you have to do, [some things] you could have your expression, you could do more or less but certain things you simply cannot miss out. (Case 1)

It is clear that the owner-managers perceived their own behaviours as a significant influence on their employees’ understanding of the firm’s goals and the means to reach those goals. This improved understanding of the owner-manager’s attitudes and motivators can lead to feelings of consistency that may develop employees’ confidence to follow the lead. The effects of role modelling can also be manifested as an enabling force to teach what constitutes appropriate behaviour in an organisational setting (Schein, 2010). For example, Sun described that his success as a retailer was attributed to satisfying customers’ need
through building a quality service. The role of socialisation for adjusting to the requirements of the business aimed to encourage a customer-oriented climate to deliver fair treatment in the employees’ service.

Lots of people ask me 'how you become a good sales person?' First, you need to become a good customer. If you are being a good customer and understanding what [the] customer needs, [you are] being [a] customer yourself. You understand what [the] customer needs, and you will be a good sales person. Lots of people said to me 'you treat people like you like to be treated'. You’ve got to treat other people like you like to be treated; if you don't like being treated that way, why [would] you treat other people that way? That's very important. (Case 6)

This view indicated that much of organisational behaviours among employees were derived from the influences and personal behaviours of the owner-manager. For the respondent’s view, there was a high degree of intentionality of commitment to exhibit task-oriented leadership style. An understanding of how to do things among non-family employees was developed through capturing what the owners do. Explicating such daily activities that would be self-evident to the owner-managers can create awareness of organisational culture which involves learning the trade as well as passing on values.

Through communication and leading by example, in the six cases, the owner-managers aimed to build trust, coordination and collaboration in the organisation. The characteristics of the founder’s managerial practices seem to promote a participative leadership style. The findings highlight how the management style and structure affects effective organisational operation in terms of the long-term performance of the business, which in turn determines choices of succession. A supportive organisational culture also enhances continuous improvement performance, because it may encourage organisational members to work through difficulties and cope with the changes resulting from the firm’s development from one lifecycle stage to the next.
5.2 Organisational Culture

From the above discussion, it has been shown how participants influence company behaviour through both explicit and unspoken communication. Business ownership not only gives the owner-managers the legal right of possession, but also the rights to making decisions, holding responsibility for risks and profits, and to establishing the values, attitudes, and beliefs of the workplace. The combined characteristics of owner-managers and their leadership strategies are most marked in the choice of organisational culture management activities (Schein, 2010). Analysis of the cases under study also suggests that the organisational culture of each family firm appears to be closely related to the characteristics of the firm itself, including its ownership, size and business nature.

In a family firm, organisational culture can be manifested within a web of relationships (Powell, Francesco and Ling, 2009). First, the relationships between the founder and non-family members have an impact on the management and daily operation of the business (Van der Heyden, Blondel and Carlock, 2005). Prominent in the participants’ view were two relationships existing between themselves and their employees: the dominant one and the interactive one. The former pattern refers to an owner-dominated centralisation, while the latter pattern refers to regulated decentralisation. These patterns reflect differences in power when interacting with and coordinating employees, including issues of delegation and the complexity of the organisational structure.

Second, the relationship between the business itself and its external stakeholders (e.g. customers and suppliers) determines the business survival and success (Lester and Cannella, 2006). In particular, in the current study, niche strategies were essential for these service-based businesses. Interaction with customers encourages responsiveness and change, which facilitate the creation of new markets and market expansion with innovation of products/services (Krasniqi, 2009). While a common theme of customer-oriented relationships can be identified, it is clear that each case remains unique. Variations in the combination of relationships between different customers and the business are a driving
force behind the rationale of the going-concern of the firm.

Finally, the relationship between the business organisation and family members is associated with an organisational culture in a long run (Kellermanns et al., 2008). The founder’s vision and future orientation may shape and be shaped by family members’ participation in the firm (Bocatto, Gispert and Rialp, 2010). An understanding of how the behaviours of family members can impact upon organisational culture is crucial in determining how to interpret the founders’ attitudes toward succession (Stavrou, 1999, Craig and Lindsay, 2002). In the current study, the founder plays a crucial role in enhancing the value of stability and harmony between the family and the business.

5.2.1 Performance Management

In a founder-led firm, the founder-owner could dominate the firm by controlling all the decision-making processes in various situations (Wang and Poutziouris, 2010). Such individual decision-making affirms the importance of the founder’s leadership orientation. The founders are constantly in a process of transmitting values, both personal and business to the organisational members as a part of their business conduct (Schein, 2010). Delegation was viewed as one of the respondents’ managerial practices, because it expanded their managerial span of control. For example, Choo described that the key drivers of the business performance were attributed to employees’ input, but he still preserved his authority as the final decision maker. He claimed that his preserved power was partly due to a legitimate franchise requirement.

I can delegate a lot of responsibility. Practically, I just sit there. I just oversee a big problem that I need to deal with. Traditionally day-to-day is passed onto [staff]. I don’t do the daily requirement...they get all the information and prepare a report for me. I look at the report, make assessment, then things move on...essentially, they collect data, [but] they don’t make decision. Everything that is required to decide, I still have to make them…This is a part of because [my education centre] is [a] franchise. It has really strict requirements. The person who runs it must make all the decisions. It is a
part of franchise requirement. This is not something that I can change. If I totally give up making decisions, they will query my credibility as the owner. (Case 1)

It should be noted that the type of directive leadership displayed here is different from the paternalistic headship that prevails through much of the management research of overseas Chinese family businesses (Farh and Cheng, 2000, Mikhailitchenko and Lundstrom, 2006) (more details in Section 5.2.1). The paternalistic style refers to an autocratic leader who makes decision quickly, orders subordinates to take certain actions without sufficiently explaining the rationale behind those actions, expects subordinates to comply and accommodate without questioning (Fang, 1999). Especially in a high power distance society, such a paternalistic autocratic leadership style is seen as acceptable in the workplace (Hofstede, 2003). In the current study, the need for authority is not reflected in the values of high power distance. From the respondent’s view, his role as the owner-manager sought to control both the performance outcome and the behaviour of the workforce. Ong related how delegation of the daily operations of childcare centres impacted on his managerial practices, which in turn impacted on managerial efficiency.

You think more about the strategy. Once you are stuck in day-to-day pieces, you cannot think about strategy, [because] you got no time. My ideal position is, as the owner, I will go there. This week, I will visit this centre. Next week, I will visit that centre. That means, every month, I visit each centre at least once. But the managers will be there, something comes up, they say I need to go, I will go. Because going so often, it is also interfering. My job there is to support the manager, not to tell them how to run it. They should know how to run it. They should come to me and say ‘I have a problem. I need your support. I need your help to solve the problem’. So that's how it should operate. (Case 3)

This view explains Ong’s approach to decentralised decision-making, whereby centre-based teams were responsible for, and empowered to make, decisions for their own centre. The benefits of delegation demonstrated the trust in employees’ ability to do the job correctly,
so that the owner-manager could free up time for the things they would rather be doing to focus on productivity and efficiency (Reid et al., 2002). It seems that this approach is less likely result in a bureaucratic culture or a hierarchical culture. This type of decentralised decision-making also implies that the business owner places more rational-calculative decision criteria in his/her subordinates as managers.

To make employees dedicated to the goals that the respondents had set for the business, some of them were willing to invest in training employees, improving their skills and helping them to do better. They perceived a cyclical relationship between the employees’ skill advancement and the business development. As Ong highlighted, as employees increased their knowledge and skills and improved business performance, the business growth in turn created more opportunities for them.

If you think you need more helps and developing your skills, I don't mind, I will pay, you can go to do more training, more studies, because my belief is [that] people never stop learning. They never stop learning. People who say they learn everything and know everything. That's a big problem. So it's always learning. [You are] Seeing things, getting ideas, using that, [leading to] improving your own self, or improving your business. (Case 3)

It appears that Ong tends to increase the commitment of employees through task-oriented forms of training and development courses. From the respondent’s view, there was a belief that employees needed ever-increasing operational responsibilities, and breadth of experiences in the business. The training in the firm was perceived to enable employees to understand the culture and intricacies of the business, as well as demonstrating the overall ability to do the job efficiently and profitably. In addition, this view also reflects that the owner-manager is willing to formalise human resource management practices and emphasis on “hands on” specific knowledge connected to the firm’s operations. This indicates the importance of organisational development for a family firm to progress from an early stage to a later stage through a growing workforce. The development path for the firm as parts of
the succession process may suggest a need to expand the managerial resources to meet the founder’s expected business outcome (more details in Section 5.3).

In discussing employee performance, motivating employees was an ongoing challenge. Choo reported that he took an active interest in non-family employees' welfare and enjoyment in their employment. The objective of these behaviours is to let their employees feel a sense of fair treatment and the kindness of the “boss” so that they can commit to their work. From Choo’s view, the illustrative examples of improving working conditions included bonuses, subsidised dinners and transportation to work.

Any business that you run, firstly, you need to have people’s skills, communicating with people what you need, so there was no misunderstanding. You need to be very fair to people. Also, whenever you make profits, try to have a little bit profit-sharing. Not directly as having share in the company. If you make some money, give them some bit bonus. And if I find they have some difficulty in transporting, I offer to drive them and pick them up…Plus I always give them gifts or presents when I go overseas. Be kind for your staff. (Case 1)

Showing the owners’ care and treating employees fairly and nicely also aimed to keep the best people with the firm (Van der Heyden, Blondel and Carlock, 2005). The goal to retain high quality staff is considered importance, because the loss one usually cost more than a replacement hire (Williams, 2009). Li explained that her employees were willing to work long hours (80 hours per week as estimated), because she was willing to offer upside income potential based on the success of both employee and the company.

You need to ensure employees’ income. If you work here a year, seriously working for a year, each one would earn $100,000. Some other companies cannot [do this]. There are lots of Chinese firms that [have] lost talented sales people, due to fierce competition. This is also because these good people find another better career options to earn their money. At that time [when] staff had just come in, they cannot say that [they would have] this income. They only said $50,000 or $60,000 a year. [But] I can do it like this.
This is my platform that I give them for them to play on this platform. [It makes] their work pleasurable. In a pleasant work environment, [he] has a high income, he will stay. Good staff, personnel will not lose. (Case 5)

This view shows that the respondent tended to apply a norm of fair compensation to retain qualified individuals who may lead the business and meet the strategic plans of the business development. In line with the agency perspective, a performance-based system, focusing on increasing business profitability and individual competence, seemed to be a means of professionalising family firms. The perception of respondents suggests that the way part of succession is associated with putting management systems and structures in place and increasing dependence on the qualified individuals with management expertise (i.e. technological skills, managerial skills and operational management skills). In spite of internal development as one of the most important aspects of organisational culture, the performance of the firm is dependent on how well the firm response to the external environment.

5.2.2 Relationship Management

For any service business, the notion of “customer care” and “customer service” is emphasised as a tangible indicator of the business’ long term prosperity, because this type of business is primarily sustained by customer acceptance of its products and services (Enquist, Edvardsson and Sebhatu, 2007). In the current study, the respondents focussed on developing a customer service mindset as part of their business strategy. Building a relationship of trust with customers was attributable to a pattern of mutually beneficial interpersonal relationships, as much as it is due to the owner-manager’s technical skills and business knowledge. For example, Wang explained customer relationships were central to the long term viability of the business.

To me, the most important thing is to keep customer happy. That’s what the business for me, just about having good relationship with people. Life is about people’s relationship, really. It’s not about having money. It’s more important to have business
ethic. It’s important to have happy customer than more money. At the end of day, you end up with more money in a long term, because you are doing good business with people. That makes more business. You can always sell something to someone, and they feel unhappy. But you never sell that person again. That’s very short sights, just trying to make money out of people. The people are more important than money. Not the money is important than people. So whether is customer or staff, any people you are dealing with, it’s important to have people happy than money. So that’s the philosophy I have. (Case 2)

All the participants perceived customer acceptance of their products/services directly impacted the firms’ performance. It should be noted that a long-term perspective is linked to the customers’ relationships. This is because a long-term orientation can enable owners to assume relevant risks and persevere in promoting their products and/or services in order to achieve the business goals that they choose (Zahra, 2005, Wang and Poutziouris, 2010). The owners’ understanding of customer demands is central to their pursuit of customer acceptance. A business can hardly survive if opportunities, something beyond the current activities of the firm, are not identified (Williams, 2009). Identifying business opportunities is a reflection of the owner’s abilities, including the knowledge of the market, the legislative environment, customers’ needs, and the access to information and resources (Leenders and Waarts, 2003). Li stressed the important role she played in growing her firm by pursuing new opportunities and building up the firm’s recognition and status in its niche markets.

You cannot passively follow the market. You [need to have] insight into the opportunities in front of you [and] seize them on the market. Because I have built up my company's credibility and set up the company's image, I am focusing on marketing this brand, [and] enhancing the company's reputation. (Case 5)

This view reflects that the respondent raises her self-confidence, as she recognises her ability and competence, as well as the firm’s ability and capacities. When Choo diversified into property markets, the difficulties of start-up made him focus his acquisition of
knowledge and helped him to organise his time and resources, rather than lose his confidence. The way he behaved formed the basis of a positive work environment, as illustrated by Choo:

An apple tree doesn’t get all good apples, they all get some mix. The important thing is, like I say, I don’t have a buyer, and it does not mean there is no buyer. I ask these people, they don’t buy, and it does not mean there are no buyers. It is just that I haven’t met them. It is not a question of categorising people. It is continually to search and to meet them. (Case 1)

In addition, the way the owner-manager behaved provided opportunities for social interaction between the business and its potential clients, which may lead to interpersonal relationships between the owner-manager and these customers, if these owner-managers consider their business as an extension of themselves and/or their family. For example, Son felt obligated to establish and cultivate long-lasting relationships with customers, because the goodwill and trustworthiness generated by his commitment would help build the firm’s reputation among the co-ethnic community. As a professional financial advisor, a concern for good reputation for product and service quality was everything, because it was how he was projected and perceived in the society. Son described how his business was much more than simply market-oriented. He clearly defined that the need for ethical behaviours was driven by the relationship and trust was the basic premise of his business survival in the first place.

You need a strong relationship; you need a comfortable relationship, where does it come from? Trust. If I trust you and with trusting you’ve got to demonstrate, come back to the ethics, come back to the honesty, come back to your skills, knowledge, the trustworthy will come in later on. So you’ve got to demonstrate your ability to serve, you are ethical, your knowledge, skills knowledge and be able to assist the client to solve their problem honestly, that will come as well. So because of this the client will trust you and that’s how you form a very strong relationship. (Case 4)
This view indicates that the respondent takes an active interest in customer’s welfare and treats them as a valued individual, rather than as a “number”. Furthermore, understanding customers’ changing preferences was considered to be an important skill. Several participants reported various ways in which they had expanded their knowledge and skills, including self-learning via books, media materials, and advices from family and friends. To adapt to the changing markets, they also referred to learning from market trends and from their competitors. For example, Ong illustrated his concern for product and service quality, being close to customers, and responding to changing customer demands.

How we have done in last ten, fifteen years may not work now. You have to look at the environment, the competition, the customer behaviours, and the customer motivation. All of those things are changing. Thirty or fifteen years ago, people looked at the childcare as different as now. They want more activities for their kids. Demands from the parents are different now. Expectation is very different. They say ‘Why don't you do things here?’ Then we look at it, [we think] is it possible to do this? Do we have the skills? Is it going to cost too much? If we do this, it will cost us this more, because you have to get special skills. Business needs to change, something that restructure is needed to solve, and we solve it. (Case 3)

This view is consistent with a common business principle that suggests a profitable business is driven by a desire to make their products/services relevant to their customers (Williams, 2009). To build market share and expand market scope, it is essential to be aware of changing customers’ demands (Tokarczyk, Hansen, Green and Down, 2007). In a competitive environment, positive relationships with customers have been considered as a key predictor in influencing the likelihood of success for the business. A firm’s responses to customer demands go hand in hand with other firm’s attributes (e.g. flexibility and adaptability) (Kreiser et al., 2010). The relationship-driven business strategy appears to characterise the organisational culture with regard to how the business accommodates external threats and opportunities. The firm’s behaviours and values originating in its organisational culture may facilitate or mitigate strategic decisions of succession. Meanwhile, how the owner-managers
make succession decisions also seemed to secure, develop and evolve the firm’s lifecycle. The relationship-driven characteristics get manifested within a family context as well. The following section discusses how the respondents integrated family members to make sense of and learn about their required behaviours in the firm.

