



**The Antecedents and Consequences of Entrepreneur's
Knowledge Inheritance Behavior in Family Business**

Zhao Lingyun

Thesis submitted as partial requirement for the conferral of the degree of

Doctor of Management

Supervisor:

Prof. Nelson Antonio, Professor, ISCTE University Institute of Lisbon

Co-supervisor:

Prof. Wang Guofeng, Associate Professor, University of Electronic Science and
Technology of China

August, 2019



Instituto Universitário de Lisboa

The Antecedents and Consequences of Entrepreneur's Knowledge Inheritance Behavior in Family Business

Zhao Lingyun



**The Antecedents and Consequences of Entrepreneur's
Knowledge Inheritance Behavior in Family Business**

Zhao Lingyun

Thesis submitted as partial requirement for the conferral of the degree of

Doctor of Management

Supervisor:

Prof. Nelson Antonio, Professor, ISCTE University Institute of Lisbon

Co-supervisor:

Prof. Wang Guofeng, Associate Professor, University of Electronic Science and
Technology of China

August, 2019

Abstract

Intergenerational knowledge inheritance has gradually attracted attention in family business inheritance literature, but there is still lack of research, and the existing research is more qualitative. The empirical research on the influencing factors and results of intergenerational knowledge inheritance behavior has not been found yet.

Snowball web-survey method was employed and the data from one hundred and fifty-nine Chinese family firms were collected to be analyzed empirically. It is found predecessor's willingness to hand over knowledge positively affects intergenerational knowledge inheritance behavior, and then promotes enterprise's contextual and task performances, in which intergenerational knowledge inheritance behavior plays a mediating role. Similarly, succession intention of successors positively affects intergenerational knowledge inheritance behavior, thereby promoting contextual and task performances, and intergenerational knowledge inheritance behavior plays an intermediary role. The higher the successor's political skills are, the stronger the positive relationship between predecessor's intention to inherit (successor's intention to inherit) and intergenerational knowledge transfer behavior will be, which further promotes contextual and task performances. This thesis also used case study to analyze the inheritance processes of classical Chinese family firms, which demonstrated the research results as well.

The research findings establish a theoretical framework and empirical verification of intergenerational knowledge inheritance behavior of family business. In practice, it reminds family enterprises to pay attention to intergenerational knowledge inheritance behavior, improve inheritance intentions, and cultivate the political skills of successors, so as to provide guarantee for the smooth transition and future development of family enterprises.

Keywords: family business; intergenerational knowledge inheritance; predecessor's willingness to hand over; successor's intention to inherit

JEL: D23; M12

Resumo

O tema da transferência de conhecimento intergeracional tem gradualmente atraído a atenção da literatura referente às empresas familiares, contudo existe ainda muitas lacunas, e a pesquisa existente é maioritariamente qualitativa. A pesquisa quantitativa sobre os fatores que influenciam a transferência de conhecimento entre gerações está pouco desenvolvida.

Para distribuição dos questionários utilizamos o método “bola de neve” e foram recolhidos e analisados dados respeitantes a 159 empresas familiares chinesas. Concluímos que a vontade do antecessor para passar o conhecimento afeta positivamente o comportamento relativo à transferência entre gerações, e consequentemente promove o desempenho global das empresas familiares. Similarmente, a intenção de sucesso dos sucessores afeta positivamente o comportamento da transferência de conhecimento intergeracional, promovendo também deste modo o desempenho global. Quanto maiores forem as habilidades políticas dos sucessores, mais forte será a relação positiva entre a intenção do antecessor para transferir o conhecimento. Para testar as conclusões extraídas da pesquisa quantitativa, esta tese utiliza também casos de estudo para analisar os processos de transferência de conhecimento de empresas Chinesas bem conhecidas.

Os resultados da pesquisa estabelecem um quadro teórico e uma verificação empírica do comportamento entre gerações relacionado com a transferência de conhecimento. Em termos práticos, enfatiza a necessidade das empresas chinesas prestarem atenção ao comportamento relacionado com a transferência intergeracional de conhecimento, a melhorarem as intenções de transferência e a cultivarem as habilidades políticas dos sucessores, assim como providenciarem garantias para uma transição suave e ajudarem o futuro desenvolvimento das empresas familiares.

Palavras-chave: empresas familiares; transferência de conhecimento intergeracional; vontade dos predecessores para transferir; vontade dos sucessores para receber

JEL: D23; M12

摘要

家族企业代际知识传承已引起学术界的注意和广泛研究，现有的研究更多采取质性研究方式，有关家族企业代际知识传承行为的影响因素及其结果的实证研究还尚未发现。

本文借助网络调查方式以及通过作者的社会网络进行滚雪球调查，共收集了 159 个中国家族企业数据，用于本论文的实证分析。研究发现，前任传承意愿正向影响代际知识传承行为，进而促进企业的关系绩效和任务绩效，代际知识传承行为在其中起着中介作用；同样的，继任者继任意愿正向影响代际知识传承行为，进而促进企业的关系绩效和任务绩效，代际知识传承行为在其中起着中介作用；另外，对于具有不同政治技能的继任者而言，继任者政治技能越高，上述的前任传承意愿（继任者继任意愿）和代际知识传承行为间的正向关系会更强，也会更进一步促进企业的关系绩效和任务绩效。本文还运用案例研究的方法，同样证实了本文的研究结论。

本文的研究针对家族企业代际知识传承行为建立了理论框架和实证验证。在实践上也提醒家族企业需要关注和加强代际间的知识传承行为，并提高前任传承者和继任者的传承意愿，以及培养继任者的政治技能，从而有利于传承后的关系绩效和任务绩效，为家族企业的顺利过渡和未来发展提供保障。

关键词：家族企业；代际知识传承；前任传承意愿；继任者继任意愿

JEL: D23; M12

Acknowledgements

First of all, I would like to show my sincere thanks to my Portuguese supervisor, Professor Nelson Antonio who gave me a lot of help and guidance in terms of topic selection, research idea and thesis writing. I do appreciate his patience and professional instructions during my thesis writing.

Secondly, I would like to express my appreciation and deep respect to my Chinese supervisor, Professor Wang Guofeng. He has walked me through all the stages of this thesis. Without his consistent and illuminating instruction this thesis could not have reached its present form. On this occasion, I would like to express my profound gratitude to Professor Wang Guofeng and his family members.

Thirdly, I would like to express my warm thanks to our program director, Professor Virginia Trigo, Professor Xiao Wen and all of the staff for your six years' hard work.

Last my thanks would go to my beloved family for who have been assisting, supporting and caring for me all of my life.

致谢

首先，我想对我的葡方导师Nelson Antonio教授表示我的诚挚谢意，他在论文选题、研究思路和写作过程中给予了我大量帮助和指导。我对他在论文写作过程中所给予的耐心以及专业指导表示衷心的感谢。

其次，我想对我的中方导师王国锋教授表示感谢并致以崇高敬意。王老师对论文写作进行了全程指导，没有他的热忱帮助和悉心指导，论文不会呈现出现在的样子。在此，我想对王教授及其家人表示诚挚感谢。

再次，六年来Virginia Trigo教授、肖文教授以及其他项目组的老师们做了大量工作，在此表示衷心感谢。

最后，一直以来家人们都在默默帮助、支持和关心着我，谢谢你们。

Contents

Chapter 1: Introduction	1
1.1 Research background.....	1
1.2 Significance of this study	7
1.3 Research methods	8
1.4 Thesis framework and description.....	9
Chapter 2: Literature Review	11
2.1 Definition of family business	11
2.2 The emergence and growth of Chinese family business	15
2.3 The status quo of Chinese family firm	18
2.3.1 The scale of family enterprises in China.....	18
2.3.2 Industry distribution of Chinese family enterprises	19
2.4 Characteristics of Chinese family business	21
2.4.1 Advantages of family business.....	22
2.4.2 Disadvantages of family business.....	24
2.5 Research on Intergenerational Inheritance	28
2.5.1 The pattern of transferring the leadership from fathers to sons	28
2.5.2 The meaning of intergenerational inheritance.....	34
2.5.3 Succession steps	36
2.5.4 Influencing factors of intergenerational inheritance	37
2.5.5 Results of intergenerational inheritance.....	41
2.5.6 Inheritance and Reference of Family Business in Other Regions	44
2.6 Knowledge transfer and intergenerational knowledge transfer	47
2.6.1 Research on knowledge transfer	47
2.6.2 The connotation of intergenerational knowledge inheritance	49
2.7 Political skills	50
2.7.1 Connotation of political skills	50
2.7.2 Research on political skills	50
2.7.3 Impact of political skills.....	52
Chapter 3: Research Framework and Hypotheses.....	55
3.1 Overarching theoretical framework.....	55

3.2 Research hypotheses	57
Chapter 4: Research Design	69
4.1 Basic information of the respondents	69
4.2 Questionnaire design	71
4.3 Reliability and validity analysis and common method deviation test	76
4.3.1 Reliability analysis.....	77
4.3.2 Validity Analysis.....	77
4.3.3 Common method deviation test	78
4.4 Data Analysis and Hypothesis Testing.....	79
4.4.1 Correlation Analysis.....	79
4.4.2 Hypothesis Testing	80
Chapter 5: Case Study on Chinese Family Business.....	87
5.1 Case study on the inheritance in Fotile Group	87
5.2 The inheritance case of Fujian Peak Company	95
5.3 Case study on the inheritance in Country Garden Holding Company	101
Chapter 6: Conclusion and Discussion.....	107
6.1 Two systems: family and business	108
6.2 Inheritance - the sore point of Chinese family enterprise.....	109
6.3 Children are unwilling to succeed	113
6.4 The former leader wanted to hand over but could not give up the power	114
6.5 Children have no ability to take over.....	120
Bibliography.....	125
Appendix: Family Business Questionnaire	133