5.2.3 Family Management

In a family business, the non-economic goals and values are integrated and articulated along with purely economic objectives (Chrisman et al., 2010). On the one hand, the family has to accommodate the needs of the firm, if the family business is to succeed. On the other hand, business is heavily influenced by family values and subject to family needs that may result in poor performance (e.g. tensions in Section 4.3.2). Therefore, the alignment and consistency of values between the family and the business is crucial for the founder to enhance the firm’s performance.

In a relative high in-group collectivistic culture, family has strong symbolic links with organisational identity. Chinese migrants, who come from a collectivistic, family-oriented culture, are likely to retain these links. The collective family goals are most important to family members, because they are driven by a deeply sensed feeling of belonging (Yan & Sorenson, 2006). The family is shaped by and, in turn, shapes the business, as illustrated by Wang with respect to the business culture in his late father’s family business.

I think pay respect to your family and hierarchy, decision making, and your responsibility to your family, ‘did you do the right thing to your family?’ You are not just making a decision, you [need to] also perform wise, because people are relying on you, just like staff rely on you every week to make enough money, to be able to pay them. So when you are in family situation, so you make sure you make enough money to pay all the families, all their children, etc. You have a deeper responsibility to look after those people than your employee. Your employee would just come and go. You can just disappear in the business, and your employee can get another job. You cannot do that in the family business. You get a certain amount of tradition, and face, by
This view is consistent with the suggestion that members in a collectivist family must adapt and reach compromises to enable them to unite as a family (Gupta et al., 2008). The underlying assumption is that social interactions and relationships are effectively structured, providing a high moral force to maintain order and stability (Yan and Sorenson, 2006). Compared to Wang’s own family firms, he identified himself with the Australian culture. His attitude toward a collectivistic family culture had changed through socialisation and learned what constitutes relevant values and behaviours in the Australian social context. His focus shifted to individualistic dimensions, which affected both the way of thinking he chose and his approach to business that involved the family system. He espoused the ideal of harmony that allowed for everyone to speak their mind and express their feelings, rather than having one person in charge that tells everyone else what to do. He was not interested in any type of conflicts, working creatively together that in his view added efficiency.

Culturally…being what I am Australian, being an independent person, as opposite I was in China, that wasn’t a part of your cultural structure. In Australia, cultural structure isn’t tied to the family. Not necessary. So that’s why I am sort of parted. You have this thing a square peg in a round hole. You find a round peg and you put it in a round hole. I don’t have that conflict because when I feel there’s any conflict I just say go away. If I walk down the street and I see very rowdy people then I walk on the other side of the street. I don’t approach the conflict. I avoid the conflict and you don’t need to have conflict. I avoid it because you don’t need it, because there [are] always other ways in which you can do things. You don’t have to do things all the same. Conflict is a very silly thing, it’s not necessary. (Case 2)

The respondent’s viewpoint preserved the essence of family harmony yet expressed in new ways from the interpretation I had composed from literature review on harmony of family business in a Chinese setting. In a collectivistic and high power distant culture, such as among Chinese families and communities, harmony is a deeply embedded social value that
emphasises on family protection, social peace, and family unity (Tan and Chee, 2005). In a family business, this type of culture is reflected in the ways in which family members work together, strive for family togetherness, and enjoy the reciprocal relationship between the family and the business that avoided conflicts and competing hostility, and high levels of trust among family members (Yan & Sorenson, 2006). In this type of culture, consolidating family business leadership in one person is seen as more effective for long-term success to achieve harmony (Westwood, 1997). Compared to the view of the respondent, the interpretation of harmony was evolved through the different perspectives for adjusting to the particular social and cultural environments.

In other Chinese migrants’ cases, harmony within the family was also considered an important factor for sharing values and consensus on the goal of genuinely wanting what is best for their family business. The importance of harmony was expressed in ways that related to values such as mutual dependence, interpersonal relations and dependent on trust (García-Álvarez, López-Sintas and Saldaña Gonzalvo, 2002). Choo addressed that a harmonious family promoted striving toward the same goal and aligned the diverge motives of the family collective with the different arrangement.

I think you need harmony in the family. If you don’t have harmony, you don’t have the business. As long as you have harmony, whether or not they contribute fully or partly is not important. That’s what I believe. Because not everyone can drive a business to success, having five or six people do the driving, you are going to [go in] all directions. You are going to have conflicts, let people have freedom, somebody is going to be the main driver; the rest can come in if they like it. There are always things for people to do. When it is the time, they could come in and do it. (Case 1)

This view reflects a family business that is based on cooperation, coexistence and mutual support among family members. The desire to maintain family harmony is manifested by the parent-founders who are willing to share with their children their entrepreneurial values and drives, and to instill the development of general business knowledge in their children.
(Trevinyo-Rodríguez & Bontis, 2010). Choo described that a family business context generated a unique learning context for personal development, because the younger generation participated in a number of opportunities and became productive contributors.

They come in with you and go home with you. They help you carrying boxes. They see you deal with people, and then they help whenever they can. And they get excited. For example, I do the end of year party for students. And my children do that. They do all the games. They prepare all the materials. They buy all of the presents. They are basically project managers for that end of year party. It is in their hands, which is not my experience. I don’t know what children like. They know what kinds of game the children like. They do all the games, [like] hide and seek, and whatever things, for ordering things, for the party to be successful. (Case 1)

This view suggests that the respondent tended to find a way to negotiate how family members participated in the firms. It seems that family members were socialised as part of family business routines by engaging in the organisational activities. The extent of flexibility for things to be dealt with when needed or desired appears to be parts of managerial resources that are immersed in family members’ joint coping with everyday matters. The family element itself has value to give the Chinese-Australian family business a unique characteristic of organisational culture. The potential capacity among family members can be used to pursue various growth aspirations. The perceptions of the founder, regarding the roles, intentions and attitudes of the family members, have a crucial influence over any decisions he/she makes regarding the future direction of the business. The following section discusses how the founder’s aspirations and visions of business development in its growth.

5.3 Founder’s Aspirations and Visions

Business development is not just about moving along the growth curves in the firm’s lifecycle (Griffeth, Allen and Barrett, 2006) but, more importantly, is about the owner’s view of business continuity that shapes the future direction of the firm (Cater and Schwab, 2008). When the respondents were asked about goals, plans, and strategies for the future
development of their firms, most of them indicated that they wanted to expand their business, including increasing the number of employees, building new branches, and diversifying into new lines of service. Their perceptions of business growth resulted in the owners viewing succession with certain values, intentions and goals (more details in Section 5.4). The fundamental point is that the guiding founder’s intentions will determine the nature and extent of family involvement in the business, and is likely to determine the choice of response to family and business succession.

How the participants perceived the future of their business fell mainly into two broad categories, that is, the business developmental dimension and the family developmental dimension. First there are the visions and aspirations involving the business entity itself, and second, there are the values and intentions involving individual family members. The respondent’s business growth aspiration was considered as a significant factor in his/her intentions in relation to succession, making succession a means for business growth and development. Considering the life stage of the business, most of the respondents addressed that it was pivotal for encouraging entrepreneurial activity, regardless of the many other factors involved (e.g. legal, finance, tax issues). Meeting the needs of the business has implications for prioritisation of a business-based succession and determining how to conduct business continuity (more details in Section 5.4.1). In addition, the demands of family growth and individuals’ personal outlooks have different effects on business continuity and the approaches to managing a potential succession by running a business jointly and appreciating individuality (more details in Section 5.4.2). The following sections highlight the importance of understanding the respondents’ intentions in terms of his/her business growth-oriented aspirations and value of “freedom” with regard to each family member’s life and career choices and discuss how they were responding positively and effectively to practices and values that are passed on through succession.
5.3.1 Founder’s Growth Orientation

Business and economic growth aspirations were an internal motivation of the respondents to strengthen their commitment to business continuity in their established businesses. A healthy firm that is growth-oriented is the foundation of family business continuity (Ward, 2004), leading to a desired outcome that has effects on the succession. A blend of structural and personal factors was considered to determine whether growth was the best option for a business. Structural factors consisted of the opportunity structure (market conditions), predisposition factors (the firm’s lifecycle stage), and resource mobilisation (i.e. ethnic social networks, family/non-family members’ commitment and competences). Personal factors included the owner’s individual commitment and work ethics, and his/her personal values and attitudes towards the business profit maximisation and growth-oriented strategies, as well as the relationships between the business itself and its key stakeholders (e.g. employees, customers and suppliers). The way in which the structural demands of organisational development interacted with the founder’s personal desires created characteristics unique to the Chinese-Australian family businesses’ developmental paths. First, the founder’s growth aspirations were closely related to the wider economic and social context in which the firm was embedded. It has been recognised that the type and quality of the regulatory framework and institutional structures can influence the longevity of the business (Gupta, 2010). In countries where there are weak institutional structures and poor legislative systems to protect investors, businesses generally have a short life span (Mueller and Thomas, 2001). In Australia, where governance measures are strong, developed institutional structures and governance regulation promote the value of long-term orientation that focuses on working toward continually improving the business performance (Collins, 2003). This context has implications for the founder’s intentions with respect to business continuity. Ong discussed his belief that businesses in general benefit from stable governance structures that support long term viability in Australia.

Doing business in Australia, I think, over here, it is very orderly. Clear rules, you know this or that, you use your skills to improve your business, and opportunities are there. There are plenty of opportunities there. If you know how to do it well, there is an
opportunity. In other countries, some countries, it's about connection. If you know the right people, you can achieve a lot. If you don't know any important people, right people, you get no hope. In Malaysia, China, we know that happens a lot. Sometimes, rules are not clear, there are not clear rules. Sometimes, you do this okay. Sometimes, you do this, you are in trouble, and you are in jail.

Here, it's very clear rules, ethic rules, corporation laws, and director’s regulations, all of that stuff. No matter what, you have those obligations that control it… Some countries are very opportunistic, [such as] India, south Asia, [or] China. No one knows whether it is legal or illegal, everybody wants to make money. Two years later, [it is] gone, something new comes along, new ideas, new opportunity. Here, we call that, ‘fly by night’. We don't do that. Businesses are actually very steady. You do it well, actually you do it very well, you achieve well, [and] you will be more successful for the long term. Here, it's about the long term. The fundamental rule of corporation law, if you set up a company for a business, it's not to have an end date time. You do it, because you set up for a purpose, continues growing the business strategically. All the regulations, rules, you've got to comply by. (Case 3)

These views show that time orientation (e.g. long vs short term orientation) appears to relate to the founder’s business aspirations. The business continuity is conditioned by norms and regulations favouring long-term prospects and future orientation (Lumpkin and Brigham, 2011). In Australia, the beneficial effects of contextual structure and system can ensure a reduced risk of individuals behaving opportunistically. The amount of social capital accumulated and expended by the business growth opportunities is bearing fruit for the firm and its owner. Therefore, the contextual conditions suggest the development paths of the Chinese-Australian family firms.

Second, vision creation and resource accumulation were considered as a part of growth strategy. From the respondents’ view, the strategies oriented towards growth in sales, assets or market share were related to a choice for them to make: either to hold the
business at the level it has reached, or go for growth by generating new visions, hiring added-value employees and reinventing systems and processes. Sun explained how he assessed the firm’s past history, current status and future requirement. The visions of business guided the firm’s direction, leading to growth, as illustrated by him:

Five years ago, when I built this head office, I [had] already have the vision of the future. The future of the business is growing. In the head office, I am probably working more on the business rather than working in the business. Working on the business, my job is developing the company into a large scale, developing enough marketing, taking enough market share, being recognised as the computer specialised in the society, in the community. Head of job will be more training, marketing, those two things, training is training staff, marketing is creating recognition in public with brand, branding and advertise. That's probably we manage to do. In financial side, probably individual franchise, each store will take the ownership of the business. (Case 6)

This view reflects that the aspirations of business continuity was derived from the visions that the respondent had regarding what the organisation is, what the business should be, what goals and strategies to have, and how to pursue them (Daily and Thompson, 1994). An awareness of where the firm is in terms of their developmental stage and how this affects the founder-owners’ decisions is important in planning for the longevity of the business (Carlock and Ward, 2001). In addition, creating a vision for the business was an important part of the process of creating future business structures and management processes. Son illustrated how he identified a need to expand the managerial resources that were driving force for the business growth related to a strategy for succession.

To achieve that [business continuity], I need to grow my business. I need to expand. I need to employ more people working for me. I need to acquire more registers. That is just one side I need to grow my business. The second side is to sustain it. We need to have good quality people, selecting the right candidates working for us. Someone who can speak Mandarin and Cantonese is essential, [and] so a good attitude in the work [is]. The second part of call is to actually employ the right people to run the show and
thirdly to allocate tasks accordingly according to individual strengths. (Case 4)

It is clear that the increased capacity through the expansion of a business requires the support and active cooperation of more people (Littunen and Hyrsky, 2000). Investing into human resources is often necessary for business development and growth. Choo expressed his willingness to generate additional employment, which was perceived as a positive indicator of business development.

Every time when I make money, my concept is to create jobs for young people. So I employ more staff than necessary, with intention of creating jobs. If I can make so much money, I will make sure that I would do less and less, and let other people to be part of it. So I create a lot of standards in the job itself. So whenever they achieve a certain standard, they get pay for a higher rate. To a point, they can totally replace what I have to do, and then they can get paid even higher. So they are paid according to their skills. (Case 1)

This view reflected the owner-manager’s behaviours were characterised by a desire for wealth creation through growth. Thus, economic decisions of business growth are strongly influenced by the founder-owners’ visions that match the needs of the organisation. Li showed her personal determination to promote organisational continuity.

I pursue the business development and look forward to prosperity. Once I make a decision, I want to do the best. Right now, we are the largest firm among Asian agents. I hope we could serve and perform to the same high standards as the local business that has been around for 60 years. It definitely needs a period of time to build up our strength. (Case 5)

This view indicates that the motivation and commitment of the founders to growth were necessary leadership conditions for supporting action to recognise entrepreneurial opportunities. As the firm grows, one objective of the owner-managers was to enhance its strategic position in the industry, and to decrease the likelihood of their firm failing due to market-driven competition. An explicit goal to keep growing the business focussed on
choosing to compete and to advance competitiveness by embracing the improvement of the quality of services, as illustrated by Ong.

I will continually keep growing the business, looking out [for] the opportunities to make the business better, trying to improve the efficiency, the service quality, and the reputation, because those are the key, improving your service quality make your reputation. The reputation gets better, the brand gets more recognised, you get more customers, which proves for your improved quality, you improve the possibilities, then you can invest more, you keep on improving. (Case 3)

In addition, tracking and monitoring changes in consumer tastes and preferences was necessary for the founders to identify market trends and seize the potential opportunities. From the respondents’ view, effective communication was considered as a means for the balance between the firm’s competencies and the requirements of the markets. Both Choo and Son expressed that making an investment in customer relationships would enhance their ability to take fast action, when changes in demand appeared. Good customer relationships, in turn, supported the long-term viability of the business.

If you communicate it well, because most of success in the business is the mindset of the customer, if the mindset is good, they feel good, with their mouth, they bring more to you, and you grow. To make that happen, you need to talk a lot; you need to communicate a lot. So that’s a real challenge. (Case 1)

This is how you communicate with the client, it comes back to your own communication skills, you need to learn to demonstrate a skill, demonstrate the ability to assist and demonstrate that you are trustworthy and so it will come eventually so it come within your heart when you speak to somebody else. (Case 4)

These views reflect a chance of developing a viable business was attributed to the owner-manager’s ability to react to changing external environment. The business prospects—the pool of resources derived from customers—developed their established firms. For the
business to remain sustainable, it must consider the availability of resources and the potential constraints to growth (Jaffe and Lane, 2004). It is assumed that business development should move along the start-up to growth stage along with a lifecycle approach (Gersick et al., 1997). Growth may not be easy or feasible. There are a number of variables that impact the process of growth, including financial and managerial constraints, risk aversion, firm size, growth in capitalisation or scale, and innovation activity (Barney, 2001). Wang described that the owner-manager was responsible for the whole that allowed growth to succeed, which meant an ongoing process of the development of different parts of the business throughout the firm lifecycle.

A good balance, you need to grow all together, all together at once, you cannot decide you open two shops without a good system, because you lose money. You cannot decide to have investors to invest in the system but haven't had a product, so you've got to develop all the system together. You've got to develop the products together, since you systemise, you've got to systemise your product range, create rationalisation about producing at the moment. Right now, we are producing everything. There is nothing about rationalisation of the products, so there are numbers of areas to bring up together. You cannot do one instead of others. This is [a] process of time you develop. (Case 2)

In the current study, the participants raised a number of conditions concerning firm expansion. First, because of the respondents’ long-term perspective, there was a relatively lower propensity to take financial risk, such as borrowing heavily or committing to types of financial liabilities needed to achieve growth-oriented objectives, which was perceived to make a firm’s financial position more vulnerable. In most of the respondents’ perspectives, they tended to search their growth through building internal capabilities aimed at making their firm build or sustain competitive advantages. Wang suggested ‘the growth, sometimes, the growth is not the primary objective either, because there is big cost in growth, which weaken the growth’. He explained further in this way:

At the moment we have one situation here. Before I used to have twenty shops, now I only have one shop. It doesn't mean having twenty shops makes more money. It is a
certain economic scale. It doesn't mean you can make more money than in one shop. Even make two shops, you get twice overheads, but not necessary twice sales, so it doesn't mean you make more money in two shops. When you expand, when you grow, there is considerable amount of risks. So it may not be economically beneficial. (Case 2)

This view reflects that taking calculated financial risks is a key factor in managing a business development and growth (Zahra, 2005). The intention of business stability influences a firm’s strategic choices by taking on reduced financial commitments. Ong addressed that to grow beyond what he considered being a controllable size was one of the risks that concerned him regarding expansion of the business. He suggested ‘organic growth’, that is, growth using the business’s existing resources, was a preferable path to sustain financial independence. He claimed that it was necessary to maintain control through managing the financial and other resources in time of need.

In terms of business growth, there are many ways to look at the business growth. Sometimes, business growths such as expanding, but expanding without careful planning, without careful strategy, and also without careful financial analysis, of the impact of growth, I guess, the operational growth, can be also very negative. You grow too quick, your operation isn’t ready to handle it, and financial strength is not there to grow. When you grow, there are new challenges: staff, customers, cost, everything like that, sometimes, even the procedures of the administration cannot handle growing too quickly. For me, growth is to grow it in a sustainable plan. That means you plan, you grow at a risk you can sustain the growth. (Case 3)

The growth mode of business development usually requires capital investment in assets and in working capacities, in particular for a growing workforce. From the respondents’ view, the effects of employee-related agency costs may constrain the pace of growth developed through the increasing employees. From an agency theory perspective, the firm’s human and managerial constraints can reduce the founder’s ability and willingness to manage large-scale of employees (Miller and Le Breton Miller, 2006). For example, Ong was
cautiously aware of unintentionally consequences of investment in staff training that were negative and contrary to the organisational goals.

In terms of developing, we do that quite a lot, we pay [for a] lot of staff development, sometimes, after they got developed, they said 'I got an opportunity’ so they go. It’s a risk you take, in that sense. It is one part of [the] solution, but it doesn't always work. So I guess, with a family kind of business, in the end, people who put most efforts are yourself and your family, because you own. Other people [who] do this are employees, sometimes, we look at providing incentive payment to staff who perform well and they get bonuses. [It] is not big enough at family business to issue shares to good staff. In a large company, they got employee share scheme. Employees get shares, get bonuses, their shares go up to increase their value. That's different from what we call family-owned business. Most family-owned businesses are all owned by the family, parents, the children, maybe other relatives. [They are] quite a different set-up. (Case 3)

This view shows that an agency relationship with nonfamily employees was concerned in the respondent’s family business. The nonfamily employees’ participation in the business involved a degree of cooperation, but if the level of commitment appeared to be low, the commitment evinced might be quickly and unexpectedly withdrawn. Therefore, providing learning and training to employees can increase their ability to support the need for the increased capacity bearing on the business growth, however, it does not guarantee growth. The investment in staff development that offered advancement opportunity may not be sufficient to retain key employees, because the commitment and dedication of individual employees might not align with the interests of the firm. As Sun described, the business performance can be curtailed, when employees’ personal work/career motives were different to those of the business owners.

You try to bring your own staff [to] grow first, but sometimes it is very difficult, because some staff don't want to move up, so they add a lot of challenges. They got a certain level, they don't want to grow, you want to grow, you got to handle and overcome those problems. I think the staff is most critical issue in the business to help
you grow. You got the team wants to grow, and then you can grow. If you got a team
doesn't want to grow, [they are] happy where they are, then you will have a lot of
conflicts. (Case 6)

This view indicates that the human capital of the firm can either constrain or facilitate the
firm’s developmental paths. The respondent tended to plan strategically to resolve growth
constraint, which concentrated on developing functional capabilities. There is a need to
understand the particular family business in questions regarding the business-specific
resources and constraint for the viability of different options for their business growth. The
founders’ opinions towards what made the firm continue to survival and success
appeared to be closely related to the attitudes towards a need for succession and the
possibility of succession options. Meanwhile, the family welfare is implicitly considered
through the founder’s aspirations and visions for their business growth. The following
section discusses the respondents’ perceptions of the continuous commitment by family
members to make the family business last, which mainly attributed to the new generation.

5.3.2 Founder's Value of “Freedom to Choose”

In a Chinese-Australian family business, a family context and a contextualised business
entity are inherent parts in the family business system (as described in Section 4.5). Culture
is mostly invisible factor, yet constantly present and is an important element of any
decisions that are integral to the individuals’ perception (Gardiner and Kosmitzki, 2008). As
part of ongoing socialisation, the impact of cultural factor appears to be manifested by the
respondent’s understanding of how things are supposed to be done. Freedom to choose
one’s mode of livelihood and make one’s own decisions based on individual preferences is a
norm in these founders’ view for both business decisions and family life. The insights into
freedom were illustrated in two ways. First, it was associated with the respondent’s desire
to be independent, and second, it represented as a pivotal expectation of the
respondents for his/her children. Understanding the value and expectation of the
respondent can assist with interpreting the family-based succession decision (more details in
In line with values of individual autonomy, their family business was perceived by the respondents as an independent way of life, as described in Section 4.2.2. Wang presented himself as a confident and self-assured owner, who valued being independent. He satisfied his personal goals beyond his financial goals, which related to his attitudes towards being a business owner of a “personal business”.

Who says a big business is a successful business? A successful business is a small business. You don’t need to be [big]. Some big businesses make little money or no money. That’s why I prefer to be a small business, to be comfortable, be control of my life and people around me, and be relatively free. I can build up a business that could be very large. Consciously, I don’t want to do that. I actually have to hold myself back all times, don't make it too big, don't open another store. People say why you don’t open another shop; I said ‘I don’t want twice of trouble’.

So you’ve got to build a business, your own business that suit [you]. If you were an owner of the business, I am sort of personal business, not corporate business. I don't have a great desire for money actually. I am not a person say that I need a lot of money, like people want to accumulate a wealth of money. I don't see necessary to do that.

(Case 2)

This view demonstrates how the business owners saw themselves as the architects of their path to business growth. A direct indicator of Wang’s personal freedom seemed to be the degree to which he was able to clearly define exactly what he wanted and understand why he wanted it the first place. It also displays the respondent’s centralised ownership of the business with reference to what an individual thinks, expects, desires, anticipates and plans in order to move to the next business development stage. In the current study, the founder’s ability and willingness to influence the direction of a business was driven by a personal aspiration (as discussed in above Section 5.3.1). Therefore, series of decisions that is passed on through succession depended strongly upon the personal and particularistic
values of the individual business founder.

Researchers have previously identified how succession within family is prescribed to be handled in the family business (e.g. Stavrou and Swiercz, 1998). There are many psychosocial factors that are related to family-relations behind the decision whether to join in the family firm (Gupta et al., 2008). For the Chinese–Australian participants in the current study, rather than looking for ways to instil the values of family obligations and collectivist responsibility, these individuals saw themselves as nurturing their children’s freedom to establish independent households and means of livelihood. For example, Wang claimed that he felt the pressure of expectation from, and obligation towards, his late father and would never do the same to his children.

Some people are a little bit more selfish away from the family unit. My father said, I don’t know how true it is, ‘I did this business for my children’. I only half believe that. He would put the onus on us and said ‘you have to do this because I’m doing this for you’. I would never say that to my children that ‘I’m obliged to my parents because they expect their whole life to come after it’… Some people always provide a lot of pressure and reservation.

My children are independent people; they can do whatever they like for themselves. I don’t want to... I don’t want to burden them with an obligation, because there is a certain obligation when someone says, ‘I’m doing this for you’. So then, the other person says ‘Well, do I do something in return for you?’ I don’t want to... I don’t want to... you know, have that obligation on my children to say... to feel the weight of responsibility that ‘I’d better behave myself, because these people are investing their whole life in...’. (Case 2)

This view indicates that the respondent felt less willingness to convey a moral sense of duty in the relationships between parents and children that would associated with the interests of family business, which was derived from the sacrifices of the previous generations and the power of the senior generation due to their position in the family. Furthermore, Wang
indicated that he would like to provide opportunities for his daughter to pursue a career of her own choosing, no matter whether she joined the family business or not.

I am not encouraging her [joining in the firm]. I give her opportunities... All I do is to give her option. If she doesn’t want to do it, it doesn’t really matter... She does anything, she does lot of things... She is just working in all kinds of different places... She is a relatively creative person. She has a lot of people skills. I don’t see much different from me, actually. She got people skills and she is creative. I don't know what she wants to do yet. [Maybe], she wants to be a teacher at the moment. If she wants to do that, it’s fine. It doesn't see any relationship to be involved in the business yet. I gave a little bit tastes of it, but I haven’t suggested [that] she [must] stay and do it. (Case 2)

This view is reflective of a democratic mentality, which replaced a paternalistic mindset that focusses on a sense of duty and a reassuring feeling of the need of family participation in the business. From the respondent’s view, the democratic style of behaviours was influenced by the surrounding environment within which they observed and adapted to behaviours in an individualistic culture. Sun emphasised that independence qualities, such as self-efficacy, self-confidence, and self-generated choices, were derived from the Australian cultural socialisation processes.

It’s in Australia culture. It’s a career choice for the young generation. It’s influenced by family to a certain degree. You can match current expectation and the influence. I think there is some expectation in there but I think [what] they prefer and that’s probably more important than just expectation... It’s their own choice. You could say you could probably be very good as a lawyer, but you could also be very good as a businessman or woman and [it is] based on [what] they make their own choice. What they choose is stemmed from their ability or [an] opportunity that will come to them. The thing [that] I’m teaching my kids is that whatever you want to do, [it is about] whether or not you can catch that opportunity or not. That’s critical. It’s her choice whether she wants to go and we’d support whatever she does. Everything in your life, you take the responsibility. (Case 6)
This view appears to align with a value preference for individualism goals, rather than collectivism goals. Although family relationships remained important, many respondents expressed the view that their children’s decision on whether or not to choose a career working in the family business should not have to be based on obligation towards either the parents’ or the whole family’s interests. The participants expressed that having confident and happy children was important to them. A common thread in the participants’ views was their emphasis on their children’s freedom to choose what they need or desire. Choo claimed that being free to choose and pursue individual interests were values that he honoured in child rearing. He spoke about how he took a less directive approach and instead handed over to his children a reasonable degree of decision making, allowing them to be socialised to be independent.

I always let them to choose. I never impose my ideal on them. Some parents want them to be doctors or whatever. I always tell my children ‘you do whatever you want to do’. I always provide them all opportunities for my children to make their decisions. For example, musically, they want to learn music, whatever they want to learn, instruments are over there for them and tutors there for them. They wanted to learn piano, then I bought a piano, after ten lessons, they quit. They wanted to play drum, then I bought a drum, after one lesson, they quit. Then they play violin, so I bought violin for them, then they didn’t continue. In the end, they wanted to [play] tubular bells. They were stuck on the tubular [for quite a long time]. So whatever they want, I don’t query them. I don’t have a standard that they must to achieve to make me happy. Simply whatever they want, the opportunity is there. The final decision is theirs. (Case 1)

It seems that the respondent tended to focus on what is best for each individual family member. Flexibility was allowed and children were given the opportunity to develop a sense of autonomy, with the hope that they would feel good about making their own decisions (Gardiner and Kosmitzki, 2008). Ong described that the values around children’s career prosperity were more open and negotiable. He paid particular attention to the quality and experience of individuals and expected his children to establish independent households and
means of livelihood.

I actually have only one wish—they end up doing something they are happy with. They make decent enough living. They can be considered as a grow-up. They can make their own choice. My view of happy is that they are satisfied for what they are doing. They satisfy. They challenge themselves, and they actually enjoy what they are doing. (Case 3)

This view shows that the expectation for the respondent in terms of his children’s future was that they would have grown to be independent and achievement-oriented. Sun expressed his aspirations for his children to expand and evolve their own areas through the resources of family business supported (e.g. education and work experiences to recognise career opportunities). Setting conditions for the dependency on the younger generation for support in business, Sun reported that he preferred the human capital that the younger generation developed through a professional career, because he believed personal competence and independence were necessary for a sense of achievement and happiness.

I prefer they develop their own professional career. Being successful in whatever they choose and then be happy. That’s probably the things I want them to be. I’m proud for what she’s achieved and whatever she chooses in her life, I will be supportive but I would prefer her to choose a more professional career. If they want to be an entrepreneur or to be a professional in another area, it is fine for them as well, as long as they are happy and enjoy [it]. (Case 6)

This view indicates that the next generation family member was expected to seek and evaluate opportunities to match their interests and skills. It also indicates that the infusion of knowledge, motivation and interests can lead to a positive development of individual family members. The extra capacity that the new generation bring may lead to various growth aspirations in relation to opportunities for business development (Mazzola, Marchisio, & Astrachan, 2008). The different perspectives that the younger generation add may become a driving force of developing and creating the family business over time. The
chance of making the new generation join in the family business may occur from matching opportunities to interests in family members (Howorth, Rose, Hamilton, & Westhead, 2010). The ideas of working together among generations can be part of the succession throughout the family lifecycle.

Concerning with decisions which related to succession and strategy, the respondents paid more attention on the assessment of available options both internally and externally. The following section will present the founder’s perceptions and preferences for succession which is related to the founder’s motive for action that occurs in related to what makes their family business last. Although participants may not share all values and have different priorities, the challenges and dilemmas are manifested by concerning with decisions which relates to their dual need of family and non-family members. What the respondents think of the meaning of succession are expressed to lead to the choices of succession that make them handle succession differently.

5.4 Founder’s Perceptions on and Preferences for Succession

When asked about the future of the firm, it was clear that each respondent has a common understanding of what the key requirements are to ensure business continuity (as described in Section 5.3.1). However, regarding how and when succession might occur, the respondents didn’t yet have a clear picture of how to proceed and deal with succession issues ‘soon’. For example, Wang indicated that the need for succession should not be overstated, because an owner-manager might pay more attention on carrying on the business as usual, ensuring independent ownership of the firm, providing employment for the family and/or nonfamily members, and increasing business profitability and value.