List of Tables

Table 2-1 Family business relationship: advantages and disadvantages.....	27
Table 2-2 Intergenerational inheritance of control rights in some well-known family enterprises in China.....	29
Table 4-1 Description of predecessor entrepreneurs.....	70
Table 4-2 Description of successor entrepreneurs.....	71
Table 4-3 Company information.....	72
Table 4-4 Predecessor's willingness to hand over.....	73
Table 4-5 Successor's willingness to inherit.....	73
Table 4-6 Political skill scale for successor.....	74
Table 4-7 Intergenerational knowledge inheritance behavior.....	75
Table 4-8 Contextual performance.....	76
Table 4-9 Task performance.....	76
Table 4-10 Cronbach Alpha of key variables.....	77
Table 4-11 Fitting Index of Confirmatory Factor Analysis.....	78
Table 4-12 Harman single factor test for common method bias.....	78
Table 4-13 Descriptive statistics of variables and correlation analysis.....	79
Table 4-14 Regression of predecessor's willingness to hand over and successor's willingness to inherit on intergenerational knowledge inheritance behavior.....	81
Table 4-15 Regression Test of Intergenerational Knowledge Inheritance Behavior on Contextual Performance and Task Performance.....	82
Table 4-16 Regression test of the mediating role of intergenerational knowledge inheritance behavior.....	83
Table 4-17 Bootstrap test of mediating effect.....	84
Table 4-18 Regression test of the moderating effect of political skills of successor entrepreneurs.....	85
Table 4-19 Bootstrap test of the moderating effect.....	85
Table 5-1 Case study on the inheritance in Fotile Group.....	94
Table 5-2 Case study on the inheritance in Fujian Peak Company.....	100
Table 5-3 Case study on the inheritance in country garden holding company.....	105
Table 6-1 Overlap and difference between the two systems.....	108

List of Figures

Figure 1-1 Thesis framework.....10

Figure 2-1 Three circles mode (theory) in family firm.....22

Figure 3-1 MARS model of individual behavior and performance.....55

Figure 3-2 Research Model..... 56

Chapter 1: Introduction

1.1 Research background

As the oldest type of corporate organizations in the world, family business has developed to its present status, which is still unshakable in the global economy. According to survey statistics, among the 500 largest enterprises in the world, there are 175 family businesses, accounting for one-third. Half of US GDP is created by family businesses, which solve the employment problem for half of the US population. Similarly in any country in Europe, at least one-fifth of listed companies are controlled by the top 15 families. Germany Thomson Financial once conducted a study that investigated the growth data of 30 family-owned businesses over a 10-year period, and compared the growing data with those of non-family businesses. It was found that the former growth speed was more than 200%, while the latter was less than 50%, indicating that family businesses are better than non-family businesses in terms of growth. Similar studies in other European countries have come to the same conclusion. Similarly, in Southeast Asian countries, the vast majority of GDP is contributed by listed companies controlled by the top 15 families. Indeed, McKinsey Company predicted that by 2025, family firms will account 37% in those firms whose annual sales are over 1 billion dollars in emerging market. It can be seen that the economic impact of family businesses on various countries cannot be ignored.

Some researchers point out that the average life span of family businesses is 24 years, and the average tenure of founders is also 24 years (Beckhard & Dyer, 1983). That is to say, a significant proportion of the founders of family businesses retire while their businesses fail. Obviously, the failure of succession is not only detrimental to the sustained growth of the economy, but also followed by social problems such as unemployment and social conflicts. Therefore, since the 1950s, the succession of family business has been valued by the academic circle and become the most persistent hotspot in the study of western family

business. However, although a large number of studies have focused on the field of family business inheritance, we still lack of the understanding of the inheritance mechanism, making it difficult to effectively solve the worldwide problem of family business inheritance. In this case, many scholars reflected on the existing problems in the family business research. Among them, the lack of the perspective from the next generation is considered to be an important reason for the difficulty in in-depth research on inheritance (Handler, 1992; Nelton, 1998). Normally in family businesses the kids are going to take over the whole business in future under the supervision of their parents. In addition, there are plenty of factors which must be considered while handing over the businesses which later on impacts negatively. The prime feature of this research is that the predecessors make sure their kids are capable enough to take care of business, operates on ethical ground and distinguish between right and wrong.

As far as China is concerned, family businesses emerged in the late 1970s and early 1980s. During the decades of development, although some family businesses once disappeared, some family businesses “developed tenaciously” and stepped into the norming phase. Since the reform and opening-up policy with forty years, along with the continuous development of the private economy, the family business has gradually grown into an important force in China's national economy. The following set of data can objectively tell us the importance of family business in China: By 2017, the number of private enterprises in China exceeded 26 million, accounting for more than 90% of all domestic enterprises. At the same time, the private economy accounts for half of the national economy in China, while family businesses as one part of the private economy account for more than 85% of the private economy, and this proportion continues to expand. By the beginning of 2019, among the 3,961 companies listed on the A-share market in China, the proportion of family business has exceeded 30%, playing an important role in the China's economy. Similarly by the end of 2014, among the 1746 companies listed on the Hong Kong stock market, the proportion of family businesses exceeded 60%, of which mainland family businesses accounted for a quarter. Therefore, as the most important form of private enterprises in China, family enterprises occupy an irreplaceable position in promoting economic growth, providing jobs and promoting social stability.

However, the life cycle of a family business is not synchronized with the life cycle of its founder. The life cycle of a family business can be infinite, lasting for decades or even hundreds of years, and its business scale can also be expanded indefinitely. However, the life cycle of family business founders is limited and unidirectional, from the prime of life to old age until death. According to the survey, nearly 70% of family businesses around the world are all facing the inheritance problems. It can be said that how to better carry out intergenerational inheritance is a worldwide problem, testing how the family business to walk over this threshold. A scholar in the West once compared the issue of intergenerational inheritance of family business to the "Sword of Damocles" hanging on the head of business managers in metaphor.

The US Family Business magazine once conducted a survey showing that the American family business has nearly 400 years of history. The United States is a country that had lots of family business on a large scale earlier in the world, so it entered the intergenerational inheritance period much earlier than other countries. However, the statistical results show that only one-third of the family businesses that can be passed down to the second generation in the United States, and only about one-tenth of them passed to the third generation. Only digits can be passed after the third generation. Successful implementation of intergenerational inheritance is the key to realize the "everlasting cause" in the family business. However, only 30% of the family business can realize the smooth handover from "the generation of founder" to "rich second generation" in the management practice of the family business. Those family businesses that can complete intergenerational inheritance many times are much rare (Chrisman, Chua, Sharma, & Pramodita, 2009); on the contrary, a large number of family businesses failed after the intergenerational inheritance and even went bankrupt (Berrone, Cruz, & Gomez-Mejia, 2012).

Especially in the family business of China, the average age of the first generation of entrepreneurs in China has reached 60 years old since the first batch of family business appeared. According to the data released by the International Family Business Association in December 2016, 75% of the family businesses in China will enter the first intergenerational inheritance in the next 5-10 years. This shows that the current family business in China has

entered the high incidence period of intergenerational inheritance, which is the most urgent issue for family businesses. According to a sample survey on more than 800 family businesses conducted by a joint research group of All-China Federation of Industry and Commerce and Zhejiang University in 2014, less than 100 family businesses have been passed down from generation to generation in the past several years, and the vast majority of family businesses are still managed by their founders. The average age of these entrepreneurs is close to 50 years old, and there will be a period of time in the future when the founders step down and their children take over. The successor needs to be trained and cultivated for a long period of time in the practice of enterprise management to realize the succession smoothly. In addition, it is not ideal that the family business that has entered the inheritance earlier has already completed the inheritance. The most direct manifestation is that the second-generation heirs took over the business, and then the decline in corporate performance is coming. In the long term, family businesses that closed down and bankrupted abound. Therefore, on the one hand, the founders of Chinese family businesses have generally entered the end of their careers. How to effectively arrange the transfer of power and how to successfully achieve intergenerational inheritance has become a common concern of family businesses at this stage; on the other hand, in the process of intergenerational inheritance, there are more and more reports about that family enterprises suffered from setbacks and even "disintegration": The son inherited power after father's death of Haixin Steel Company, causing the former "steel king" to fall to bankruptcy closely today; The son discarded the father's business of Haixiang Medicine Company, who hands over the listed company that the father's generation has worked hard for more than 40 years to others. The fact that more and more family businesses whose son not likes his father or second-generation even go to "death" after his inheriting power has prompted us to think constantly. Family business successors cannot successfully take over the business. Then what factors play an important role in the process? How to do better in inheritance?

Mr. Mao Lixiang, the chairman and entrepreneur of China's famous Fangtai Group Company, once pointed out that the family business succession is more terrible than the financial crisis. In a short sentence, it broke the seriousness of the problems encountered by

the family business in the inheritance.

In addition to the concerns from the practical community, the intergenerational inheritance of family businesses has also received great attention from the academic community. Dyer and Sanchez (1998) found that in the 10 years from 1988 to 1997, among all the research theses published in *Family Business Review*, an authoritative journal of family business research in the United States, research thesis related to inheritance issues accounted for one-fifth. Chrisman, Chua, and Steier (2003) systematically sorted out and analyzed the 190 theses of family businesses with great influence, published from 1996 to 2003, and found that more than 22% of the theses took inheritance as the primary topic, and 8% took inheritance as the secondary topic. Inheritance plays a dominant role in the research field of family business. Survey data from senior managers of family businesses also show that inheritance is the primary issue they concerned (Chua, Chrisman, & Sharma, 2003). The results support what researchers have been most concerned about in family business area.

In the field of family business research, inheritance is usually defined in a broad sense and in a narrow sense. The broad definition of family business inheritance refers to the transfer of leadership from the founder and concurrent the owner to the successor (i.e., family member or non-family professional manager) (Beckhard & Burke, 1983). According to whether successors and incumbents are related by blood or marriage, it can be divided into internal inheritance and external inheritance. The narrow definition of family business inheritance usually refers to the transfer of leadership or management power from one family member to another family member, which is equivalent to internal inheritance in the broad definition of inheritance. Although there are different views on the internal succession of family businesses, proponents believe that a successful internal succession can preserve the "heterogeneous knowledge unique to the family" (Bjuggren & Sund, 2001) or "familial" (Habbershon & Williams, 1999), which may help family businesses gain or maintain a competitive advantage over non-family businesses.

In the development process of family business inheritance research, there are two major research progresses worthy of attention: first, the research perspective changes from "event view" to "process view"; second, the research object extends from entrepreneurs to

inheritance stakeholders, especially the next generation of entrepreneurs.

Early studies have viewed family business succession as an occasional and isolated event, and as a simple transfer of management or ownership between two generational leaders. Incumbents (i.e., first generation entrepreneurs) are considered to be responsible for leading the succession process. It is enough for incumbents to deal with conflicts in the succession process and select and train successors correctly. In recent years, more and more scholars have come to realize that intergenerational inheritance of family businesses is a complex and multi-stage evolution process which may last 15-20 years, namely, which is also called the "process view" perspective of inheritance.

The study of family business inheritance should consider the interaction of different stakeholder groups' perspectives at different levels. These stakeholder groups include incumbents, heirs, other family members, other managers, non-family shareholders, and other agents in the business environment (Fox, Nilakant, & Hamilton, 1996). Children of first generation entrepreneurs are the key group of family business inheritance, and their ability, willingness and succession mode all have important influences on the inheritance results of family business. More and more researches focus on the next generation members of family businesses (Chrisman, Chua, & Sharma, 1998; Chua, Chrisman, & Sharma, 2003).

At present, the research on the intergenerational inheritance of family business, on the one hand, mainly focuses on the inheritance of ownership and management rights in intergenerational inheritance, but many of them are not ideal in terms of the results of the family businesses that have been completed in the earlier stage. Many scholars have conducted research on this phenomenon and found that the inheritance of family business generally ignores the inheritance of knowledge, which leads to the succession of enterprises that the successor does not acquire the knowledge related to enterprise development, but it is an indispensable resource for family business to survive. Finally successor has not more conditions and time to re-accumulate his/her own knowledge and resources. Therefore, we often see that the performance of the family business has been seriously degraded, and the results after such a period of time can be imagined. Therefore, the reality requires us to increase the importance of knowledge transfer in the family business.

On the other hand, case studies and theoretical research are mostly used in research methods, and there is a lack of method of empirical research and generality of research conclusions. Some existing empirical studies mainly focus on the perspective of governance structure. Although these studies have increased our understanding of family business inheritance, there is still a lack of research on the relationship between predecessors and successors and the perspective of knowledge inheritance. This study conducted empirical research through sampling surveys to seek the universality and generalization of research conclusions with the case study on two classical family businesses at the same time. This thesis studies the intergenerational knowledge inheritance of Chinese family enterprises based on the process perspective, and considers the influencing factors and results of intergenerational knowledge inheritance.

1.2 Significance of this study

Theoretical significance: At present, few studies in the academic circles have noticed the importance of knowledge transfer behavior in family business inheritance. This thesis argues that knowledge is an important source of family business competitiveness. As the core of business operation, the founder of a family business has gradually accumulated knowledge in years of business activities. Especially in China, a "relational" society, knowledge is more important and special. Whether the successor has the willingness and ability to learn and comprehend the knowledge and skills of his/her father's generation in the process of succession greatly influences the effect of succession. Therefore, this thesis attempts to find out the factors and principles that affect the inheritance of knowledge in the family business inheritance through empirical research, and can moderately enrich the content that can be referenced in this field.

Practical significance: According to the survey, most family enterprises pay insufficient attention to the intergenerational inheritance of knowledge, or they do not know the way. As a result, the enterprises lose many important knowledge resources after inheritance, which directly affects the inheritance performance of the enterprise. However, knowledge inheritance is an ongoing process. This study can provide a partial reference for the

development of family business inheritance plans, thus providing the necessary soil for the development and growth of enterprises after inheritance.

1.3 Research methods

(1) Literature research method: Through reading relevant literatures in the early stage, we have a preliminary understanding of the main research contents of this thesis, and at the same time know the key points and difficulties of related theses. For the research of this thesis, the angle and basis of finding suitable points are laid, which lays a corresponding theoretical foundation for the research.

(2) Questionnaire survey: Determine the research variables of this thesis, take the family enterprise as the research object, and design the appropriate scale based on the reference of the domestic and foreign mature scales with closely combining the key issues of the survey, and combine the experts under the guidance of the tutor to complete the scale to make it more targeted. Questionnaires will be issued directly to those who meet the identity of the respondents. For example, a questionnaire survey is conducted on relatives, classmates or friends who own and are running a family business. In addition, as much as possible mobilize the relationship between all relatives and friends to distribute and collect the scale, including questionnaire survey in some chamber of commerce organizations, such as Huai' an Young Entrepreneurs Chamber of Commerce, Jiangsu Province, Zhongshan Private Entrepreneurs Chamber of Commerce, Dongguan Private Entrepreneurs Chamber of Commerce, Guangdong Province, and Wuhan service and trade entrepreneur association. Finally, we obtain sample data to prepare for the analysis of the questionnaire.

(3) Case study: besides the empirical research with the questionnaire survey, this thesis also collected two classical Chinese family businesses to do the case study, which can demonstrate the empirical results mutually, and increase the robustness of the research results.

(4) Statistical analysis: Using a series of data analysis software, such as SPSS, MPLUS and other software to perform data processing and correlation analysis on the sample data, and strive to obtain authentic and credible results. Compare the original hypothesis with the

analysis results, if there is any discrepancy, analyze the causes and then draw the conclusion of this thesis.

1.4 Thesis framework and description

Based on the research content and analysis ideas of this thesis, the framework shown in the following figure is established, in which:

The first chapter introduces the research questions and research ideas, including: describing the research background, research content and research value, the research methods adopted, and the overall framework of the thesis.

The second chapter is a review of the research, mainly on the related content of the research topic, including the definition of family business, the emergence and growth of Chinese family business, the status quo of Chinese family business, the characteristics of Chinese family business, and inheritance research of the existing generation., knowledge transfer research and intergenerational knowledge transfer, as well as political skills research.

The third chapter studies hypotheses and frameworks, mainly for the aforementioned research problems, combined with individual behavior models as the overall theoretical framework, referring to the specific research hypothesis of this thesis.

The fourth chapter studies on research design and data analysis, mainly based on the above research hypothesis questionnaires and empirical tests, including how to collect data, how to conduct questionnaire design, corresponding data analysis and hypothesis testing.

The fifth chapter is the case study on Chinese family business inheritance. It mainly tests the research model through three specific case studies, and verifies the relationship between the variables in the hypothesis from the vertical perspective by text analysis.

The sixth chapter of the research conclusion and discussion is mainly to further discuss the conclusions of the study, focusing on the situation where the children are unwilling to take over, the former entrepreneur wants to hand over the power but it is difficult to give up, and the children have no ability to take over the class, and give corresponding analysis and suggestions.

See Figure 1-1 for details.

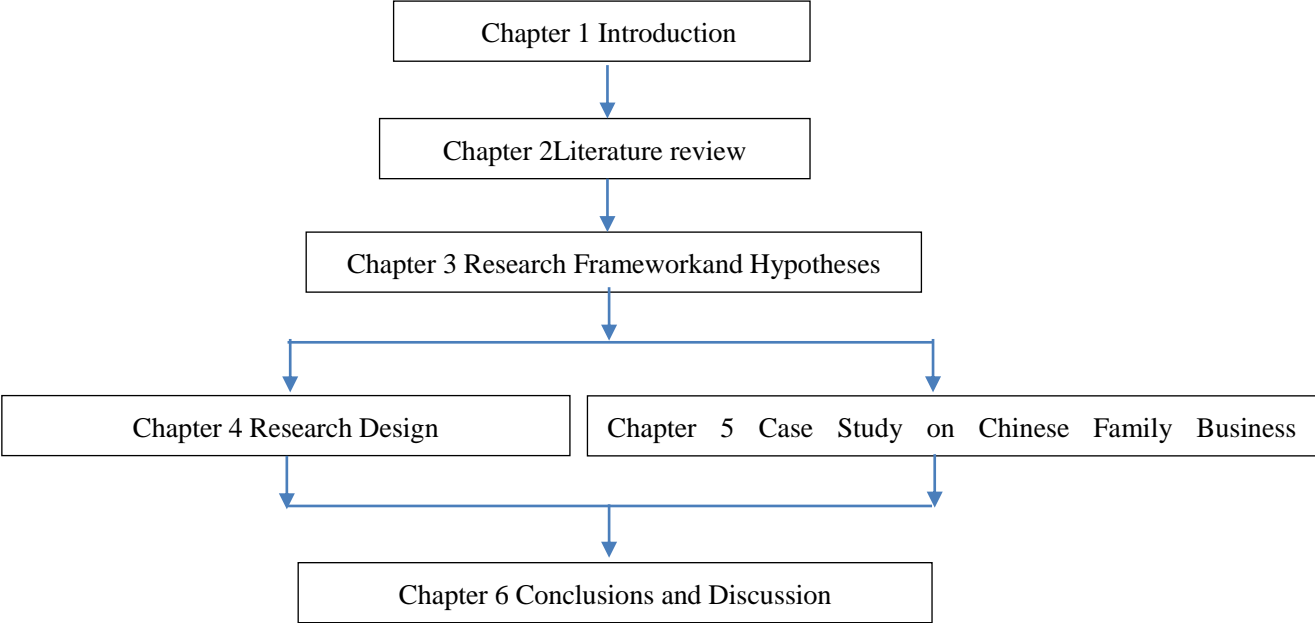


Figure 1-1 Thesis framework

Chapter 2: Literature Review

Compared with the long history of family business, the research of family business in the academic circles lags behind, family business research was called an independent academic field until the 1990s. The journal *Family Business Review*, founded in 1988, has published the most theses about family business research, and its issue marked the establishment of an academic community for family business research, which means that family business became an independent research field.

2.1 Definition of family business

Through the study of the previous literature of family business, we know that although there are many literatures about family business at present, there is no unified understanding of the definition of family business, and the east and the west have different emphasis on family business. The following is a summary of the family business according to different categories. In the theoretical and empirical research, the definition of family business is mainly based on ownership and control.