A person starts a business when they’re 20 years old and it flourishes, then they may not have had a child before (laughs)... at that point in time, so that person didn’t start the business for this child that was going to be born in ten years time. They started it because they knew that they thought that that was what they could do at the time. (Case 2)
Succession is likely to be considered as an appropriate strategy, when the business owner intends to grow and to maintain the business vitality and continuity (Chrisman, Chua and Sharma, 2005). In the current study, a business-focussed orientation was revealed as a driving force in the both continuity and development of the firm. When speaking about issues of business continuity, the participants tended to consider the matter of their growth-oriented business succession in particular, rather than succession in general. Their perception of succession was linked to the business lifecycle. Business aspirations that focus on growth orientation (see Section 5.3.1) are characterised by enhancing the owner-manager’s ability to respond to changes in their business environment and developing a long-term vision of the firm, which in turn, helps determine the strategy plans regarding succession. The businesses in the current study displayed a willingness to enhance the capabilities of their firm to meet changing consumer demands. The goals, priorities and values that guided the overall approach and specific strategies for firm growth were associated with the respondent’s managerial preferences and attitudes on succession. Each respondent had different approaches to handling a complex array of outcomes in terms of individual, family and business development. In family firms, the founder has the choice to either bring in additional family members or look outside the family to attract an adequate level of human capital (Aronoff, McClure and Ward, 2010, Duh, Tominc and Rebernik, 2009).

There were two choices of succession that were considered across all cases, that is, a business-based succession and a family-based succession. The following sections discuss how the founders perceived, preferred and concerned the needs of business and the relationships within the family. Each choice of succession pose a juggling act between a focus of the continuity of existing business and a focus of the family continuing in business.

5.4.1 Business-based Succession

The focus of developing succession was mainly attributed to wanting to continue the family business in a way that preserves its efficacy and profitability. It seems that the founding owner-managers were more likely to prioritise business objectives rather than family objectives. Ong illustrated that the company’s performance had an impact on the wellbeing
of the family, including the economic returns. However, he claimed that it was necessary to avoid interference from family in the running of the business, in particularly for the need of changing business governance systems within a succession context.

The reality is, if the business is not doing well, it is all questioning of family. When the business is doing well, everyone is happy. When the business is not doing well, there are all kinds of pressures, because it is your owned business, your own money. There is risk [that] people do business, sometimes they can lose everything. As an employee, you lose a job, you can find another job maybe. If there is an issue that family start to interfere the continuity of business, you get to start to change that model of the business. Like say, some company is gone to public board, external board, just keep it balance. Family starts it, but it doesn't mean family should rule it forever. You still can call the business by having the family name, corporation of the family, but the structure [that] has been heading to the future is how the family still controls. (Case 3)

This view is consistent with the previous study that suggested family involvement was a mixed blessing and did not necessarily have a positive effect on the business through succession, particularly if they started interfering with the running of the business and hindering progress and efficiency (Olson et al., 2003). There is a wide range of commentary that suggests a fatalistic concept of shirtsleeves to shirtsleeves in three generations in family businesses (Ward, 2004). In line with such observations, Ong argued that the existing family members did not guarantee that family succession would occur, because of the absence of suitable family successors that fit the business strategy.

Chinese people like to set up this dynasty, grandfather chairman, then CEO, children start to come in and take parts of business, and their children, sometimes, they say ‘I don't want to get involved in the business, I want to start my own’. That's why they say [in a] family business, first-generation, [gets to] second-generation, by the time of third-generation, they start to fall apart. If you do it very well, the first-generation started it, second-generation built it and became bigger, the third-generation learnt how to spend all the money, quickly. Family, my preference is [that business] don't go to
family, because you get the idea that they may go out of control. You need to think of a strategy that you have professionals that you pay, you can trust, sometimes, you pay people well, and then they do better job than family. (Case 3)

It seems that intergenerational succession was not the only type of transition in a family firm. Succession is not primarily governed by family system but the relationships between the business and the family. From a business side, a type of corporate executive succession might be a feasible plan to provide a clear set values, direction, and standards for subsequent firm managers that match the needs of the business. Two thinking patterns of business succession emerged in this study as possible options the respondents might pursue: (1) management succession (i.e. leader candidate transfer) by grooming a professional manager with an implicit or explicit expectation to managerial roles during succession; and (2) ownership succession (i.e. market transaction) by selling the business entity to an internal or external bidder. It was clear that, for the business owners in this study, the business leadership and/or ownership succession was planned along business dimensions. The following sections discuss the participants’ attitudes toward management succession in terms of the importance of successor attributes and the necessary changes to governance structure. In addition, the option of ownership succession has been taken into account as an alternative succession strategy.

5.4.2.1 Management Succession

A strategic decision of succession relates to managing the task of leadership transition (Cabrera-Suarez, 2005, Aronoff and Ward, 1992). The participants in this study perceived that their business needed to have the necessary executive infrastructure to be able to enter a new stage of growth. Human resources, in the form of identification and training of new leaders, are critical to expanding the business. To carry the firm forward, the business owners consider what roles will be needed down the road, and when and who, providing opportunities for the best employees to cover any new positions which may be created in future organisational plans (Cadieux, 2007). From the respondents’ responses, it was
possible that business growth may be limited if the business was to rely on the available human resource pool within the owning family. Wang stated that the limited number of family members from which to find the best candidate for the job would be the main reason to reject keeping the top job of running the company only within the family.

In family succession that there’s a family member that can continue... has the ability to carry on the family business, [then] you just feel lucky. Otherwise, in the normal case, you’d do it through a filtering process. In family business you’ve only got one or two people to filter and if either of them, or two or three of them are no good, well that’s just the end of it. In normal business succession you can just choose anyone, the best person out of a hundred, out of two hundred. If you don’t find the right person, you interview another hundred people and keep on interviewing people and keep on having people work for you until you will find the right person down to the job. But, with the family business, succession is almost impossible. (Case 2)

This view indicated that, for Wang, the search for a competent successor was not limited by the number of family members. Where the intention is for future organisational expansion and change, the welcoming of professional non-family members into the management systems and operation of the business can be a starting point for management succession (Howorth, Wright, & Westhead, 2007). There is a tendency for the respondent’s motive to recruit both internally and externally. Therefore, family membership is not directly informing the selection of a new leader.

Questions on the skills required by non-family successors focused on a need for understanding of the particular family business regarding the values, norms and meanings of the owner-manager. The respondents anticipated facilitating a sufficiently long transition process to ensure the non-family successors had family business specific experience. Giving managerial roles to non-family members through management succession, participants considered several ways for developing the potential successor’s skills and experience to assume the leadership role. One possibility was for people to work in the business from an
entry position and gain direct experience of the business from the bottom up. Several participants preferred internal development and “hands on” methods of preparing the potential leaders among their employees. For example, Sun explained that it was necessary for the potential leaders to acquire a broader knowledge of the organisation and the corresponding environment in which the business operated/competed. Learning the business aspects through socialisation and working experiences, an understanding of how to do things was considered to be a vital quality to look for in non-family managers.

Internal promotion is the key element for our growth for the business and career of staff. I am planning to try to look for my current staff. That's what I keep telling them, I say to them all time, ‘one day I got to retire, someone got to stand out of the crowd and take my position’. First, they’ve got to come to me. They want to get the job. The experience can be built. They are working for me many years, working in different stores, whatever, they see me what I [have been] doing. Of course, they would [gain] knowledge and study about what needs to be done. If you were working for a company for five to ten years, you’ve got to have experience. You’ve got to know what we are doing. If they don’t know, it is because they don't stay long. They got a lot of their advantages, because they see me working in everyday, [know] what we do. They already know what to do. If they want to do, I can teach them how to do it. That's not [a] problem. (Case 6)

This view reflects the founder reproduction model (García-Álvarez, López-Sintas and Saldaña Gonzalvo, 2002). The groomed employees usually share the business perspectives of the founder to a large degree and have specialist knowledge of the business and how it operates. It involves the founder finding a suitable successor who desires the leadership position, and is committed to and able to manage the business. This business behaviour is intended to sustain alignment between the firm’s goals and tasks, and the skills, abilities and interest of employees. In addition, a transfer of leadership was viewed to offer career opportunities for existing employees. Ong put leadership roles on the table for others and developed the career path for non-family employees in the organisation. He reported formalised, task-
oriented development approaches to select the most qualified line managers.

My children are not involved in the business. They don't really want to be involved. So I am fine with that. The problem on succession planning, sometimes, is the line manager. In my organisation, it is the centre manager. In succession planning, with someone are really good, we pick them and say, ‘in three months, I will promote you to become a deputy of operation. You work harder in two years’ time, [when] this centre is opening, you have the first choice to be promoted, if you want to move to that location or if you are willing to drive to that location’. So some people are quite keen on. I say ‘I plan’. That I think is important, [you] always need to tell ‘what's the plan’. They feel motivated, because they have a possibility they are going to be promoted, they will become a manager of new centre or a new business you set up. They are people who are ambitious, others are not. Those who are ambitious will try to do that. (Case 3)

This view reflects that the respondent considered business-specific human capital and personal career motivations as an important factor in selection of non-family successor (Reid and Adams, 2001). The promotion-from-within policy served as an incentive for existing employees to commit to high performance and to make them feel more involved in the development of the business. From the respondent’s view, the potential non-family members developed through business socialisation and work experiences to gain to prove themselves as effective family business managers. The value behind the selection of the non-family successor exhibited task-oriented leadership style. It also required the founder to consider an overall need of the organisational growth, in terms of both financial and human resources. Under this method for recruiting family business managers during succession, it seems that the founder-owners would eventually become company’s board directors (even investors) rather than operators.

Along with the firm’s lifecycle, there was a tendency to progress a founder-led firm to become a managerial firm. This tendency is consistent with the dominant view that has shown the need for more formalised and consistent practices as the family business grows.
(Songini, 2006, Tsui-Auch, 2004). The introduction of a professional management style into the firm can be supported by introducing a systematic quality control, a norm of corporation and a form of delegation operation into the organisational structure (Howorth, Wright and Westhead, 2007). Ong reflected on the need to create processes for continuous improvement that lead to sustainable business success. His aim was to evolve the current owner-managed firm system into a professionally managed business system.

If the business is continuing developing in double, triple, in next ten years, the current management structure, my wife and I, cannot remain, [the structure] cannot [stay], because then I will start to say I need to bring in individual board members, a person specialises in this area, a person specialises in that area...we are hiring the chief operation officer, chief financial officer, to actually looking at all the numbers, all the issues of the operations, which means, maybe I will get someone to run the exactly general executive manager. So I sit at the board, instead of doing this, let a professional team to run. Pay them well, run it well, improve the profitability, or whatever, which means I don't have to work every day, that's the objective. (Case 3)

This view explained that the need for changes of management styles and capabilities was driven by evolving a firm from an entrepreneurial stage to a professional management system. In terms of formalisation of the management structure, the firm owner tended to consider restructuring the business operations and recreating the delegation roles into a corporate structure. To fit the corporate structure, it seems necessarily to increase a range of specialist managerial functions that a competitive, growing firm requires (Chittoor & Das, 2007). Therefore, to recruit both non-family insider and outsider appears to be closely related to the intention of management succession.

5.4.2.2 Ownership Succession

To Wang, one form of succession might be “ownership succession”, that is, where the founding owner-manager exits completely from the existing business. Selling the business can be an alternative succession strategy, when the business owners perceive that the
business has reached the peak of its capacity than carried on at all costs (Kansikas and Kuhmonen, 2008). It is important to note that such an option would be driven by the economic interests of the business; rather than retaining ownership of the business, the business entity had created would still continue (Scholes, Westhead, & Burrows, 2008). The methods of transition of ownership are well-covered in the literature and include options such as an equity sale to an individual, another company, or an employee, or an initial public offering (IPO) where shares of the business are sold to the public by equity investors (e.g. venture capitalists) (e.g. Howorth, Wright and Westhead, 2007, Blumentritt, Keyt and Astrachan, 2007). According to studies by Smyrnios and Dana (2006, 2007), a high proportion of Australian family businesses did not survive beyond the first generation, because their owners made a positive choice to sell their businesses. Wang shared the same plan that he intended to prefer thinking of ownership succession by selling the business.

I say probably my ideal situation will be developing the business in next five years or so, to have certain value and I just sell the business, then manage it for a while, not have anything to do it anymore. We can develop a situation [where] the business has values, has the system, has human resources and stable sources, and then the business can go to another generation. So I can sell that, I don't want to be, it's not a part of life that I want to be. I develop the business and hand it over, to another level. So that's the good thing.

(Case 2)

This quote reflects that Wang has a focus on the continuity and development of the business, not a need for succession by retaining the ownership of the firm. The transition of ownership is related to the business owners’ harvest business strategy (Poutziouris, 2003). Strategically selling out operations which are in the mature stages can be viewed as a response to opportunities (Sciascia and Mazzola, 2008). Pursuing this option can allow the goal of enhancing family wealth to still be achieved. This strategic direction of business succession highlights that the most powerful influence on the development of well-established and growth-oriented business is the founding owner-manager. In the current study, the respondents not only directly influence management and ownership succession
to enhance business growth, but also actively balance and reconcile the business development for family reasons. The following section discusses how the respondents might alternatively plan strategically for a family-based succession.

5.4.2 Family-based Succession

The participants did not see themselves as having the leadership characteristics of a monarch, which describes the type of founder who assumes their leader role for life and who considers themselves indispensable in a family business (Davis and Harveston, 1999). Instead, most of respondents tended to focus on pursuing the development of new business visions and ventures in order to possibly accommodate the diverse interests amongst the next generation. These intentions have implications for how a family-based succession decision is managed. It should be noted that there are challenges and dilemmas as parts of struggling with their dual cultural socialisations and experiences, including risk aversion versus uncertainly tolerance, individualism versus collectivism, independence versus interdependence, and personal relationships versus task orientation.

In high uncertainty avoidance cultures, family succession can be seen as an uncertainty-reducing ritual, fulfilling a cultural need for family security and certainty (Gupta et al., 2009). However, in a weak uncertainty avoidance culture, the decision of succession tends to be more pragmatic, which allows family members to work creatively together while appreciating individuality (Bachkaniwala, Wright and Ram, 2001). Ong illustrated that a degree of ambiguity and uncertainty in his children’s career choices could be tolerated. He explained there was no need for clearly defined goals for them, because such decisions depended on their own choices and preferences.

I think the children themselves they will decide. They may be interested. They may have motivation. If they want, they can make a lot of money. You will see whatever [my son] would like to do. If he likes it, if he is going to make a lot of money, he [may] probably be happy. Maybe, my daughter eventually in few years’ time, she says she
wants to start her own business, but in different line, we may even look and help them. The idea is that the modern younger generation has no clear direction in what they want to do. It will take them a little bit time. For my generation, you had to set up your mind quiet early, you were going to have this career, you were going to have that career, and then, only after certain time, you said ‘it is not what I want to do. I think I want to try something different’. (Case 3)

When Chinese migrants’ families are embedded in individualistic cultures, the family’s values along the dimension of uncertainty tolerance can interpret uncertain environment as being favourable to their decision with regard to individual independent and achievement-oriented. Given the ample opportunities and choices available to the younger generation, the second generation of ethnic immigrants’ business is increasingly unlikely to want to follow in their parents’ footsteps (e.g. Wong, McReynolds and Wong, 1992). At the same time, the respondents suggested that they would not want to force or coerce their children. When the norms of integration of family members into family business are considered during succession, it is unlikely for the respondents to single out decisions as purely regarding what is best for the business and the family. Sun expressed his attitudes towards succession decisions were not clinging to the family members for the sake of job security or changing for the sake of changing along the lifecycle. He tended to explore succession opportunities in relation to the human capital that the new generation bring for business development. Therefore, an intergenerational succession was not considered as a default decision during succession, as illustrated by Sun:

I encourage them, but they have their own opinion. [Succession is] nothing to do with Chinese culture, generation after generation takes over from their father's, parent's business. I don't think so. I cannot see that happen right now. My daughter won't do what I am doing. She is smarter than me. (Case 6)

This view indicated that the respondent felt less pressure to act in concert for the benefit of the family collective, instead viewing the succession decisions through the different
perspectives that the younger generation might add to grow the family business. Although
the expectation of how succession within the family was supposed to be done was
expressed as less likely, some respondents spoke about possible conditions in managing the
business revealed endeavours to shape future possibilities for engaging their children into
the family business. Ong claimed that he had already built a reputation that could serve as a
springboard for the next generation members to take advantage. The intention behind
creating a highly reliable and accountable business was to accumulate social capital (e.g.
who knows who) and relationship capital (e.g. how people relate to each other). He
described that he focused on seeking and evaluating opportunities to match the interests
and aptitudes of members of the family, due to business-specific human/social capital
developed through work experiences to recognise entrepreneurial opportunities.