Western scholars define family business from different angles. Firstly, they define it from the perspective of ownership. The following are some representative views of their definitions from this perspective: (1) Donckels and Frohlich (1991) proposed that if the members of a family hold more than 60% of the equity in a business, the business can be considered as a family business. (2) At the same time, Barnes and Hershon (1989) argued that if only one family member controlled the full ownership of the business, this business can be called a family business. On this basis, they have studied how much ownership the family should have of the company. They believed that more than 50% of the ownership is a critical point. If the family have 50% ownership or more, the business can be called as a family business. (3) Gersick and other scholars (1999) put forward that whether a business is a family business or not should not depend on whether the name of the business is named after the family, or

whether there are several family members working in the business, but on whether the family have the ownership of the business.(4) Astrachan and Shanker (2003) pointed out that family business refers to the generation of entrepreneurs in a family have a tendency to pass on the enterprise to the future generations. An entrepreneur or successor manages a business, and other family members do not participate in the daily management, but they are shareholders or work only on the board of directors. The definition here is to clarify the specific classification of the successor and other members of the company.(5) According to Arregle, Duran, Hitt, and Van (2017), family business is an organization in which management and ownership lies between the family unit and family members who work together to maintain intra-organizational family-based relatedness. In some cases, family business is also considered as ownership Identity, family strong values, high level commitment, long-term orientation and a requirement to maintain the founder way of running business overtime.

In addition, the definition of family business also emphasizes the right of management. Some scholars believed that family members must occupy important management position in the enterprise. They suggested that more than two people from a family are managers of a business, or the key managers have some relationship with the owners who work in the business. Anderson and Reeb (2003) define family business as a kind of business in which business is transfers to next generations with power of management and control. Family owns (any) share of capital risk and/or some of family members are part of the board of directors.

Some scholars take the combination of management rights and ownership into consideration. Some of them believed that at least ownership or management must be in the hands of a family member, and then this business can be called a family business. And others believed that family business means the family is the owner of enterprise assets and business control. Their definition of family business: (1) the founder of the company and the family behind it hold most of the equity. (2) Keep a close relationship with managers and retain the management of senior managers, especially the main decision-making power of significant policies. There are also some scholars argued that companies must meet one of the following conditions to be called as a family business: (1) More than half of the ownership of a business is in the hands of a family.(2) More than half of the ownership of the company is held by

more than one family. (3) A single family group has decision-making power.

The above three angles are the most common definition of family business in the academic field. But many scholars do not stick to this; their definition of the family business includes a number of standards, not just one standard. Later, some scholars also put forward that whether it is a family business or not should also depend on whether the family has decision-making power of a series of important issues, including intergenerational inheritance.

Some new studies regard the family firm as a variable of the continuous distribution of the family involvement level. Some scholars suggested that family involvement is the unique characteristic of family business, family involvement includes three dimensions: family ownership involvement, family management involvement and inheritance intention. Massis, Kotlar, Signori, and Vismara (2013) argued that family involvement is merely ability, and family willingness needs to be added so as to explain the special behavior of the family business.

International scholars do not have a consensus on the choice of partial dimensions or all dimensions and the quantification of each dimension. The foreign literature with single dimension tends to take ownership involvement as the main measurement standard. More foreign literature chooses the double dimension of ownership and management. Some scholars choose three dimensions of ownership, management and inheritance. Different scholars use different criteria when they quantify each dimension.

On the basis of the definition of family business by international scholars, Chinese scholars tend to take ownership and control of enterprises as the standard.

The research on family business in China began in 1980s. the representative opinions of its definition include: (1) Huang (2004) thought that in family business organization, the power center is formed by one or several members from the same family, and they control the management and ownership at the same time. Pan (1998) argued that when a family or several closely allied families have full or partial ownership, and directly or indirectly master the power of management, the enterprise is a family business. Some scholars set the criteria that whether the family owned more than 50% of the shares and whether the CEO came from the

controlling family as the definition of the family business. This is a combination of ownership and management.

(2) Sun (1995) proposed that family business should be defined in terms of management: when a family or several closely related families directly or indirectly control the management of a business, then it can be regarded as a family business. This is a completely different definition from the Gersick's perspective of business ownership.

Meanwhile, there are many multi-angle definitions of family business. For example: (3) some scholars believed enterprise that meets the following three conditions can be called family business: (a) A family or several closely allied families have all or part of the ownership. (b) Directly or indirectly take part in the management and control. (c) The ownership and control of a business can be transferred to future generations.

(4) Dou and Jia (2008) proposed that family enterprises must meet three criteria: (a) Members of a family absolutely control the business. (b) Two or more family members participate in the management of the company. (c) The family tries to let the next generation inherit the management of the enterprise.

Some scholars have defined family business from the perspective of traditional culture. (5) They defined family business as the relationship between "home" and "kinship" in traditional culture. The purpose is to pursue family interests, ensure the dominance of family assets, and combine family rules and corporate rules.

(6) Other scholars defined family business, which is established by kinship and affinity ties. It is an economic organization, and the ownership, management, and control of the enterprise not only belong to one or several families, but also can be legally passed on to the future generations.

Different definitions by different scholars gave us a wide perspective understanding of family business. The scope of family business changes in different eras with some new innovative ideas and modern trends which gave us a new reform in kinds of family business. In accordance with foreign research on family business, it is defined from the initial management, ownership and multi-standards. This thesis mainly refers to the research of Dou and Jia (2008), which defines family business from three aspects: ownership, management

rights and family inheritance. The selected samples are mainly based on the above definitions.

2.2 The emergence and growth of Chinese family business

After the founding of the People's Republic of China in 1949, the socialist transformation of agriculture, handicraft industry and capitalist industry and commerce was carried out from the second half of 1952 to 1956. Capitalist industry and commerce at that time were basically family businesses.

The transformation of industry and commerce takes the form of public-private partnership, which has gone through two stages, from the public-private partnership of a single enterprise in the early stage to the public-private partnership of the whole industry in the later stage.

The public-private partnership of a single enterprise takes the form of increasing public shares in the family enterprise. The ownership of the family enterprise changes from private ownership by the owner to government and private ownership. In terms of management right reform, the government sends cadres as public representatives to station in the enterprise and takes charge of the operation and management of the enterprise on behalf of the state. The enterprise owners lose the right to operation and management of the enterprise. In terms of the distribution of corporate profits, the past surplus of the enterprise has been exclusively owned by the owners, and it has been redistributed to shareholders in three parts: dividends, enterprise provident fund and enterprise bonus. The combined pay of directors, managers and directors, plus dividends from owners and public shareholders, accounts for roughly 25% of the annual surplus.

For example, Quanjude co., Ltd., a famous time-honored catering enterprise in Beijing, was declared by world brand lab to be worth 10.6 billion yuan in 2005. It started as a family business, founded by its founder in 1864, and has been run by his heirs ever since. In 1952, the government transformed it into a state-owned enterprise through public-private partnership. In 1956, the transformation of family enterprises into public-private partnerships was carried out nationwide, and public-private partnerships were implemented in all

industries. After that, the state implemented the planned economy system and did not allow the emergence of family businesses, which basically disappeared from history.

In the early 1980s, with the implementation of China's reform and opening up policy, people's enthusiasm for entrepreneurship was gradually stimulated, and family businesses gradually grew from small to large. Today, in China's private enterprises, the number of family businesses exceeds 80%. However, the company whose history can be traced back to before the reform and development are very few, and the family businesses that emerged and grew up are almost entirely new. In general, after the reform and opening up, there have been three booms in family business entrepreneurship.

In the first stage, from 1980s to 1992, family businesses began to re-emerge and grow gradually. Farmers in China's coastal areas took the lead in starting family businesses. Since then, the upsurge of entrepreneurship has gradually risen, taking street-to-street, retail sales, petty fights as representatives, to fill the market gap that state-owned enterprises cannot cover.

For example, in May 1984, Mr. Chen Zongsheng took over a small shop which was about to close down less than 8 square meters. He had no retail experience at that time. He borrowed 800 yuan from the bank for circulation of funds. At first, his business was very poor. Later, after hard work, his turnover increased from 20 yuan at the beginning to 3000 yuan a day. After twenty or thirty years of development, a small shop has developed into Anqing 18 Opening Chain Supermarket Co., Ltd. By 2010, it has eight branches with annual revenue of more than ten million.

The second stage is from 1992 to 2014. After Deng Xiaoping's visit to the south, China's reform entered a new stage and the confidence of the market economy increased. Some people with experience, skills and market awareness start their own businesses. In addition, a number of educated and broad-minded people have resigned from the government, public institutions, state-owned enterprises and other systems and started enterprises in succession, ushering in a wave of "going to a sea"(i.e., going to the market and taking part in competition). In this period of time, family enterprises have ushered in new development opportunities, gradually emerged from the survival of state-owned enterprises, and dared to compete with state-owned enterprises.

For example, in November 1992, Zuo Zongshen established his family business in Banan district of Chongqing with his own capital of 200,000 yuan and a loan of 300,000 yuan, and began to enter the motorcycle manufacturing industry. It was a home - made craft shop. After more than 30 years of hard work, it has developed into a large enterprise group mainly engaged in motorcycle engine and motorcycle manufacturing, covering power machinery, new energy, real estate development, financial industry and other industries. It is now one of the largest motorcycle and engine production and sales enterprises in the world.

In the third stage, from 2014 to present, the government has put forward the measures of "mass entrepreneurship and innovation" to continuously optimize the business environment and provide policy support to start-up enterprises. With the continuous development of information technology and Internet economy, a large number of young people's enthusiasm for entrepreneurship has been aroused, which promotes the emergence of new family businesses and becomes an important strategy to drive economic development.

For example, in January 2015, journalist Hu Weiwei founded Beijing Mobike Technology Company. In April 2016, Mobike bicycle went online and put into operation in Shanghai. It soon became a landmark enterprise in the field of bicycle sharing, leading a new type of green environmental protection and sharing economy.

In addition, a few already developed large family business, need to expand overseas market according to business development strategy, or acquire a few well-known enterprises on the world, or set up a company or run a factory abroad. For example, in June 2016, Suning group, a well-known family company, acquired about 70% of the shares of Inter Milan Club with a total consideration of 270 million euros, becoming its largest shareholder.

As mentioned above, at present, Chinese family enterprises basically emerge and grow after the reform and development, and the next 5-10 years will see the peak of inheritance. From the existing cases, although the inheritance is successful, there are many problems and setbacks in the process of inheritance.

How to maintain the family business and smoothly realize the inheritance of family business from the first generation to the second generation, or even more, is an important issue facing family business development. The role of knowledge in intergenerational

transmission is increasingly prominent.

2.3 The status quo of Chinese family firm

2.3.1 The scale of family enterprises in China

In 2010, the research group of family enterprises of China private economic research association sampled and counted the size of 3,196 Chinese family enterprises. The size of family enterprises shows the following situation:

The number of enterprises that owner's equity is less than 1 million yuan is 1043, the proportion is 37.56%, and the number of enterprises that owner's equity is between 1 million and 5 million yuan is 695, the proportion is 25.03%, and the number of enterprises that owner's equity is between 5 million and 10 million yuan is 349, the proportion is 12.57%, and the number of enterprises that owner's equity is between 10million and 50 million yuan is 497, the proportion is 17.9%, and the number of enterprises with more than 50 million yuan is 193, with a ratio of 6.95%.

The number of enterprises with sales income below 1 million yuan is 717, with a ratio of 22.97%; the number of enterprises with sales income between 1 million and 5 million yuan is 737, the proportion is 23.61%, and the number of enterprises with sales income between 5 million and 10 million yuan is 370, with a ratio of 11.85%;the number of enterprises with sales income between 10 million and 50 million yuan is 738, with a ratio of 23.64%; the number of enterprises with sales income more than 50 million yuan is 560, with a ratio of 17.94%.

The number of enterprises employing less than 100 employees is 2,225, with a ratio of 69.92%, and the number of enterprises between 100 and 500 is 763, with a ratio of 23.98%.There are 106 enterprises that the number of employees is between 500 and 1000, the proportion is 3.33%, the number of enterprises employing between 1000 and 3000 employees is 77, the proportion is 2.42%, and the number of enterprises with more than 3,000 is 11 with a ratio of 0.35%.

According to the above statistics, three quarters of enterprises have owners' equity of less

than 10 million yuan, more than half have annual sales income of less than 10 million yuan, and nearly 70% enterprises employ less than 100 people. This shows that the scale of family enterprises in China is generally small, and small and medium-sized enterprises are still the mainstream of family enterprises.

From the perspective of regional distribution, the eastern region of China has a higher economic aggregate and more developed private economy, so family businesses are mainly distributed in the eastern region.

2.3.2 Industry distribution of Chinese family enterprises

In 2010, the research group of family enterprises of China Private Economic Research Association sampled and counted the industry distribution of 3,196 Chinese family enterprises, showing the following situation:

There are 2,468 family businesses in a single industry. Among them, there are 42 enterprises engaged in mining industry, the proportion is 1.7%; 146 enterprises engaged in agriculture, forestry, animal husbandry and fishery, the proportion is 5.9%; 1019 enterprises engaged in manufacturing, the proportion is 41%; 130 enterprises engaged in construction industry, the proportion is 5.2%; 26 enterprises engaged in electricity, coal, liquefied petroleum gas and tap water have a ratio of 1%; 74 enterprises engaged in transportation industry, the proportion is 3%; there are 105 enterprises with information services, accounting for 4.2%; there are 518 enterprises engaged in wholesale and retail, with a ratio of 20.8%; 128 enterprises engaged in accommodation and catering, the proportion is 5.1%; 9 enterprises engaged in finance, the proportion is 0.4%; 71 enterprises engaged in real estate, the proportion is 2.9%; There are 28 enterprises engaged in leasing, the proportion is 1.1%; 20 companies engaged in scientific research and technology, the proportion is 0.8%; 5 enterprises engaged in the public facilities industry, the proportion is 0.2%; 85 enterprises engaged in resident services, the proportion is 3.4%; there are 16 enterprises engaged in education, the proportion is 0.6%; 23 enterprises engaged in the health industry, the proportion is 0.9%; 39 enterprises engaged in cultural and sports, the proportion is 1.6%; 4 companies engaged in public management with a ratio of 0.2%.

At the same time, there are 461 family businesses involved in two industries. Among them, there are 29 enterprises in the mining industry, with a ratio of 6.3%. There are 79 enterprises including agriculture, forestry, animal husbandry and fishery, with a ratio of 17.1%. There are 184 enterprises including manufacturing in the business, with a proportion of 39.9%. There are 62 enterprises including construction industry, the proportion is 13.4%; there are 12 companies in the business including electricity, coal, liquefied petroleum gas and tap water, the proportion is 2.6%; there are 33 enterprises in the transportation industry, the proportion is 7.2%; there are 45 enterprises including information services in the business, the proportion is 9.8%; there are 185 enterprises including wholesale and retail in the business, the proportion is 40.1%; there are 69 enterprises including accommodation and catering in the business, the proportion is 15%; there are 8 companies in the business including finance, the proportion is 1.7%; there are 56 enterprises including real estate in the business, the proportion is 12.1%. There are 32 enterprises including leasing in the business, with a ratio of 6.9%; 46 companies with scientific research and technology in their business, with a ratio of 10%; 8 enterprises with public facilities industry in the business, with a ratio of 1.7%; There are 33 enterprises including residential services, accounting for 7.2%; there are 12 enterprises in the business including education, the proportion is 2.6%; there are 6 enterprises in the business including the health industry, the proportion is 1.3%; There are 20 companies including cultural sports in the business with a ratio of 4.3%; there are 3 companies in the business including public management, with a ratio of 0.7%.

At the same time, there are 248 family businesses involved in three industries. Among them, there are 19 enterprises that business includes mining industry, with a ratio of 7.7%; 45 enterprises that business includes agriculture, forestry, animal husbandry and fishery, with a ratio of 18.1%; 86 enterprises with manufacturing, the proportion is 34.7%. there are 73 enterprises in the construction industry, accounting for 29.4%; there are 10 companies in the business including electricity, coal, liquefied petroleum gas and tap water, with a ratio of 4%; 26 companies in the transportation industry including transportation, the proportion is 10.5%; there are 46 enterprises including information services in the business, with a ratio of 18.5%; 89 enterprises with wholesale and retail business in the business, with a ratio of 35.9%; 67

enterprises with accommodation and catering in the business, the proportion is 27%; there are 19 companies in the business including finance, with a ratio of 7.7%; 77 enterprises including real estate in business, with a ratio of 31%. There are 51 enterprises including leasing in business, with a proportion of 20.6%; 26 companies with scientific research and technology in their business, with a ratio of 10.5%; 14 companies with public facilities in the business, with a proportion of 5.6%; there are 38 enterprises including residential services, with a proportion of 15.3%; 20 enterprises with education, the proportion is 8.1%; and 7 enterprises including health industry in their business, the proportion is 2.8%; there are 22 enterprises that business includes cultural sports with a ratio of 8.9%; there are 9 companies in the business including public management, with a proportion of 3.6%.

According to the sampling statistics, family enterprises in China are mainly concentrated in manufacturing, wholesale and retail, construction, accommodation, catering and other industries. Among them, the family enterprises engaged in manufacturing industry accounted for the most, accounting for more than 40%, followed by wholesale and retail enterprises, accounting for more than 20%. Among them, nearly 250 enterprises engaged in business activities in three industries, and more than 460 enterprises engaged in business activities in two industries. In particular, because China's real estate industry is relatively profitable in recent years, some powerful family companies are involved in it.

2.4 Characteristics of Chinese family business

Most are spousal relationship, brotherhood, or father (mother) and son (daughter) relationship in Chinese family firms. It will become extremely complex when so many relationships coexist in a firm. In a general firm, usually every person has one "cap" (role): boss, employee or shareholder, certainly sometimes professional manager may also hold the share to become the shareholder at the same time.

However, in family firm, due to different roles in family and firm, family members often hold multiple "caps" (roles), and need to change "cap" (role) continually, which is more complex than general firm. It adds another circle of family besides administration authority

and equity. Sometimes, it is late to change the “cap” (role) which will create role dislocation. This kind of complicate status makes many conflicts among family members due to interlaced roles.

Enterprise management emphasizes on rational decision, so there are reasons and laws in family firm, however family emphasizes on feelings. When feelings, reasons and laws coexist together, things will become very complicated. Especially when family members have the roles of administrator and shareholder, it is said that the person has three caps (roles), which is shown in the Figure 2-1.

Three circles mode (theory) indicates the three independent and interlocking family firm system which is composed of enterprise, ownership and family (Gersick, Lansberg, Desjardins, & Dunn, 1999). There will be many problems in the entanglement of feelings, reasons, and laws in family so why many family firms can survive in the end is because they can tease out the relationships during the development and inheritance.

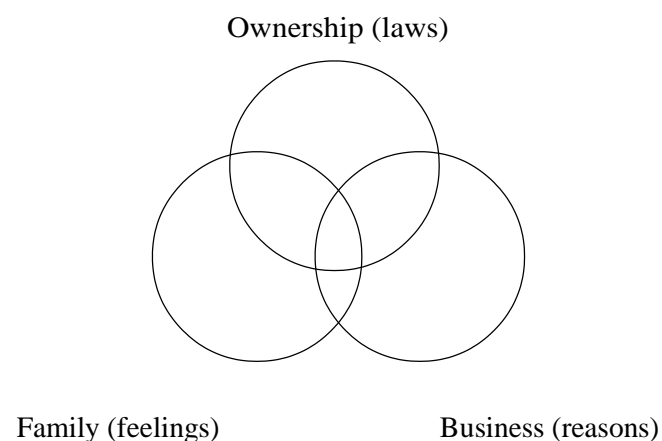


Figure 2-1 Three Circles Model (Theory) in family firm

Family business not only has its advantages which may benefit the business development, but also has its disadvantages which may hinder the organizational progress. Here summarize the advantages and disadvantages of Chinese family business as follows (Wang, 2013).

2.4.1 Advantages of family business

(1) Strong cohesion. The corporate spirit of benefit sharing and risk sharing created by blood relationship makes the members of the business family have the same goal and strong

cohesion. Especially in the start-up period, the entrepreneurial culture formed by the natural cohesion of the family with the owner as the core, generally there is no lazy. And when the enterprise is in distress, family ties also show unparalleled cohesion and tenacity.

According to a sample survey conducted by the family business research group of the China Private Economy Research Association in 2010, family business owners devote more time and energy to corporate affairs than senior managers of non-family businesses. According to statistics, business owners spend nearly seven and a half hours on daily business work and three hours on business travel and external relations, which means that business owners spend nearly ten and a half hours on work every day. Other family members also invest a lot of time and energy in the family business. It is precisely because family members have the same goals and a highly responsible attitude towards the business that the family business can continue to grow.