My role is to make sure [what] the possible of business are, [what] the possibilities are
there. My seven years plan is probably looking at the core childcare business. If I get to
the point, it run very well, it generates good income to allow us to try another thing. [In
family business], it’s not just providing them jobs, it’s about providing them
opportunity for the future. I tell my children that because of the business, I meet a lot
people. We get to meet many people, [and] they are going to meet the same people as
we meet, they will start to learn more, because we are not the only people they should
learn from. The school is not only place [to learn]. The university is not only place [to
learn]. The rest of world they can learn a lot, This means, in the future, they want to
have an opportunity to do a job, find a job, whatever, I can help them. But if I am not
doing this, there will be not connections, there will be not contacts, not know people
out there who can possibly help them. (Case 3)

This view suggests that the respondent perceived the existing family business as providing a
solid basis for his offspring to seek and identify opportunities that catered for the skills and
interest of the junior generation. A family succession can be driven by the family continuing
in business, rather than continuity of the existing business (Discua Cruz and Howorth,
2010). The respondent’s opinion of the potential family succession was seen as a practice of
preserving the essence of family business yet expressed in new ways. A transfer of social capital and/or organisational capital in existing business networks from the founder-parent to their offspring was perceived as a collective approach and at the same time an individual-focused way to search for opportunities by members of both senior and junior generations (Trevinyo-Rodríguez and Bontis, 2010).

In addition, the respondents considered themselves as role models transmitting certain entrepreneurial characteristics through to the next generations. For the younger generation, their exposure to both the family and business environment may create positive or negative feelings towards the family business (Lee, 2006). The younger generation’s exposure to the family business can also be regarded as an ongoing socialisation of running a business (García-Álvarez, López-Sintas, & Saldaña Gonzalvo, 2002). The founder’s sense of business success and care for details that is passed on through their everyday life can also be an intrinsic part of sharing an understanding of what the succession is supposed to need (Salvato and Melin, 2008). Son addressed his passion for his chosen career (i.e. financial planning) and believed that the skills that he learned and developed throughout his career had a great impact on personal and professional development. He highlighted the links between relevant skills and specific opportunities, which may inspire interests in the junior generation.

It’s a good profession. It’s a profession that you learn so much not only in the interest of personal development. You see many careers they give you lots of job satisfaction but some careers they can give your personal improvement or development. You know, so in this career, it gives you a lot of opportunity for personal development in a very wide area, not just on one area but a very wide area in the sense that personal development: in terms of personal relationship skills, in terms of knowledge in the market, financial market, in terms of understanding peoples characters, understanding your customers’ background, your customers’ characters. There are so many things to learn in this career, not just on the financial planning material, but generally there are so many things to learn other than the business…these are the things, life experience,
which you don’t find in a textbook you know. (Case 4)

This view shows that the respondent wanted to share with their children (and the researcher) that the way of working in the self-owned business was creative and empowered. The business practices also established an environment in which individuals were exposed to new skills and ideas. From the respondent’s view, a growing business was perceived as opening up opportunities for creating one own thing that would be part of the whole in the family business. As the children grow up, the increased complexity demanded a broader range of skills and competencies. Therefore, parental modelling was viewed as a way of influencing their attitude towards individual needs, goals, skills and abilities. Choo described that a family who worked together in a variety of businesses was able to leverage the blend of skills and capabilities and to break out of self-imposed limitations.

Running a business is also a way of life. If you choose to work [in a] 9-5 comfortable zone, some standard, very stereotypical family life, your life is limited in experiences, which is also translated to the children. They don’t see much. They only see selected family who you visit among network. When you run a business, you expose to a lot people; you solve conflicts; you are dealing with a lot of happiness and sadness in varieties. Children see all of those as life experiences, so that will provide them with more skills in life. (Case 1)

This view reflects that the respondent concentrated on developing the skills and competencies to enhance his children’s career prospects. When the participants considered supporting a specific family member assuming the leadership role in the firm, they not only were concerned to balance their need for personal independence with the need for business continuity, but also to be more objective in evaluating a potential leader’s abilities to meet the strategic plans of the business issues. On the one hand, they did not want the business to be a burden for their children at the expense of their personal and professional aspirations. On the other hand, they did not want unwilling or incompetent family members to be a threat to the business’s development and success.
In previous research, the extra capacity that the younger generation add has been regarded as the intellectual form of human capital, rather than simple labour resources from the family (Bocatto, Gispert and Rialp, 2010). Working together to recreate the business is what made the new generation join to begin with. Therefore, the founder-parents are concerned with how diversification of the family business could create opportunities for younger family members and finding new ways for them to participate (Tong, 2009). The commitment of family member to the family business can be reinforced by the development of a portfolio of businesses that occurs from matching opportunities to interests in family members (Discua Cruz and Howorth, 2010). Ong believed that the junior generation members were only attracted to the family business once their contribution of providing a new perspective was valued by the parent-owner.

If you are going to a business, I want you to do the paper work, ‘here and do that’. I cannot see lots of young people are doing that, because they are always, they are update in the world, looking through the internet, looking through all the things come to them through various media. Those are the seeds of new ideas. What value can you add to the business, what new ideas can you create to provide innovation in the service? How is the service delivered, how does is look, how is it presented, how is it communicated?

That’s the way that young people would step into the business because they think they could add value. Not just, you are going to be a member of business, [you] become a family member of a family business, we give you a job, we give you a big title, we give you a nice car. To them, many young people, some of them may like a nice car, lots of money to spend. Lots of others, instead, say ‘we like our own ideas’. To do the business by using the brain, not the engine…maybe the complex of new ideas, new branding, new ways…I think the main, key point I say this: the next generation must feel they can contribute and contribute in their own way, not the way I expected nor the way my wife expected. (Case 3)

This view implies the need to create both collectively and individually meaningful reasons to continue the family business (Schwass 2005). Family succession can lead to a positive
development of the business by pursuing various growth aspirations. This concern for matching opportunities to members’ interests and experiences also reinforced the business owner’s intention on making succession a means to diversify and develop chances of being part of developing the business, rather than grooming members to match the prearranged positions within the internal power structure. When succession was perceived as part of doing together, Ong further described how he intended to expand his current business to encourage his children’s engagement.

The new lines of services, for example, in childcare, you can create education and training for skills, you can run the separate new line, you can create associations with other operators then supplies services to that, whether training services, whether even supply toys and equipment, so you start three, four service lines. you have core business, you have associated business, even you can get corporation going, you are setting up your own association, you invite these people come in, then you create corporate business. (Case 3)

This view is consistent with studies that have shown that the development of the next generation benefitted from promoting the addition of entrepreneurial values based on new ideas (Kellermanns et al., 2008). In a Chinese-Australian family business, it reflects that the dual value dimensions of independence and interdependence coexist in family businesses; both allowing for individuation for a family member having one own area as well as sharing responsibility for protecting the core of the family business. Therefore, Chinese-Australian family business context is adjusting the meaning of succession to what the founder-owner think of and decide differently in a more collaborative and diversified way.

When considering to pass on the established business to the next generation, the respondents emphasised the suitable family successors to fit the managerial roles. Therefore, the decision whether or not to engage their children to join the business was strongly associated with the founder’s perceptions of the particular family member’s abilities (e.g. general and experiential business experiences, managerial and cultural skills).
that the founders concentrated on seeking qualities and skills that were often the base of a business’ competitive advantage, rather than a family member who just happens to be the offspring of the founder (Cabrera-Suarez, 2005, Ibrahim et al., 2004). For example, in considering the transfer of the management of the business, Wang focussed on the required competencies of the successor, regardless of whether the successor was to be his daughter. He explicitly addressed what he saw as the duty from his daughter towards the business, both as a contributor and potential owner. He believed that an effective transfer of business management was based on selecting a leadership candidate with the relevant competence.

I don’t mind my family would take over my business. But I also wouldn’t expect. Like she works there, and she’s helpful. She can have a job. I’ll give her a job during school holidays, or she’ll be working six months, and between going to University, or unemployment, as long as she’s useful. I wouldn’t employ her if she can’t do anything. Even if she was in a position to take it over, if I thought that she wasn’t capable, I’d say to my daughter, ‘you can own the business, but how about we leave this manager here, because she’s better than you are, and she’ll make the business run better than you. And you can own it, but you know, leave the manager’. (Case 2)

This quote illustrates that the founder tended to utilise more formal and task-oriented forms in informing the selection of a new leader, instead of personal relationship-oriented methods. As part of cultural socialisation, to a collectivist mind, the personal relationship prevails over the tasks, because the relationship should be established and trust built first, whereas in the individualist culture, the task is supposed to prevail over any personal relationships (Gupta et al., 2009). From the respondent’s view, on the basis of what is best for the business, the measure of performance was vital to determine how capable a successor may be, regardless of family membership. It also reflected a relational view of succession to manage the practice of developing the business when needed rather than focusing on the next generation member’s entrance emerged from an unknown future. Therefore, succession does include transfer of position but what really makes the family-based succession realise is the focus on the skills and abilities required for both business
continuity and development. It is not about taking over a business but knowing little of the needs of the organisation which they are part.

5.5 Factors Impacting on Chinese-Australian Family Business Succession

The analysis of what the Chinese-Australian family business succession is needed takes into consideration a complex set of factors specific to the Chinese-Australian family business context, as shown in Figure 4.3 on page 202. The factors comprising the decisions regarding Chinese-Australian family business succession focus on an attitudinal component of a founder’s ability and willingness to influence the direction of a business that accompanies succession planning. However, the founding owner-manager’s succession decision making is potentially complicated by the tension that exists between the needs of the family and the business. As demonstrated in the discussion above, at any point in time, the founder struggled with their dual need of running a business jointly and appreciating individuality. The respondents expressed their opinions that they carried on business as usual which was necessary for the succession to progress through individuals’ change in roles over time.

Figure 5.2 demonstrates that the aspirations and visions of the founder give rise to a reflection of the decision of succession. The effect of these perceptual positions under different contexts has greatly enriched our understanding of how the attitudes and decisions of the founder get manifested within the parent-offspring relationship in family system, organisational culture in the business system, the founder’s intended exit from ownership control, as well as the founder’s managerial practices in the management system, respectively. In addition, it is imperative to take into account national culture values as an environmental factor in its own right, because the values and norms have a significant influence on the founder’s awareness of how the continuous commitment by both family members and non-family members is integrated in the different succession options to combine what is best for the business with what is best for the family. There are five factors that impact on a strategic choice in relation to succession. Each of the factors can impact on
the founder’s perception of the future and influence his/her views on succession. However, not all factors influence family business succession in the same way. What is influential for one family firm may not necessarily be stressful for other firms, and may be assigned a different priority by these firms. The model is descriptive in the sense of identifying factors that are taken into account, rather than on the interactions of these factors.

Figure 5. 2 Factors impacting on Chinese-Australian Family Business Succession

The factors in the model align with the work of De Massis, Chua and Chrisman (2008) on intra-family management succession, which explains various factors that operate at the individual level, the relationships between family and business systems and the environmental contexts. According to the founder’s perception of the role of the business for the individual and owning family, there is a rational reason for succession within or without the family for family businesses, in contrast to a purely nepotistic explanation. Thus, decisions related successes are influenced by business developmental characteristics such as issues of age, size and growth in the economic and cultural environment in which
In the current study, the motives for succession was centralised in the hands of founding owner-managers. The founder’s ability to create a growth-oriented aspiration that affected the business viability was highlighted to sustain Chinese-Australian family business beyond first-generation, and in turn, influence the likelihood of succession. The growth-oriented objective of the business system is a rational reason for retaining and leveraging the succession intentions (Andersson, Carlsen and Getz, 2002). For example, a change in market conditions (e.g. market growth slowing or declining, increased competition) or the firm’s capabilities (e.g. human, capital and managerial constraints) may significantly alter the founding owner-manager’s assessment of the future prospects of the family business. In the contingent relationship between the family firm’s strategies and the environment, culture also plays a part in encouraging family members to work together through succession rather than decide to dissolve the family unit (Zheng, 2009). An ethnic customer base for a Chinese-Australian family firm was accustomed to interacting with the founder, with whom they develop a personal and trusting relationship over time. It may show an economic reasoning for family succession, because the family members convey themselves as trustworthy to maintain customer relationships through family unity.

The family business owners choose between what might be the best decision for the business and what might be the best decision for the family, in particular for an individual member of the family. The motive for professionalising a firm’s management system appears to facilitate a management succession. The founders concentrated on seeking a potential leader as an insider substitute and grooming them to match managerial positions where business-specific human capital, general work experience and family business specific experience are demanded (Getz and Petersen, 2004). To earn commitment of the potential successor, the founder continued an entrepreneurial drive to identify market opportunities and pursue growth prospects, in line with the firm’s lifecycle perspective. The intention of management succession focuses the selection criteria on the successor’s competencies that match the need of the growing business.
There are possible barriers for the viability of different succession options that are restricted by the financial and human resources. Recruiting non-family employees to managerial roles would incur agency costs, including the potential conflict, having different goals or preferring different means to reach a common goal (Blanco-Mazagatos, de Quevedo-Puente and Castrillo, 2007). This can lead to feelings of uncertainty that may reduce the founder’s confidence on the management succession among non-family employees. In addition, the availability of next generation family members is not always a necessary condition for family succession to take place. The desire to be independent through socialisation for adjusting to the social and cultural environments set conditions in the parent-child relationship within Chinese-Australian families. Therefore, an intention of family succession was less expected and relatively weak from the founder’s perspective. This can increase the feelings of uncertainty with regard to the founder’s perception of succession. Finally, the founder’s intended exit from the existing business reinforces the level of disconnection between the family and business, which would virtually eliminate the possibility of family succession. Therefore, for the first generation family business, the decisions surrounding family business succession are situated within the context of a choice between a family-based succession and a business-based succession. It also implies that the decisions of Chinese-Australian family business succession are flexible and relationally shaped from current circumstances, rather than a linear approach of succession planning.

5.6 Summary

This chapter has presented the factors and values that have impacted on the Chinese-Australian business owners’ succession decision. The way these business owners lead and manage their businesses is firm-centric. This implies that their choices of succession strategy are aligned with business evolution throughout the firm’s lifecycle. The prevailing organisational culture shapes – and is shaped by – the business owners’ attitudes to business managerial practices, that is, communication and leading by example. The business owners created shared norms and values in both the business and family domains. The
founders’ intentions for future family business development are manifested in terms of their attitudes to business continuity.

The required successor attributes and changes in management structure are addressed by the respondents to decide the future route for the management succession. The characteristic of management succession is not primarily governed by the relationships within the family but a task-oriented leadership that match the successor’s competencies and the requirements of the business. A potential ownership succession is perceived solely as a rational choice depending on the firm’s lifecycle and leveraging the maximum benefits in existing business. The founder-owners display an appreciation of individuality, which are reflected in their views that their children are responsible for their own career choices and not constrained by the particular family business system. The chance of being part of developing the business is part of family succession strategies.

The factors impacting on family business succession in Chinese-Australian family firms has been summarised into five aspects, that is, the founder’s aspiration and visions, the organisational culture in business system, the parent-offspring relationship in family system, the founder’s managerial practices and intended exit plan, as well as the effects of national culture on founder’s attitudes and perceptions. Clearly, these factors could vary across each Chinese-Australian family firms. Factors in various combinations allow a tension between a business-based and family-based succession choice.