(2) Making decisions with flexibility and decisiveness. Business owners set parents, chairman, and general manager of multiple identities in one. The high concentration of corporate power is conducive to making decisions flexibly and decisively to cope with the rapidly changing market, which greatly reduces the friction between different stakeholders in decision-making.

A sample survey conducted by the family business research group of China Private Economic Research Association in 2010 showed that the proportion of family business owners or their relatives as chairman was very high, close to 99%. Nearly three-quarters of family-owned firms have no limit on the tenure they can serve as chairman. The family controls the board in these ways. The family also controls the major decisions of the company through some mechanisms. Nearly 60% of the business owners have the power to make major decisions themselves.

(3) Low internal transaction costs. During the start-up period, family members almost entirely owned the property of the business. As businesses grow, the largest owners of shares are still themselves, and their descendants can inherit them. Therefore, operators not only make decisive decisions, but also strive to operate the best performance, and pay attention to the long-term interests of the company, there is no fraud, thus greatly reducing the transaction

costs within the enterprise.

Agency costs are low even when companies are run by "outsiders", because important decisions (including deciding whether managers should stay or go) remain in the hands of family members.

(4) Knowledge flows smoothly. Mutual trust and mutual dependence among family business members make information exchange and knowledge (especially tacit knowledge) transfer between business members extremely sufficient, this is not only conducive to business performance, but also enable the next generation of promising family members to early access to the core content of business management, which is conducive to their accumulation of experience and rapid growth.

(5) Strong protection for intangible assets. The closure of family business is conducive to the effective protection of intangible assets such as patent technology, proprietary technology and trade secrets, so as to form and cultivate the competitive advantage of the enterprise.

2.4.2 Disadvantages of family business

(1) The unification and closure of the ownership structure of family enterprises make it is difficult for the outside to effectively supervise and constrain the business activities of enterprises, and thus it is difficult to establish the public value identification of enterprises, which leads to the difficulty in financing and capital operation of enterprises and restricts the development of enterprises.

(2) The centralized decision-making system formed by highly overlapping ownership and management rights. Due to the lack of effective internal and external supervision, feedback and restriction mechanism, it is difficult for enterprises to establish an effective power balance mechanism, which will lead to decision-making errors.

The family business research group of the China Private Economic Research Association conducted a survey of nearly 3,300 Chinese family businesses in 2010, and found that more than 90 percent of them had their founders or relatives as managers. This kind of leadership system will easily lead to the failure of decision-making, especially if it involves the future development strategy of the enterprise, and if there are serious mistakes in the

decision-making, the company will fail to operate.

(3) The "family" and "pan-family" employment system leads to the overall low-level talent structure of family enterprises. In most family businesses, one person is the parent, chairman and general manager at the same time. Family members are responsible for important management positions such as finance, personnel and purchasing, while family members are often powerless or unable to control the management of sales, production and technology.

The research group of family enterprises of China private economy research association conducted a survey on 3,196 Chinese family enterprises and found that the relationship between family business owners and employees holding important positions in the enterprises presents the following situation:

Among the persons responsible for purchasing, 463 persons are the parents, spouses or children of the business owners, the proportion is 15.6%, 168 are the in-laws, the proportion is 5.7%, and the other blood relationship is 555, the proportion is 18.8%, 203 are classmates and friends, with a ratio of 6.9%. There were 1,571 people who had no special relationship, with a ratio of 53.1%.

Among the persons in charge of finance, there are 816 people who are the parents, spouses or children of the business owners, the proportion is 25.7%, 83 of them are the in-laws, the proportion is 2.6%, and the other blood relationship is 309, the proportion is 9.7%; 172 people are served by classmates and friends, the proportion is 5.4%, and there are 1,791 people who have no special relationship, the proportion is 56.5%.

Among the persons responsible for personnel, there are 311 persons who are the parents, spouses or children of business owners, with a proportion of 11.3%, 73 of them are the in-laws, the proportion is 2.7%, and 218 are other blood relations, the proportion was 7.9%, and there are 187 people, including classmates and friends, with a ratio of 6.8%. There were 1962 people who had no special relationship, with a ratio of 71.3%.

Among the persons in charge of sales, there are 377 people who are the parents, spouses or children of the business owners, the proportion is 12.7%, 112 of them are the in-laws, the proportion is 3.8%, and the other blood relationship is 344, the proportion is 11.6%, 172

people are served by classmates and friends, the proportion is 5.4%; and 216 people are served by classmates and friends, the proportion is 7.3%, and there are 1910 people who have no special relationship, the proportion is 64.5%.

As can be seen from the above survey, the proportion of key core positions such as financial directors and purchasing directors as by the relatives of business owners is two-fifths. This shows that for Chinese family business owners, it is the most common and reassuring way to let their relatives to master and control the core and most important resources of the enterprise.

The lack of basic trust for employees outside the family not only affects the performance of talents who are not family members and the coordination between departments, but also affects the overall operation efficiency of the enterprise. As a result, it is difficult to introduce and retain talents, and the "metabolism" of talents is out of the question.

(4) In the operation process of the company, the soft-constrained family ethics rules replace the enterprise rules, and the "people rule" replaces the "rule of law" and manages "people" rather than "organization". Many enterprises have no rules to follow or imperfect rules and regulations. Even if there are rules and regulations, the implementation is often varied with each individual. There are two standards: "external" (employees who are non-family members) and "internal" (employees of family members).

(5) Although the property rights belong to the family, the boundary of property rights between family members is vague, which lays hidden dangers for the property rights disputes between family members when the enterprise property inherits in the future, and may even lead to "cannibalism". However, China's property inheritance system of "all sons are equally divided" will lead to the separation of family and property, which is not conducive to making enterprises bigger and stronger.

(6) Flow property rights are nominal. Even if the original property rights are clear, as these investors are also operators, their positions, abilities and contributions are different. However, in terms of the incremental income of the enterprise, only the original contribution ratio is considered, and the special contribution of human capital to the enterprise is hardly considered, which is not conducive to the growth of the enterprise.

In general, Family business is inherently a contradiction. On the one hand, it has the advantages of strong cohesiveness, centralization, fast decision-making, low communication cost, low management cost, dedication, and strong heart-centeredness. On the other hand, when corporate interests conflict with family interests, it is too emotionally oriented and needs to meet too many household needs, lacks innovation, limits talent development, and has complex relationships. See Table 2-1 for details.

Some scholars believe that the two systems of enterprises and families should be separated. Enterprises should "de-family" and take the road of professionalization and professional management. Family members should try not to participate. But if the two systems can be well balanced, the power it produces will end up infinite.

Table 2-1 Family business relationship: advantages and disadvantages

Advantages of family business	Disadvantages of family business
Strong cohesiveness	Family corporate and family interests' conflicts
Organizational model of centralized power	Relationship, relationship orientation
Low psychological contract costs	Meet too many household needs
Low management costs,	work and family roles conflict
Rapid decision-making	Lack of innovation, lack of innovation
Dedication	Limited development of talent
Demonstration effect of "parents"	Intricate nepotism
Family reputation can improve corporate reputation (family brand)	

Family business is a relationship enterprise, and "relationship" is the core of a family business. Therefore, family relationships must be valued in the family business heritage, because without it, the problems of family businesses are no different from those faced by non-family businesses. Moreover, social relationships between family members often have the greatest impact on family business operations.

2.5 Research on Intergenerational Inheritance

Most research on inheritance centers on the enterprise, it is taken for granted that the smooth transfer of corporate control rights among family members is the subject and essence of inheritance (Chua, Chrisman, & Sharma, 2003), the implicit assumption is only the smooth transfer of control can ensure the inheritance of wealth, and the management and control of the enterprise is an important goal of the family.

2.5.1 The pattern of transferring the leadership from fathers to sons

The highest control of the enterprise is "inherited internally" rather than "passed to outsiders".

At present, among the first generation of successful private enterprises in China, some have quietly retired to the background after "handing over power" to engage in some public welfare undertakings. Some sell their businesses and take care of themselves; some are still in limbo over whether to "hand over power" or sell the business and transfer power to whom.

But there is no precedent for China's most prominent family firms to give full control to outsiders. The family business that has completed the succession, basically is "son (daughter) inherit father's business" mode, Fortile, Wanxiang, Hengdian, Huaxi, Guangsha, Hodo and some other family businesses that enjoy reputation at home and abroad, began to transfer the management responsibilities to the second generation.

The intergenerational inheritance of control rights of some well-known domestic family enterprises is shown in the following table.

As can be seen from the Table 2-2, family enterprises in China are usually succeeded by the eldest son, which is originated from the inheritance culture of the eldest son formed in China for thousands of years. In ancient times, the preferred successor to the throne was the eldest son of the queen, and in the case of absence, the eldest son was the first in line. This system can ensure the orderly succession of the imperial throne within a family or family name, and reduce the situation in which all the sons fight for the imperial throne and suffer

from cannibalism. Most family enterprises in China choose the eldest son succession, which is similar to the first-born succession system in China.

Table 2-2 Intergenerational inheritance of control rights in some well-known family enterprises in China

Enterprise Name	Founder	Hand over age	successor	Succession age	Relationship	Remarks
Wanxiang group	Lu Guanqiu	49	Lu Weiding	23	Father and son	only son
Hengdian group	Xu Wenrong	66	Xu Yongan	36	Father and son	eldest son
Huaxi group	Wu Renbao	75	Wu Xie'en	38	Father and son	The fourth son
Hodo group	Zhou Yaoting	62	Zhou Haijiang	38	Father and son	eldest son
TDG	Pan	70	Pan	45	Father and son	eldest son
HOLDING	Guangtong		Jianqing			
K-Boxing	Hong Zhaoming	58	Hong Zhongxin	24	Father and son	eldest son
Guangsha group	Lou Zhongfu	48	Lou Ming	29	Father and son	eldest son
Zhongbao group	Wu Liangding	65	Wu Jie	36	Father and son	eldest son
Futile group	Mao Lixiang	55	Mao Zhongqun	27	Father and son	eldest son
Galanz group	Liang Qinde	62	Liang Xianzhao	35	Father and son	The third son of five children
Lanzhou	Yang	54	Yang	33	Father and son	The second son
Hanghe	Jiqiang		Shijiang			
Guangdong Rontai	Yang Qizhao	58	Li Linkai	35	Son-in-law	
Shanxi Haixing	Li Haicang	47	Li Zhaohui	22	Father and son	only son /Father killed
JuneYao group	Wang Junyao	38	Wang Junjing	35	brothers	Brother died
Country Garden	Yang Guoqiang	63	Yang Huiyan	37	Father and daughter	The second daughter
New Hope Group	Liu Yonghao	63	Liu Chang	33	Father and daughter	Only daughter

Later, of course, due to family planning, the first generation of family business usually

has only one child, so the heirs have less choice. However, the ultimate control of the enterprise is still in the family, that is, the control "inherited internally" rather than "passed to outsiders".