Decisions of succession, determined by both the vision of the founder and the characteristics of the Chinese-Australian family business system and environmental context, will determine whether a Chinese-Australian family business can grow, change or sustain over time. Such decision is formed through an understanding of how the founders handle the tension and challenges that accompany collaborative efforts in terms of maintaining a smooth and agreeable relationship among both family members and nonfamily members. The final chapter will explain how the founders make a family-based succession and a business-based succession choice, respectively.
CHAPTER 6 CONCLUSION

6.1 The Study Results

In the previous Chapter 4, the analysis of each sample case of Chinese-Australian family business identified the founder’s specific goals and motives that led to attract, foster and promote a lifestyle-oriented family business. Beyond their own economic interest, these business owners expressed their enjoyment of work, their desire to pursue individual achievement, their need to develop one’s own thing and their choice of entrepreneurship along the family way. These types of goals turned out to be the base of the founder’s motives for the business continuity. These aspirations of running a business are directly entwined with decisions of succession.

The analysis of components of Chinese-Australian family business context highlighted the nature of family resources and cooperation in the business operation and management. In a founder-led family firm, there was no clear-cut separation of resources within the business and the family. Managing the business was based on a team effort through joint leadership (husband-wife partnership), where ownership was concentrated to the founder which given them control to determine strategic direction and recognise entrepreneurial opportunities in relation to business practices. Also discussed were the tensions that accompanied the overlapping network of relationships, roles and power structures found at the interface between family functionality and business operation. Within a family system, disagreements among the spouse and work-life balance were explicit in the founders’ opinions, where family harmony was largely implicitly considered through shared goals and consensus on what is best for their family to guide them. From a cross-cultural perspective, the indication of individualistic cultural orientation pointed to a need for demonstrating one’s way of being which linked back to the role of socialisation for adjusting to the external cultural environment. These tensions are implicitly included along a relational view of family succession, since succession within family is part of making the new generation join in, work together and move forward together in the
family business.

From a business side, the founder’s intentions and goals of family firms are shaped not only by personal aspirations but also by the particular environment (e.g. the social-economic context, resource availability and competition of resources) in which the firm is embedded. The role ethnic identity and social capital played in gaining business resources within co-ethnic community were more explicit in the some Chinese-Australian business owners’ opinions than others. The founders’ experiences on how to handle the business network constructed their business strategies accordingly. A Chinese-Australian family firm’s competitive advantages rely not only on the human and social capital possessed by the owner(s) and their families, but also reflect the viability of different strategies that are developed within their niche markets.

An understanding of the Chinese-Australian family business context in question regarding the founder’s role, family and business systems, ownership and management structures, as well as environmental system, in particular social and cultural settings has given new insights into the founders’ opinion on the perceptions of family business succession. In the previous Chapter 5, decisions and practices associated with management and leadership styles were part of understanding of how the founders handle the ongoing process of business survival and success. A daily activity that seems trivial in the moment might turn out to be instances of succession practice, such as selecting what qualities in non-family employees that match the needs of the business. Organisational culture as a result of internalised socialisation can also help to unfold invisible aspects of succession. Much of decisions in succession can be hidden in tacit understanding of how to do things in particular family business. Explicating what the founders prioritise and cope practically with daily matters not only concerns both family and business in light of the family business routines, but also looks into the balance between these systems in the requirements of succession.

It was found that succession was shaped by the aspirations and visions of the founders. The intentions of business continuity give rise to the strategic direction of succession. The
diverse routes of business development and growth can lead to the viability of different succession options that are restricted by the financial and human sources. From the respondents’ point of view, although family members can be a useful source of labour (and knowledge) for the daily operations of family firms, they may not be sufficient to guarantee a genuine commitment to engage in the family business. It was found that the founders allowed for individuation for the younger generation, which helped explain an acceptance of business-based succession in Chinese-Australian family businesses.

As the firm grows progressively, it is important that family firms have the managerial capabilities to foster business operations and aid organisational development. The attitudes and preferences of each founder are obviously not uniform in content, yet they share clearly identifiable common threads in their desire to move from the business being solely managed by owners themselves to a professional management structure. At this point in time, most of the owner-managers were tending towards grooming non-family insiders for leadership positions in the firms. The decision of management succession was guided by who possessed the competencies needed for such position. It appeared that the founders tended to utilise a task-oriented leadership style in informing the selection of a new leader, rather than a personal relationship-oriented approach. In other words, family membership as an attribute of the qualified candidate was not of primary importance. Besides evaluating a potential leader’s abilities to meet the strategic plans of the business issues, managerial roles can be given to both family and non-family members.

A choice of ownership succession focused on a founder’s business prospects related to firm’s capacities, financial status and market competition, not on defining a family success by retaining ownership of a business. This decision was primarily based on a business’s competitive advantages. It may be considered as a purposive response to situation to carry on the business continuity in new ways. Meanwhile, the founders expressed their opinions that they handle a family-based succession differently in relation to growth for individual family member. The focus was on the different perspectives, new ideas and new practices that new family members bring in the business. It was found that the particularities of social,
cultural and contextual nature in Australia played a significant role in expressing the meaning of family succession in a new way as a chance of being part of developing the business, rather than focusing one family member’s entrance at the point of another person’s exit.

This final chapter presents that there are two different “types” of succession choices relating to the Chinese-Australian family businesses, that is, a family-based succession and a business-based succession. The following section will synthesize all the findings by examining the characteristics of first-generation Chinese-Australian family business, the interaction involved in choosing between family-based and business-based succession, and the influence of the founding owner-manager’s vision and values on the future route of their Chinese-Australian family business.

6.1.1 The Chinese-Australian Family Business Succession Model

Figure 6.1 visualises a pendulum swing model that explores the tension experienced between family-based succession and business-based succession in Chinese-Australian family business. The model indicates that the first-generation Chinese-Australian founder’s succession choice swings towards either the family domain or the business domain. In other words, the underlying issue as to whether the family exists for the business or the business exists for the family is a salient dilemma faced by Chinese-Australian founding owner-managers and evokes considerable flexibility that underlies decisions in the context of succession. Although the decisions succession in each Chinese-Australian family business is vague and unclear, they share a common goal of genuinely wanting to explore succession opportunities in relation to growth for business continuity. This model open up for alternative succession options and depict flexible and relationally shaped decisions-making process in the moment.
Environmental System
National Cultural Dimensions
Long-term vs. Short-term Orientation

High/Low Power Distance
Strong/Weak Uncertainty Avoidance

Collectivism-Individualism
Masculinity-Femininity

First-Generation Chinese-Australian Family Business System

Figure 6.1 Chinese-Australian Family Business Succession Model
The interaction of the individual, family unit, business entity, and ownership and management systems (as described in Figure 4.2) identified strategic consequences of succession in first-generation Chinese-Australian family firms. The pattern by which the Chinese-Australian family business owners are inclined to think and act in relation to succession is linked to the multi-dimensional context of Chinese-Australian family business systems. For example, the different patterns of family involvement among Chinese-Australian family firms represented varying factors such as a collectivist family structure, gender roles, personal capabilities, business drivers and resource integration, as well as tensions among relationships within business and family (see also Section 4.3). Thus, different degrees and types of family involvement led to different sources, types and consequences of succession, in particular for intergenerational intentions.

Tensions in relation to Chinese-Australian family business succession can be seen as a shifting weight from focusing on the family continuing in business to the continuity of the existing business, rather than a linear transformation from the firm’s formation to future stages in its growth. The studied Chinese-Australian family firms appeared to oscillate between these two choices, which influenced the attitudes and behaviours of the founding owners towards the business and the owning family. The underlying question concerning these Chinese-Australian founding owner-managers is to choose between what might be the best decision for the family (or an individual member of the family) and what might be the best decision for the business.

The bottom right side of the model represents a family-based succession that is dependent upon the interaction between the family system, the business system, and ownership and management system. The principle of business development on which a succession is based: the individual belongs to the family system. In the current study, of particular concern for Chinese-Australian family business owners was the level of interest of members of the next generation (see also Section 5.3.2). It was apparent that the founder-parents placed greater value on individuality in relation to the individual needs, goals, skills and abilities of their
family member, especially their children. The study's respondents spoke of the importance for each child to seek and evaluate opportunities that matched their personal interests and aptitudes. For example, in all six cases, Chinese-Australian founder-parents perceived that the family succession cannot occur through force or coercion. The norm of family succession in the relationship between parents and children was not driven by the power of the senior generation due to their position in the family. The prevalence of significant national culture differences along the dimension of individualism made these founders feel less pressure to act in concert with the structure of the family derived from collectivist cultural heritage, but rather encouraged family members to strive for pursuing their personal interests. Ownership and management systems highlight where links exist between the relevant skills of the junior generation and specific opportunities that could result in either taking a leadership position within the existing firm or developing a portfolio of businesses. Individuals within the family may also change their relative positions to work together in a variety of businesses, requiring shifts in the allocation of tasks.

The bottom left side of the model represents a business-based succession that is dependent upon the interactions of the individual, the business system, and ownership and management systems. When comparing these diagrams of business-based and family-based succession, the top circle of the individual replaces the position of family system in the strategic decisions of succession. In the six cases reported in the current study, the tendency towards business-based succession reflected the importance of management succession to develop and maintain business operation in an efficient and profitable way (see also Section 5.4.1). Here, the founders pay particular attention to the technical and managerial human capital that they bring into the business systems. The non-family employees are selected and positioned in management system in accordance with a resource-based view of the existing organisation. Some of Chinese-Australian respondents were willing to retain and develop non-family employees' ability to meet the strategic plans of the business (i.e. leadership transition). The business-based succession had a business focus and strong business networks beyond the immediate family resources. Furthermore, One Chinese-
Australian respondent considered the possibility of selling out regarding the development of the established business (see also Section 5.4.2). The methods of ownership transitions can go a long way in the eventual success of making succession decisions that are prompted by the founders’ aspirations, as well as maintaining the continuity of the firm.

The environment in which Chinese-Australian family firms are embedded has formed a unique cultural context that shapes the worldview of the founding owner-managers and the decisions they make. In all six cases, the desire to be independent may be seen as a universal phenomenon; however, the conceptions of it, and the styles and decisions associated with it are not. For example, in discussing the initial formation of the business, the respondents’ sense of independence and achievement-orientation was revealed (see also Section 4.2.2). The impact of family involvement can be seen in such aspects as consensus building and harmony. However, the level of connection between the family and the business was not considered to automatically promote expectations of succession within family. For the benefit of the family in business, a family-based succession may promote family harmony that allows family members to work creatively together while appreciating individuality by aligning the interests of family members with business opportunities. Such a view reflects the diversity and adaptability of Chinese-Australian family businesses, with an emphasis on pragmatism and flexibility with respect to family succession. In addition, the embracing of individualistic cultural values provided a condition for freedom among junior generations to match opportunities to their interest and experiences.

The proposed model of Chinese-Australian family business succession illustrates a tension between the family and the business that highlights the often complex decision regarding strategic consequences in the family firm. First, a founder’s ability and willingness have affected the different sources, types and directions of succession, with different degrees and types of family involvement in the firm’s continuity. Second, the duality of experiences in the family system and the business system develop a double cooperation relationship, on the one side with the family members and on other side with the non-family professional
managers. Finally, the tendency of Chinese-Australian family business to favour a family-based or a business-based succession is characterised by the founder’s aspirations for flexible and pragmatic decision-making, so that they can fit both within their family context and the majority host culture of which they are a part.

6.2 Implications of the Study

The six cases of Chinese-Australian family businesses shed light on the diversity for the family business routines, particularly with respect to their business types and how they involve the family in the business daily activities. We seem to know a lot about how immigrant entrepreneurs are driven by a number of “pull” and “push” factors to have their own business, how well the ethnic immigrant businesses were survived by exploring entrepreneurial opportunities in relation to the social capital embedded the business network, and how the intergenerational succession was prepared in terms of issues like the available of suitable family successors. We seem to lack sufficient knowledge about the complexity of the social, cultural and contextual nature within the Chinese-Australian family businesses. Those contexts are the base of the particularities of Chinese-Australian family business.

The founder’s motives for starting up a business and keeping the business going certainly have a large impact on the family business as well as the business family. The cultural influence regarding the values, norms and meanings of the owner family and is implicitly considered through any aspirations of running a business. Meanwhile, Chinese-Australian family business owners are open to influences from the cultural environment of which they are part. The particular family business routine is developed through socialisation and practice. Therefore, their way of coping with things in general extends to succession. Exploring succession opportunities evolves gradually through the practice of developing the business. It is clear that the founders have a common understanding of family business succession as being part of carrying on the business. Awareness of how succession is
supposed to lead to a positive development of the business is expressed and turn into an acceptance of an unknown future to allow for flexibility. Therefore, the perception of succession is associated with a strategic planning for family business development. From theoretical perspective, succession is ongoing, to some extent, swinging inevitably towards two-side outcomes throughout the firm lifecycle and family lifecycle. It opens up further researches on both process and content related aspects of strategy decisions along the daily activities. The tensions of two choices further strengthen the idea that succession is not necessarily carried out within one domain. As an inherent part of Chinese-Australian family business system, tensions matters. It is unlikely to single out one decision as purely regarding business and other decision as purely family. The duality of tendencies means that succession is dependent on multiple forces. This implies that which factor has effects on the decision is unknown and needs further research attention. From a practice perspective, further explorations of how and when to turn the decisions into action and deal with the different interests of stakeholders are welcomed. The role of wife and younger generation, even potential non-family managers can be further explored and possible strengthened in studies of succession.

We seem to know a lot reasons about why succession in some immigrant family businesses is not planned for or accomplished, although the cultural assumptions are reported, which mainly associated with the collectivistic family-relations, a sense feeling of belonging and a preservation of family legacy. We seem to lack sufficient knowledge about what succession is in Chinese-Australian family businesses and how succession is perceived to be handled. What has been learned from these six cases is that the firm’s ability to maintain a stable progression, not necessarily family involvement, is essential to ensuring its propensity to continue to compete in the local market. Although family goals and needs must be assured, the relative importance of business development comes first and thus guides the decisions about addressing a business-based succession to enhance business continuity. Giving room for individuation is considered an important part of succession. A family-based succession implies
shared responsibility by being part of the whole of operations and decisions while appreciates individuality by developing one’s own thing inside or outside the family business. The underlying assumption of succession decisions means being objective and rational. Succession in Chinese-Australian family business is complex and relational. The type of succession can differ from case to case, as the meaning of family business tends to different among different founder-owners. The following section discusses the implications of the findings from the specific case studies of Chinese-Australian family businesses to inform new insights on challenges and opportunities of family business succession.

6.2.1 Implications for Policy-Makers

In order to maximise wealth creation and employment generation, policy-makers are proactively promoting the creation of new ventures, the performance of the existing firms and the support for ethnic groups of business owners and firms in local communities (Collins, 2003). While there is considerable attention on the issues relating to new firm formation, there is limited critical reflection with regard to the development of established firms that may facilitate or mitigate the succession process issues required to ensure business continuity (Smyrnios and Walker, 2003). The current study highlights a practical concern of ethnic business owners that should be of interest to policy makers to support their establishment, growth and development of these existing firms. A considerable resource of organisational capabilities resides within these established firms, and it may be more efficient to support established family firms, rather than to solely increase the supply of more new businesses which have limited human and social capitals of leverage (Ucbasaran, Westhead and Wright, 2009).

The following sections help the policy makers to become more aware of how Chinese-Australian family businesses work. First, it is important to understand that the founder’s economic and noneconomic goals are essential for the existence of their family firms. Second, the recognition of significant differences in the Chinese-Australian family business context has an influence on the policy seeking to support the ethnic business owners and firms, because their family’s way of being extends to the doing of business.
6.2.1.1 Founder’s Values and Goals: Characteristic of Chinese-Australian Family Business Owners

Policy-makers should appreciate the aspirations, resources, needs and economic and noneconomic contributions of Chinese-Australian family businesses. Immigrant families running their own businesses will be related to the motives and goals reported in these case studies that were driving family business owners toward financial success with strong ties to personal and lifestyle preferences. According to the cases, the origin of the self-employment mentality for the founders of Chinese-Australian family businesses cases was pursuing a desire to be independent, meet or create a challenge. This self-employment mentality is a particularly important variable in explaining their ongoing commitment to growth and development of the business. Evidence from an understanding of the psycho-social factors that are related to self-identity of founder-owners and their own sense of interests and motives in family firms that extend to the management and leadership styles in their business mode could be used to guide policy-makers in understanding how economic and noneconomic incentives affect the founder’s behaviours and their performance accordingly.

6.2.1.2 Family Business Culture: Characteristics of Chinese-Australian Family Business

The firm development issues facing the Chinese-Australian family firms may not be the same as those experienced by other private family firms. Rather than providing “one size fits all” support available to all family firms, there may be a need to provide targeted support. The presented model of Chinese-Australian family business context (see also Figure 4.3 on page 202) has shown information relating to the interaction between the individual, the family business system, and external environmental conditions, leading to the specific constituent that create the particular family business context. These interactions would be a useful means of identifying the particular constraints and needs of Chinese-Australian family firms in order to allocate assistance and resources.

Taking the Chinese-Australian family business context into consideration, the resource allocation decisions could consider balancing the needs of family and business resources;
facilitating or mitigating the long-term investments in the firm’s development, and giving priorities on family and nonfamily human capital that lead to distinctive or constrictive family firm resources. The process in which Chinese-Australian family firms are formulated may open up for development of management models surrounding the entrepreneurial propensity relating to ethnic businesses.

6.2.2 Implications for Family Business Owner-Managers

Although respondents were not asked to provide management lessons, such as critical success factors, the cases gives relevant insights for other family business owners and managers. To the owners and managers of Chinese-Australian family business, the interdependency between the family and the business is reflected ‘about the effectiveness and endurance of the family firms by understanding the family dynamics that contribute to the management of business operations’ (James, 1999, p.61). Furthermore, the awareness of intercultural encounters (e.g. a value dilemma between a desire to be independent and separate one’s own way of being and a commitment to shared responsibility for the family’s way of being) can ‘help practitioners to think more creatively about the complex shifting world in which they operate’ (Pettigrew et al., 2002, p. 480).

Succession is an inevitable and ongoing part of family business life. There can be formal and explicit decisions of management succession, like appointing a new CEO during leadership transfer. There can be informal and implicit, like the chance of making the new generation be part of daily activities might turn out to be instances of succession practice. There are occasions where selling the family business is better than carrying on at all costs. Organisational positions and ownership shares can be formally distributed, where cultural perception as a result of socialisation is largely implicated considered through any leadership and/or ownership transfer.
Chinese-Australian family business succession is not described as a linear approach of family management planning but a desire to direct the continuous commitment by the founder-owners towards the firm’s viability in relation to growth. A business-based succession could be facilitated with regard to an increased focus on opportunities for business development; an increased focus on financial objectives (i.e. sales, employment and profitability); an increased number of managerial positions held by professional nonfamily members; an increased utilisation of professional management (e.g. board of director structure) and an increased focus on task-oriented forms of successor development.

Chinese-Australian family business succession concerns with family harmony that is guided by a family-based succession that allows family members to utilise their collective human capital with social capital to recognise entrepreneurial opportunities while allowing them to pursue their own dreams without engaging in family business. Insights from a collective approach to seek and evaluate opportunities to match the interests and aptitudes of members of the family may guide the provision of support to develop a portfolio of family businesses. The nature of family involvement during succession could be manifested with regard to an increased rate of new ventures formation by family members; an increased propensity of family members to have acquired skills and knowledge which could be leveraged from personal empowerment; the building of network bridges with members of both senior and junior generations, and enhanced networks of trust between the family firms, local suppliers, potential customers and financiers who can provide additional funding and market information.

6.2.3 Implications for Family Business Researchers

The presented conceptual model of Chinese-Australian family business succession informs new insights on Chinese-Australian family business succession and opens up for alternative succession options. Founders at this stage of the business lifecycle allow great flexibility towards succession. Chinese-Australian family business succession is rooted to carry on the
existing business and evolve the business through the extra capacity that both family and non-family members add. Future studies need to explore how it is practiced in the daily operations and decisions and when such daily activity turn into the part of succession. New research opportunities may raise the following research questions. For example, why are the strategic decisions of succession constructed in the ways they are in different Chinese-Australian family business? How can we explain the differences in choice, methods of implementation and outcome? To what extent is a succession in Chinese-Australian family firms a success from a lifecycle perspective? To what extent have nonfamily employees internalised the initiative of management succession? What combination of family and nonfamily member’s human capitals will yield the best results? How well equipped are the founding owner-managers in balancing the mix of family and nonfamily members in terms of the goals, competencies, resources and ownership and management structure of firms?

It would therefore be useful to carry out empirical studies to present theoretically derived hypotheses (and variables) that compare Chinese-Australian family firm dynamics and complexity with other cultural groups (i.e. European-Australian family firms). Future studies may benefit from testing anticipated relationships with reference to large data sets and/or the combination of archival data, in accordance with the explored variables of a family-based and a business-based succession. Evidence presented in this study suggests that the priority should be to explore how Chinese-Australian family firm owners view the importance of succession and impact of surrounding family context and environment conditions on their decisions and not to measure them through a pre-designed instrument adapted from Anglo Western family firms.

Qualitative researchers seeking to build theory could use the presented conceptual model as a platform for research themes linked to the role of contextual conditions played (i.e. the role of founder(s); next generation family members in family structure; nonfamily employees in management system; the firm’s lifecycle stage and organisational culture; the
sources of conflicts and management strategies; and an outcome of the founding owner-managers’ intended exit from existing businesses. Future qualitative studies could provide insights to the knowledge and experience accumulated by family firm members who may facilitate or mitigate the succession process. For example, the succession process reported within Chinese-Australian family firms could provide insights into family dynamics and governance issues. Evidence from the case study of Chinese-Australian family firms could be used to revise propositions concerning the types of succession choices, both family-based and business-based. The propositions could then be explored in future qualitative and quantitative studies.

6.3 Limitations and Future Research

Despite the advantage of the qualitative case studies employed in the current study, such as elaborating contextualised information in great depth, there are several key limitations. First, the qualitative analysis of the Chinese-Australian family businesses is restricted to six cases and therefore the findings have limited empirical generalisability to patterns and relationships that hold in all Chinese-Australian family businesses. Given the heterogeneity of the family businesses, interpretive concepts and model are developed from the representative cases in the current study that can be used to make theoretical generalisations, linking findings from particular cases to the general abstraction level of theory (Yin, 2009). ‘Theories are thus generalisations for they explain some phenomenon across a variety of specific instances or cases of that phenomenon’ (Schwandt, 2007, p. 127). This study discussed the similarities and differences across each case and found both social and economic reasons that contribute to the unique nature of the Chinese-Australian family business context. In order to understand the attitudes and beliefs towards succession in the Chinese-Australian family firms, this study paid attention to each experience among themselves and observed identifiable common threads in multiple dimensions.

Another limitation is that all the cases follow a nuclear family structure (parents-offspring). If Chinese-Australian families are selected that involve a wider set of family members, the
findings may differ. Future research could investigate how dynamics of a family in business might influence relationships and resources unique to Chinese-Australian family businesses in addition to the ones highlighted in this study.

In addition, the current study does not have sufficient data at this time to discuss the perceptions and attitudes towards succession across generations, but clearly it is a subject matter that deserves attention and which will make an important topic for future research. There is a need for longitudinal studies that compare multi-generation family firms which have experienced an ownership/management transition to another generation of family members. Its focal point would be on highlighting the dynamic ownership and managerial processes illustrated by the heterogeneity during succession. The longitudinal studies are required to identify the trigger leading to a family succession and the employment of non-family professional managers.

While the sample has been purposefully selected for this study, this might create some concern about the applicability of the findings to family firms with different characteristics (e.g. diverse ethnicities, immigration groups or different countries). The contextual studies of Chinese-Australian family business have provided insights and increased our understanding of key issues in the field of ethnic migrant business owned and managed by families. Further research can look to provide more extensive examination of the specific factors identified by the application of the model developed in the current study. The application of the model of family business succession can be adapted to other immigrant ethnic groups, to other receiving countries (e.g. New Zealand), and to the comparison of specific ethnic groups in different receiving countries. The further application in a wider set of empirical research studies can encourage reflection, broaden the understanding of contextual significance and test the degree of transferability of this conceptual framework.
6.4 Conclusion Words

The current study provides contemporary exemplar studies of Chinese-Australian family businesses. It makes an important contribution to the family business and succession literature by highlighting the influence of the cultural and ethnic characteristics within families on the succession pathways undertaken by Chinese-Australian family businesses. The particular aspects of growth and development of a business unit that emerged as being influential include the founder’s aspirations and attitude towards succession, the vision and intentions of the family firm’s growth, degree of family harmony, the qualities of next-generation successors, and the plans in transferring ownership- and leadership-related issues.

The development of a Chinese-Australian family business succession model can be used as a building block for further scholarly insights into the complexities and dynamics of Chinese-Australian family businesses. This model is a theoretical research outcome of the current study; at the same time, this thesis has highlighted a picture of flexibility, differences and ambiguity in succession choices in family business. It is hoped the findings of the current study can lead to better understanding of the interplay between family and business in the growing field of business research in Australia, and enable the relevance of cultural effects to be recognised for the future of businesses owned and managed by families.
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Appendix 1: Plain Language Statement to Participant

DEAKIN UNIVERSITY

PLAIN LANGUAGE STATEMENT AND CONSENT FORM

TO Participants

Plain Language Statement

Date:

Full Project Title: The influence of cultural attributes on intergenerational succession in the Chinese-Australian family business

Principal Researcher: Associate Professor Dianne Waddell

Student Researcher: Ms Jing Ye

This Plain Language Statement and Consent Form is 6 pages long. Please make sure you have all the pages.

1. Your Consent

You are invited to take part in this research project.

This Plain Language Statement contains detailed information about the research project. Its purpose is to explain to you as openly and clearly as possible all the procedures involved in this project so that you can make a fully informed decision whether you are going to participate.

Please read this Plain Language Statement carefully. Feel free to ask questions about any information in the document. You may also wish to discuss the project with a relative or friend. Feel free to do this.

Once you understand what the project is about and if you agree to take part in it, you will be asked to sign the Consent Form. By signing the Consent Form, you indicate that you understand the information and that you give your consent to participate in the research project.

You will be given a copy of the Plain Language Statement and Consent Form to keep as a record.

2. Purpose and Background

The purpose of this project is to understand how both family values and cultural context play a role in the succession outcomes in Chinese family businesses in Australia. This research project is a higher degree research project at doctoral level.

A total of twelve people will participate in this project.

Previous experience has shown the critical role of the family unit in organisational behaviours, structure, process and outcomes in family business context. The continuity of family business not only focuses on financial aspects to sustain wealth accumulation and business growth, but also takes account of social and cultural factors, leading to a sense of purpose and expectation for family business sustainability.
You are invited to participate in this research project because your feelings, views of reality, and experiences of succession that can manifest the infusion of family values in the business organisational culture. We consider your family business have either undergone succession into succeeding generation in the five years prior to the study or anticipate such a process in the five years.

The results of this research may be used to help researcher Jing Ye to obtain a Doctor of Philosophy degree.

3. Founding

This research is totally funded by the School of Management and marketing, Faculty of Business and Law, Deakin University.

4. Procedures

Participation in this project will involve six Chinese family businesses. Each case study will begin with a questionnaire and follow by interviews.

The initial quantitative stage seeks your views as predecessor(s) and successor(s), in terms of your family’s culture, business organisational culture and management styles. The questionnaire will take approximately forty minutes of your time.

There are four parts involved in this questionnaire. Section 1 seeks some broad personal data and organisation background. Section 2 contains a set of questions relating to your family values that foster your family business growth. Section 3 is asking you to comment on organisational culture which supports the continuity of your family business. Section 4 concerns your management styles that underline your family business company. Please feel free to attach additional comments to provide your answers.

After completing questionnaires, the semi-structured interviews of family business leaders are planned to take place. These will involve predecessor(s) and successor(s) talking about their experiences of intergenerational succession. Interviews would take place in your offices. The planned length of each interview will be between thirty and forty minutes. With your permission, audio recordings would be made of the interviews, to assist in analysis.

5. Possible Benefits

You could possibly gain a better appreciation of how family and business are interconnected. Producing the real-life experience may enable government to better understanding of Chinese family businesses’ features that direct assistance more effectively to facilitate the growth of the business and its continuity. We cannot guarantee or promise that you will receive any benefits from this project.

6. Possible Risks

Possible risks, side effects and discomforts include discomfort or anxiety to talk about certain issues (e.g. family relationships or feeling towards to family members), as well as inconvenience to give up time to participate in this study.

Participation in this research is entirely voluntary. You do not have to answer a question if you are not comfortable in doing so. There may be additional unforeseen or unknown risks.

7. Privacy, Confidentiality and Disclosure of Information

All participants will be given pseudonyms to ensure confidentiality as far as possible.

Each family business will be assigned a number (case 1 to case 6) to minimize the risk of identification. When certain words or phrase might disclose your identity, we will try to substitute more generic terms that convey the meaning while preserving anonymity. Access to data from both questionnaires and interviews is restricted to the principal researcher and Supervisors of this research.

The obtained information from both questionnaires and interviews will be placed in School of Management and marketing, Burwood campus of Deakin University. These data will be locked in a filling cabinet and securely stored for 6 years from the completion of this project.
Any information obtained in connection with this project and that can identify you will remain confidential. It will only be disclosed with your permission, subject to legal requirements. If you give us your permission by signing the Consent Form, we plan to discuss the results in the final thesis and publish the findings in corresponding conference papers and/or academic journal articles.

In any publication, information will be provided in such a way that you cannot be identified.

8. Results of Project

If you indicate your requirement on the Consent Form, we plan to send you the copy of first academic results from this study.

9. Participation is Voluntary

Participation in any research project is voluntary. If you do not wish to take part you are not obliged to. If you decide to take part and later change your mind, you are free to withdraw from the project at any stage. Any information obtained from you to date will not be used and will be destroyed.

Your decision whether to take part or not to take part, or to take part and then withdraw, will not affect your relationship with Deakin University.

Before you make your decision, a member of the research team will be available to answer any questions you have about the research project. You can ask for any information you want. Sign the Consent Form only after you have had a chance to ask your questions and have received satisfactory answers.

If you decide to withdraw from this project, please notify a member of the research team or complete and return the Revocation of Consent Form attached. This notice will allow the research team to inform you if there are any health risks or special requirements linked to withdrawing.

10. Ethical Guidelines

This project will be carried out according to the National Statement on Ethical Conduct in Human Research (2007) produced by the National Health and Medical Research Council of Australia. This statement has been developed to protect the interests of people who agree to participate in human research studies. The ethics aspects of this research project have been approved by the Human Research Ethics Committee of Deakin University.

11. Complaints

If you have any complaints about any aspect of the project, the way it is being conducted or any questions about your rights as a research participant, then you may contact:

The Executive Officer, Human Research Ethics Committee, Deakin University, 221 Burwood Highway, Burwood Victoria 3125, Telephone: 9251 7123, Facsimile: 9244 6581; research-ethics@deakin.edu.au.

Please quote project number BL-EC 14/09--2009.

12. Reimbursement for your costs

You will not be paid for your participation in this project.

13. Further Information, Queries or Any Problems

If you require further information, wish to withdraw your participation or if you have any problems concerning this project (for example, any side effects), you can contact the principal researcher or Supervisors Assoc.Prof. Dianne Waddell and Dr. Melissa Parris. The researcher responsible for this project is:

JING YE
School of Management and marketing,
Faculty of Business and Law
221 Burwood Highway Burwood VIC 3125
03 9246 8033
jingye@deakin.edu.au
Appendix 2: Consent Form to Participants

DEAKIN UNIVERSITY

PLAIN LANGUAGE STATEMENT AND CONSENT FORM

TO Participants:

<table>
<thead>
<tr>
<th>Consent Form</th>
</tr>
</thead>
</table>

Date:

Full Project Title: The influence of cultural attributes on intergenerational succession in the Chinese-Australian family businesses

I have read, or have had read to me, and I understand the attached Plain Language Statement.