Why does Chinese family business inheritance choose the mode of "transferring the leadership from fathers to sons"? In theory, there are three common ways for family businesses to choose successors. First, they choose their immediate relatives; the most common way is to train their own son to take over. Second, choose collateral relatives or marriage group. The third way is to find managers through the market recruitment and other ways. From the perspective of competence, it is better for enterprises to recruit managers extensively in the society. Because the external society has a large choice space, the probability of selecting managers with strong ability is higher, while inbreeding is prone to talent atrophy.

However, in the market system where the degree of marketization and standardization is not very developed, this recruitment approach obviously faces huge moral hazard. Even if a professional manager has a good track record as a reputation guarantee, there is no guarantee that he will be absolutely successful in the new company because of the great uncertainty of running the business. Unless they have exceptional management skills and quickly win the approval of business owners and employees through outstanding performance, charisma and authority cannot be generated.

From the perspective of the continuation of family authority, first of all, "transferring the leadership from fathers to sons" is the best choice. For it is human nature that the best way for parents to perpetuate their hopes and dreams is to pass on to their children and grandchildren what they have done and built in their lives. Secondly, the ability of family members can be improved with the development of the enterprise, and the moral hazard is relatively small. The authority of management position and the authority of leadership charisma are gradually sorted out in practice. Finally, family members can obtain part of the family authority and ownership authority, so as to operate smoothly in the enterprise.

Relevant surveys show that Chinese family business owners have many concerns about hiring professional managers and are not willing to hire them. In 2010, the family business

research group of the China association of private economic research surveyed nearly 3,000 family businesses that had previously been reluctant to hire professional managers. Fifty-six percent of business owners cited difficulty finding the right person as the main reason. In addition, more than a third of business owners expect higher salary for professional managers, which will increase the cost of employing enterprises. Another fifth of business owners believe that professional managers' credit is risky and hard to trust. More than 16% of business owners believe that the current legal system of professional managers in China is not perfect and the cost of breaking the rules and breaking the credit is low.

In the aspect of introducing professional managers, Lanzhou Yellow River Enterprise Group Company once suffered a great loss. Professional manager Wang Yanyuan almost pushed the founder Yang Jiqiang out of the enterprise. In 1985, Yang Jiqiang founded the Yellow River Beer Company. He led his four sons to start a hard business, and the enterprise continued to grow and become the largest beer enterprise in Northwest China. Yang Jiqiang and his sons are the principal directors of the group company and the joint stock company respectively.

In 1997, Yang Jiqiang thought that Wang Yanyuan, a professional manager, had outstanding abilities. She was invited to join her own company and take charge of the listing of the company. In the process of listing, Wang Yanyuan is responsible for planning and setting up the first board of directors of the Yellow River Group, Yang Jiqiang is the chairman. Wang Yanyuan is the vice chairman and general manager of the company. Behind the scenes, Wang Yanyuan secretly set up his own family business, using listed companies to seek profits for his family business.

Shortly after she was elected Vice Chairman, Wang Yanyuan established the Huaxia Pearl Science and Trade Company in Beijing. The legal representative is her son. In 1998, Wang Yanyuan asked Yang Jiqiang for a starting fee of 10 million yuan and remitted it to his son's company. In 1999, Wang Yanyuan asked the affiliated company of the Yellow River Group to remit 2.92 million yuan to Huaxia Mingzhu Science and Trade Company in the name of financial consultancy fee. Later, Wang Yanyuan became even more expensive.

In 1999, she let her parents set up Beijing Rongyuanxiang Science and Technology

Company as investors. Her son is a legal representative. Soon after, she was ready to transfer 19.8 million shares of the listed company held by the Yellow River Group to Beijing Rongyuanxiang Science and Technology Company in a way far below the market price. Yang Jiqiang signed the agreement without seeing the content clearly. Contradictions between the two families are intensifying.

On November 6, 1999, there was a dramatic scene. The Lanzhou Yellow River Enterprise Group Company held a board meeting in Lanzhou and Beijing at the same time. Yang Jiqiang, chairman of the board of directors in Lanzhou, only three directors participated, and more than half of the directors were absent. More than two-thirds of the directors of the board of directors attended the meeting held by Wang Yanyuan in Beijing, but the chairman did not attend. Half of the meeting, Wang Yanyuan was detained by the police in the name of illegal transfer of shares by using his authority. Wang Yanyuan's attempt to empty Lanzhou Yellow River Enterprise Group Company failed.

In December 1999, Lanzhou Yellow River Enterprise Group held a temporary shareholders' meeting and elected a new director and supervisor. Yang Jiqiang was the chairman and his second son, Yang Shijiang, was the vice-chairman and general manager. Three of the directors, Mr. Yang and his son, restored the family's control over the business. This incident brought huge losses to Lanzhou Yellow River Enterprise Group Company, resulting in huge losses in operating performance for a period of time thereafter.

Employment of professional managers by the Yellow River Enterprise Group Company sounds an alarm to the founders of other family enterprises in China, and is often referred to as a negative case in the selection of successors. The founder of the enterprise has accumulated tremendous wealth through hard work. When the professional managers are introduced to take charge of the enterprise, once the selection errors are made, it is possible to discard all the previous achievements, and decades of hard work has been lost, which is unbearable for all the founders of family enterprises.

A large number of studies have shown that, in China, "transferring the leadership from fathers to sons" and "the integration of two rights" are the preferred modes of succession in family enterprises. Chu (2004) believes that it may be a long process to absorb and integrate

human capital completely by universalism rules in China, or it may not become a common mode of Chinese enterprises' organizational behavior, and intergenerational inheritance will definitely be influenced by family culture (and most choose eldest son inheritance). Chen and Ying (2003) attributed the reason of family business "passed on internally but not externally" to the influence of traditional culture, and also believed that the "transferring the leadership from fathers to sons" mode extrapolated from the pattern of differential order is the mainstream mode of succession of family business in China. Xu and Li (2007) also advocated that Chinese family enterprises should not be too hasty in the succession process to realize the separation of ownership and management right. At the present stage, the "transferring the leadership from fathers to sons" mode is the mainstream mode of intergenerational inheritance.

Why is "transferring the leadership from fathers to sons" the preferred inheritance mode for Chinese family enterprises? According to Li and He (2008), the Chinese family business owners are not the pursuit of profit maximization, also not pursue to maximize the growth of the enterprise scale, but with the development of the enterprise "safe" as the first goal, it is easy to see why "transferring the leadership from fathers to sons" or by "transferring the leadership from fathers to sons" mode extrapolated from the pattern of differential order is the mainstream of Chinese family business succession.

Bao (2006) conducted an empirical study on large family enterprises in Zhejiang province, and analyzed the reasons for choosing the succession mode of "transferring the leadership from fathers to sons" in four aspects: first, "family culture" has a decisive influence on the selection of successors; second, from the perspective of the overall social environment, "transferring the leadership from fathers to sons" mode is the most appropriate; third, most family businesses have not yet reached the stage where professional managers are needed; fourth, the operating mechanism of most family businesses is not suitable for professional managers.

At the same time, he analyzed the three shortcomings of the model of "transferring the leadership from fathers to sons": the family circle is small, the member is few, and the scope that chooses a successor is narrower. Children have their own thinking and behavior patterns,

which are difficult to change. The pattern of "transferring the leadership from fathers to sons" is prone to family infighting.

How to successfully transfer the leadership from fathers to sons? Chen and Ying (2003) believe that three key problems must be solved: the establishment of successor authority, the inheritance and innovation of family enterprise culture and system, and the distribution of ownership.

2.5.2 The meaning of intergenerational inheritance

Intergenerational inheritance and intergenerational transitions are widely used by scholars in their research. However, Dou and Jia (2007) found that succession is the most frequently used by foreign researchers. Its literal meaning can be understood as a kind of "substance" transmission, and it is transmitted from top to bottom.

Different scholars have put stress on succession process as it is a core variable which can result in the development of family business in future. As mentioned above, intergenerational inheritance is a global problem. It is necessary to understand what the specific meaning of intergenerational inheritance is. Like the family business, how to define intergenerational inheritance and what object is transferred are still a controversial issue in academic area.

More well-known is 'the Three-Circle model', proposed by Gersick (1999). He suggested that the intergenerational inheritance of family business refers to the inheritance of enterprise ownership. Lansberg (1999) took Japanese family business as the research object and observed its inheritance process. Then he concluded that the process of intergenerational inheritance can be divided into four stages, including: young stage, middle age and management stage, common cooperation stage and letting go and succession.

However, in the succession stage, it did not specify what was passed down. A relay race model pointed out to us that the intergenerational inheritance of family business is the inheritance of enterprise ownership and management rights, and the timing of inheritance should be chosen according to the internal and external environment in which the enterprise is located (Dyck, Mauws, & Starke, 2002). At the same time, the factors that influence the success of the inheritance are summarized: order, timing, communication, and skill.

Drozdow (1998) expanded the connotation of intergenerational inheritance and believes that intergenerational inheritance should emphasize the retention or transfer of one or more core elements between generations. The core elements here are not only the transfer of rights but also other resources that will benefit the future development of the company. His definition of intergenerational inheritance pointed out the direction of the future study on intergenerational inheritance, that is, what should be included in the content of intergenerational inheritance. In the follow-up study, foreign scholars included tacit knowledge, social network capital (Steier, 2001) and innovative spirit into the intergenerational inheritance of family business.

Chinese scholars also make great contributions to the research of intergenerational inheritance. Some scholars proposed that intergenerational inheritance is a continuous process rather than a single event, they pointed out that intergenerational inheritance includes enterprise ownership, management rights and property rights. Yang and Li (2009) and others based on the "three-circle model" proposed intergenerational inheritance through empirical research, underlining in addition to the inheritance of ownership, more importantly, the inheritance of leadership authority.