I freely agree to participate in this project according to the conditions in the Plain Language Statement. I have been given a copy of the Plain Language Statement and Consent Form to keep.

The researcher has agreed not to reveal my identity and personal details, including where information about this project is published, or presented in any public form.

Participant’s Name (printed) ……………………………………………………………………

Signature ………………………………………………………Date ………………………

Student Name: JING YE

Address: Bowater School of Management and marketing,

Faculty of Business and Law, 221 Burwood Highway Burwood Vic. 3125

Contact Number(s): 03 9246 8033

Contact Email: jingye@deakin.edu.au

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TO Participants:

**Revocation of Consent Form**

*(To be used for participants who wish to withdraw from the project)*

Date;

Full Project Title: The influence of cultural attributes on intergenerational succession in the Chinese-Australian family businesses

I hereby wish to WITHDRAW my consent to participate in the above research project and understand that such withdrawal WILL NOT jeopardise my relationship with Deakin University.

Participant's Name (printed) …………………………………………………….

Signature ………………………………. Date ……………………

Please mail or fax this form to:

Student Name: JING YE

Address: Bowater School of Management and marketing,

Faculty of Business and Law, 221 Burwood Highway Burwood Vic. 3125

Contact Number(s): 03 9246 8033

Contact Email: jingye@deakin.edu.au
Appendix 3: Information Letter to Chinese Association in Victoria

CHINESE-AUSTRALIAN FAMILY BUSINESS RESEARCH PROJECT

The Purpose

The primary aim is to seek an understanding of how family cultural attributes contribute to a smooth intergenerational succession in Chinese family businesses in Australia. We also look at challenges of leadership transition and differences in management approaches.

Overview

Chinese business-owning families comprise a significant part of Australian economic and cultural landscape. Yet comparatively little research is done to identify their strengths and constraints of their business continuity that can be sustained across generations.

To assure the economic and social stability, succession within the family is preferred. That is why an intergenerational succession is essential for Chinese family businesses to the profitability of the business, and to the welfare of the family as a whole.

The influence of family plays a pivotal role in explaining succession between generations, because the family values lay the bedrock of business culture. This research project focuses on Chinese family’s values and cultural attributes. Through an exploration their complexity among various family businesses, we can better understand which is imperative for family firms in order to survive to the next generation.

Methods

We invite Chinese family businesses to take part in this study, if their family firm has undergone a succession process in the last five years or anticipate such a process in the next five years. We will look for six Chinese family firms. We will ask for business founders to participate in this project. We will use both survey and interviews to examine each case. We will request that survey be sent to the members of Chinese Association of Victoria and invite the respondents to participate in the follow-up interviews.

The questionnaire will take approximately thirty to forty minutes to complete in full. The planned length of each interview will be between one and two hours.

Estimated Data Collection Timeline

November 2009 Initial Contact
November to December 2009 Survey Collection/ Interview Schedule
Appendix 4: Invitation Letters to Participants

CHINESE-AUSTRALIAN FAMILY BUSINESS RESEARCH PROJECT
The influence of cultural attributes on intergenerational succession

Dear family business owner-managers,

You are contributing to the cultural landscape and economic activities in Australia. Such contribution not only is enhanced by the profitability of your businesses, but also is highlighted through how your family value and cultural strength influence the way of interaction within Australian society.

This project plans to advance our understanding of business continuity across generations by:

1. A questionnaire to examine your family effects on business, in terms of
   a. family functioning
   b. organisational culture
   c. management style
2. An interview to elaborate your inspired experiences and viewpoints of succession

You are welcome to indicate your willingness to be a part or asking for further details about this project by contacting Jing Ye on 03 9246 8033 or email jingye@deakin.edu.au

We will certainly appreciate any insights that you can offer us.

This research is funded by the School of Management and marketing, Faculty of Business and Law, Deakin University. Deakin Ethics Approval No: BL-EC 14/09

Thank you for your consideration.

Sincerely

Jing

_JING YE_
PhD candidate
School of Management and marketing
Faculty of Business and Law
221 Burwood Highway Burwood VIC 3125
Phone: (03) 9246 8033
Fax: (03) 9251 7083
Email: jingye@deakin.edu.au
Appendix 5: Questionnaire form


**Family Business Survey**

To help us create a profile of your family business, please complete this survey.

In the following table, enter information about your company and yourself.

<table>
<thead>
<tr>
<th>Business Demographic</th>
<th>Demographic Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What business are you in?</strong></td>
<td></td>
</tr>
<tr>
<td>☐ Catering (i.e. Restaurants)</td>
<td>What is the company’s market segment?</td>
</tr>
<tr>
<td>☐ Retail Trade</td>
<td>☐ Asian Australian</td>
</tr>
<tr>
<td>☐ Wholesale Trade</td>
<td>☐ European Australian</td>
</tr>
<tr>
<td>☐ Property and business services</td>
<td>☐ Mixed</td>
</tr>
<tr>
<td>☐ Other (please specify): ____________</td>
<td>☐ Other (please specify): ____________</td>
</tr>
<tr>
<td><strong>How many employees are in the company?</strong></td>
<td></td>
</tr>
<tr>
<td>☐ 1—50</td>
<td><strong>What is the company’s annual revenue (in millions of dollars)</strong></td>
</tr>
<tr>
<td>☐ 51—100</td>
<td>☐ &lt; 1</td>
</tr>
<tr>
<td>☐ 101—200</td>
<td>☐ 1—10</td>
</tr>
<tr>
<td>☐ 201—500</td>
<td>☐ 11—50</td>
</tr>
<tr>
<td>☐ &gt; 500</td>
<td>☐ 51—250</td>
</tr>
<tr>
<td></td>
<td>☐ 251—500</td>
</tr>
<tr>
<td></td>
<td>☐ 501—1,000</td>
</tr>
<tr>
<td></td>
<td>☐ &gt; 1,000</td>
</tr>
</tbody>
</table>

| Individual Demographic                                                               |                                                               |
| **What generation are you?**                                                         |                                                               |
| ☐ 1st Generation (I was born in a country other than Australia)                      | Where is your birthplace if you are first generation?         |
| ☐ 2nd Generation (I was born in Australia, either parent was born in a country other than Australia) | ☐ Mainland China                                             |
|                                                                                     | ☐ Hong Kong                                                  |
|                                                                                     | ☐ Taiwan                                                     |
|                                                                                     | ☐ Malaysia                                                   |
|                                                                                     | ☐ Singapore                                                  |
|                                                                                     | ☐ Other parts of Asia                                         |
|                                                                                     | (please specify): ____________                                |

| Which highest level of education have you achieved?                                   | Gender            | Age                |
| ☐ Less than high school diploma                                                      | ☐ Male            | ☐ < 25             |
| ☐ High school diploma                                                                | ☐ Female          | ☐ 25—30            |
| ☐ Undergraduate degree                                                               |                  | ☐ 31—40            |
| ☐ Postgraduate degree                                                                |                  | ☐ 41—50            |
|                                                                                     |                  | ☐ 51—60            |
|                                                                                     |                  | ☐ > 60             |
## Section 2—Family Functioning Scales

Please read each statement and select a number which indicates how much the statement applied to your family.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Open Communication</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In this family…</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>people don’t openly express their opinions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we keep our views pretty much to ourselves</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we are polite rather than honest in how we communicate with each other</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we regularly talk about things that concern us</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>people are not interested in others’ opinions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we take time to listen to each other</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we bring issues out in the open, good or bad</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we are frank with each other</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Adaptability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In this family…</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>we face challenges very effectively</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we are flexible and adaptable in how we deal with difficulties</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we are poor at dealing with the unexpected</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we are always able to help each other when the need arises</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>in solving problems, we are not often willing to change our routines</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we approach problems with a positive mindset</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we know we have the power to solve major problems</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>when we face difficulties we work together effectively</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Intergenerational Authority</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>In this family…</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>the younger generations try to conform with what the older generation would want</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the wishes of the older generation are obeyed</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the authority of the older generation is not questioned</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>family members of the older generation set the rules</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we make decisions with every person having an equal say, regardless of seniority</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Statement</td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neutral</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>----------------</td>
<td>-------</td>
<td>---------</td>
<td>----------</td>
<td>------------------</td>
</tr>
<tr>
<td>older and younger members have equal amounts of power</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the word of the older generation is law</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the younger generation is encouraged to freely challenge the opinions of</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the older generation</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Intergenerational Attention**

*In this family...*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>the older generation takes a close interest in the activities of the</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>younger generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the older generation shows an active concern for the welfare of the</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>younger generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the younger generation are expected to look after their own interests</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>older members have a protective attitude toward the younger members</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the younger adults are left to their own devices</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the older generation is highly supportive to the goals of the younger</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the older generation is very responsive to the needs of the younger</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>older family members are attentive to the concerns of younger family</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Cognitive Cohesion**

*In this family...*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>we have similar views on things</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we tend to have widely differing views on most social issues</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we have shared interests and tastes</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>our attitudes and beliefs are pretty similar</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we do not have much in common</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we think alike</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we have radically different perspectives on things</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>our values are very similar</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**Emotional Cohesion**

*In this family...*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>for many of us our strongest emotional ties are outside the family</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the emotional bond between us all is very strong</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we usually feel happy to be with each other</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we miss each other when we are apart for a while</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>family members make each other feel secure</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>family members feel warmth for each other</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we are not emotionally close</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>we feel a lot of love for each other</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
## SECTION 3—BUSINESS CULTURE SCALES

Please read each statement. Indicate the extent to which you agree or disagree depending on how similar each description is to your organisation. None of the descriptions is any better than the others, they are just different.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Family Business Character</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family business is a very personal place. It is a lot like an extended family. People seem to share a lot of themselves.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My family business is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My family business is a very formalised and structured place. Bureaucratic procedures generally govern what people do.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My family business is a very production oriented place. A major concern is with getting the job done. People aren’t very personally involved.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Family Business Founder(s)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Founders in my family firm are warm and caring. They seek to develop employees’ full potential and act as their mentors or guides.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Founders in my family firm are risk-takers. They encourage employees to take risks and be innovative.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Founders in my family firm are rule-enforcers. They expect employees to follow established rules, policies, and procedures.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Founders in my family firm are coordinators and coaches. They help employees meet the family business’s goals and objectives.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Family Business Cohesion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The glue that holds my family business together is loyalty and tradition. Commitment to this organisation runs high.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The glue that holds my family business together is commitment to innovation and development. There is an emphasis on being first.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The glue that holds my family business together is formal rules and policies. People feel that following the rules is important.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The glue that holds my family business together is the emphasis on tasks and goal accomplishment. A production orientation is commonly shared.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Statement</td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neutral</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td><strong>Family Business Emphases</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>My family business emphasises human resources. High cohesion and morale</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>in the organization are important.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>My family business emphasises growth and acquiring new resources.</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Readiness to meet new challenges is important.</td>
<td></td>
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</tr>
<tr>
<td>My family business emphasises permanence and stability. Keeping things</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>the same is important.</td>
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</tr>
<tr>
<td>My family business emphasises competitive actions and achievement.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Measurable goals are important.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Family Business Succession</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family business manages succession based on equality among its members.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>It is important that everyone from inside to outside be treated the same.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family business manages succession based on individual initiative.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Those with strong intentions and commitment are most considered.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family business manages succession based on rank. The higher position</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>you are in the firm, the more chances you get to be the successor.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family business manages succession based on the achievement of</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>objectives. Individuals who contribute to achieving the business’s goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>are considered.</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
### SECTION 4—MANAGEMENT STYLE SCALES

Please read each statement. Indicate the extent to which you agree or disagree with each following statements depending on how much it applied to your company.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervision style</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied that employees are given a considerable amount of discretion.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that the authority is in high degree delegated to employees.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that our manager usually solicits for employee inputs.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that the supervision in my company is democratic.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that only supervisors handle work problems in my company.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that our managers support their employees.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that our managers look after the employees in their care.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Decision-making style</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied that we always consider the suggestions made by employees.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that employees often initiate improvements in my company.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that decision-making is often delegated to the lowest level.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that consensus decision-making is typical for my company.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that employees have the opportunity to give input to decisions.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that individual decision making is not typical for my company.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that employees are encouraged to show initiative.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Information-sharing style</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied that the information flow within my company goes in both directions, from top to bottom, and vice versa.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that our managers are always aware of things happen within their department.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am satisfied that complaints always reach top management teams.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Statement</td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neutral</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
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<td>----------</td>
<td>------------------</td>
</tr>
<tr>
<td>I am satisfied that employees are always aware of changes in policies and</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>directives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied that communications within my company are not blocked.</td>
<td>1</td>
<td>2</td>
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| Additional Comments: has the statement, thank you for participating in this survey. Your input is very important to us!
Appendix 6: An Interview Protocol

I am interested about how you get started, how you manage to keep going, and what influences you to continue your business.

Now let’s go back to the beginning....

1. How did you get the idea of founding a company?
   a. What was the founder trying to achieve?
2. Why were you specifically interested in this business?
3. What made you decide to become a businessman?
4. Do you have any business background in your family?
5. What training and experience did you have when you decided to found the company?
6. What objectives and ambitions did you want to achieve at the professional level? At personal level?
7. What were the first few years like?
8. What kinds of difficulties you have overcome when you started it?
9. What were the most important events or incidents for the company and for yourself which have occurred over the years?
10. What qualities or skills do you feel are most important when creating a business?

At present

1. What is your day like at the company? What kinds of activities do you do normally?
2. What are the tasks you enjoy most? The ones you enjoy least?
3. After all these years, do you feel that you have achieved the objectives you had set when you started your business?
Talking about management

4. How the responsibilities and tasks of your company are organised and who handles them?
5. How are decision made?
6. When differences come up, how is an agreement reached?
   a. What specific perspectives, values, and assumptions are associated with founder?
7. What do you like people working in your company to be like?
8. When you need to hire more staff, how do you select them?
9. Once selected, how are they included in the company?
10. In general, how would you define the staff of your company? (qualified, flexible)
11. How do you relate to the staff?

Talking about family

12. What do family members see as the purpose of the business?
13. Do you have family members work in the company and which position they hold?
14. What major difficulties has the family had to overcome? What challenges does it now face?
15. How are decision made?

Future

16. What do you think this company will be like in next 5 to 10 years?
17. What qualities and skill do you feel will be needed to manage the business in such development?
18. What aspects would you like your company to be known for? What words would you like to be used to define it?
Talking about Succession

1. Has the family planned for succession to next generation?
   a) Do you have any expectation in regard to your children continuing the company in the future?
2. Has the founder developed a management succession plan?
3. Considering succession in your company, would you encourage family participate in it?
4. What kind of mechanisms for managing conflict or disagreement?
5. What do you consider most useful for them to learn?
6. How to balance between family needs and business needs?
7. How do leaders follow any kind of criteria including family members in the company and views of equity and competence to join in the management position?

To finish: if a young person wanted to start a business in Australia, what advice would you give him/her?
Appendix 7: Interview Time Schedule

Interview Schedule
Interviewee
Date
Time commenced and Duration
Language used
Location of interview
Digital recorder folder and file number

The interviews of six cases were conducted within a year from the period of November 2009 to November 2010. Below is the detailed process of four phases of interviews undertaken.

Phase 1 Initial Interview
November 2009 to March 2010
- Distribution questionnaires
- Concentration on pilot case
- Development of interview protocol

Phase 2 Interviews Round 1
March 2010 to June 2010
- Collection of questionnaires
- Continuations of interviews with six participants
- Identification of emerging themes from interviews
- Invitation for following-up interviews
- Development of time schedule

Phase 3 Interviews Round 2
July to August 2010
- Continuations of interviews with four participants
- Discussion of emerging themes from previous interview
- Invitation for following-up interviews
- Development of time schedule

Phase 4 Final Interview Round
September 2010 to November 2010
- Discussion of preliminary findings
- Finalisation of interview records