Here some studies proposed phase models of intergenerational inheritance:

(1) The seven-stage model of the inheritance between father and son proposed by Longenecker and Shoen (1978). It points out to us that family business inheritance is a long-term social process, not just a single event. And it also emphasized the stage and complexity of intergenerational inheritance. The limitation is that it does not explain the basis of the stage division and the in-depth discussion of what factors influence the inheritance. It has little guidance for reality, but it is indeed a model to discuss intergenerational inheritance as a process earlier.

(2) Churchill and Hatten (1987) proposed a four-stage inheritance model of the father and son life cycle. The model believes that the promotion of intergenerational inheritance is purely natural biological power, and the inheritance is mainly ownership. Intergenerational inheritance will go through four cycles: the period of owner management, the period of education for children, the period of parent-children partnership, and the period of power

transfer. The focus of each period is different.

(3) The relay race model of inheritance proposed by Dyck, Mauws, and Starke (2002). They regard the inheritance of family business as the transmission of baton. The success of inheritance is mainly influenced by factors such as inheritance order, timing, inheritance skills, continuous communication, respect and cooperation.

2.5.3 Succession steps

Family business succession is a process, not an event. Therefore, there must be steps. Scholars divide their steps by different criteria.

(1) Events

Churchill and Hatten (1987) divided the process into four stages: the first stage was the combination stage of owner and manager, and the owner was the only family member directly involved in the enterprise. The second stage is the successor's training and cultivating stage, the children began to learn management. The third stage is the stage of cooperation between entrepreneurs and successors. The fourth stage is the transition of power.

Handler (1994) divided the succession process into three stages: the first stage is the self-development stage before the successor enters the company. The second stage is when the successor enters the company. The third stage is the actual leadership transition stage.

(2) The intergenerational role transformation process

Handler (1990) divided the succession steps of family businesses from the perspective of role transition between entrepreneur and successor. The role transformation process of entrepreneurs is as follows: single operator - supreme power controller - client - consultant. The role transformation process of the successor is: no role - subsidiary - agent - main decision-maker.

Handler's researchers found that, many entrepreneurs in family businesses are reluctant to make the transition to the next level during the "supreme power controller" stage, and that their successors remain "subsidiary" stage. Therefore, Handler advises entrepreneurs in family businesses: (1) having a business first mindset; (2) using conflict management decisions in

advance to minimize conflicts caused by the distribution of enterprise property; (3) putting the interests of the enterprise and family wealth above personal property; (4) developing a leadership style as an agent, grantor and participant; (5) cultivating and respecting the power boundaries between positions within the enterprise; (6) developing the awareness and ability to cede power without regret as early as possible.

2.5.4 Influencing factors of intergenerational inheritance

Through the literature review, many scholars have summed up the influencing factors of intergenerational inheritance. But these studies are scattered and unsystematic. However, Dou and Jia (2008) summarize the influencing factors of intergenerational inheritance in his thesis, which is more comprehensive and systematic. Therefore, the following will mainly introduce the author's summary of the factors affecting intergenerational inheritance.

According to Dou's research on the factors that influence the success of family business inheritance, these factors can be roughly classified into four levels: (1) individual level (2) interpersonal level (3) organizational level (4) environmental level.

(1) The individual level mainly refers to the incumbent and the heir, and the family members.

First of all, the incumbent: the factors of incumbent include the willingness and the personality characteristics of the incumbent. As the leader of the inheritance process, his will is the beginning of all actions (Goldberg & Wooldridge, 1993). The scholars (Sharma, Chrisman, Pablo, & Chua, 2001) unanimously determined that the involuntary and unwilling release of family business is the primary obstacle to success.

At the same time, Barach and Gantisky (1995) proposed that if the incumbent has the characteristics of "willing to act as a mentor when access to retirement", "encourage others to participate", and "always respect new ideas", the success of intergenerational inheritance will be higher. At the heir level, the possession of their traits, abilities, and experience will also contribute to the success of the inheritance. Handler (1992) found that if the successor of the family business does not have much interest in inheriting the family business, the impact is not only impacting the process of inheritance, but also affecting the satisfaction of other

members of the family on the inheritance process. This is not worth the candle. But the heirs only have willpower is also not enough.

Second, capabilities: Morris et al. (1997) concluded through empirical research that the educational level of the heir is directly related to the performance of the enterprise after inheritance. King' (2003) survey of American family businesses found that the potential of heirs is significantly related to the three years' performance of the corporates after their inheritance.

The last one is the "experience" of the heir. Some scholars pointed out that heterogeneous resource within the family are an important source of unique competitive advantage for family businesses. Based on the view of enterprise knowledge, the source of competitive knowledge of enterprises is their unique resources, but these resources must be effectively managed in this process, and strong tacit knowledge is needed to support them.

Because this tacit knowledge is the result of decades of work by the founders of the company, enterprises must continue to develop after inheritance, and they also have to retain and transfer this tacit knowledge better. But it is not easy to transfer this knowledge. It must be transferred by means of communication and other methods. Some scholars argue that the number of family heirs' tacit knowledge is related to the length of time they spend working in a family business. Working and studying in the enterprise and a deeper understanding of the corporate culture and environment may also increase their willingness to inherit intangibly.

In addition, if the heirs can have an external work experience before taking over, they are able to prove their ability more objectively and see from the side whether their pursuit is to enter their family business. Furthermore, they can also improve their own knowledge and broaden their horizons. In the end, the individual level also includes other family members. During the process of starting a business, other family members have also invested a lot of effort into the company like the founders. If intergenerational inheritance affects their interests, they may also joint forces to influence intergenerational inheritance (Poza & Messer, 2001).

(2) On the interpersonal level, the relationship trust is emphasized.

The relationship trust includes: First, the relationship between the incumbent and the heir: The above mentioned the success of inheritance must ensure the inheritance of corporate

knowledge. Research in the field of knowledge transfer points out that the two sides of knowledge transfer; the trust between them directly affects the process and results of knowledge transfer.

Second, the relationship of other family members: From some studies it is also been found that interpersonal relationship between family members also have an impact on business processes (Cabrera-Suarez, Saa-Perez, & Almeida, 2001). The family business began to consider the issue of inheritance, the contradictions between the children are frequent, and these contradictions will affect the process of inheritance.

Attitude of family also has a great impact on succession management (Birley, 1986) because if a family does not support a successor or specific family member to take over the business then it's really difficult to occur. Davis (1983) also discusses a key factor related to positive personal relations with relatives which can result in the maximum profit in business for precedence. Some scholars' views about emotional ownership are "concept as a not so distant cousin to related constructs (such as social identification), psychological ownership and affective organizational commitment, but with enough differentiating features for it not to be a redundant neologism." The idea of emotional ownership instead explains the bond between family members and the family firm which goes beyond the only work experience in the family firm and can exist even without association. According to the researchers, emotional attachment and judgment are highly entangled within the context of the family firm which significantly influence family members' decisions and behaviors (Breton, Miller, & Steie, 2004; Sharma & Irving, 2005).

Some scholars also put stress on one important aspect which is needed to be considered for the transition of ownership and for achieving owners' goal. They mentioned communication as the most important task and emphasized on it during succession.

Latest research also suggested that good conversations, strengthening the relationships among family members is also more important than skills or education needed for a successful succession to be conducted. Researchers also focus on enriching communication across generations that can develop commitment to the succession solution.

(3) On the organizational level, the focus is on the basic rules and the establishment of

organizational structures. Issues addressed at this level mainly include four aspects: developing a heritage plan, building a shared vision, setting up a board of directors, and finally a family council. Since intergenerational inheritance is a long-term and continuous process, a complete and detailed inheritance plan is a prerequisite for ensuring that everything is carried out in an orderly manner. Many scholars pointed out the importance of the inheritance plan before.

For example, Barach and Gantisky (1995) pointed out that the longest strategic process in a family business should be the preparation process of intergenerational inheritance. If the inheritance preparation is not sufficient, it is likely to cause the loss of heterogeneous resources of the enterprise. But the reality is that most family businesses do not pay enough attention to intergenerational inheritance programs. In a shared vision, scholars point out that mutual exchange of common goals directly affects the success of the company's inheritance (Dyck, Mauws, & Starke, 2002).

The existence of the board of directors can supervise the inheritance process and protect the interests of the stakeholders in the process of intergenerational inheritance. The role of the Family Council is to help family members identify and recognize the values and increase their commitment to family businesses.

There are also a small number of studies based on the family level. They put forward their own views on how to ensure the smooth inheritance of family businesses. In order to ensure the smooth progress of the inheritance activities, it has been proposed that, on the one hand, the family business needs to teach by precept and example, let the heirs feel the family culture and finally inherit the family resources (Dou & Jia, 2008). On the other hand, for the new leader, establishing personal authority is of great significance for assuring the smooth running of family business activities (Zhao & Zhu, 2018). Therefore, the heirs of family businesses need to build their own "authoritative foundation" as soon as possible (Li & He, 2008; Xi, Luo, & Zhang, 2017).

(4) The environmental level mainly includes industry and social background.

The industry background refers to the competitive environment of the industry in which the enterprise is located. It affects the effect of inheritance by affecting the successor's

willingness to take over. It even affects how the incumbent educate their heirs. The social background refers to the large social environment in which enterprises represent different social cultures.

And in turn it affects the model of successor's choice. For example, the social culture of the United States has led to family business in the United States to value the heir's external work experience and influence the choice of heirs. But in some European-owned family businesses, their emphasis on the heir's external work experience is not too high and these external work experience will not be a major consideration for their choice of successors.

2.5.5 Results of intergenerational inheritance

Family business is a combination of families and enterprises. The study of intergenerational inheritance results should also be considered from the view of family and business respectively.

(1) Impact on business operations

Succession planning is very critical to the success and continuity of a business, particularly for family businesses, where some survive more than a generation (Birley, 1986).

Many studied conveys an idea that when family firms move from one generation to the next, their objectives change, which can result in stagnation. The generation which comes first are more business oriented than other generation firms, which are more oriented towards family, and firms with a business orientation grow quickly (Dunn, 1999).

Existing research based on the perspective of business management focuses on the question of whether and how to maintain the performance level of family businesses after intergenerational inheritance. The difficulty of intergenerational inheritance is due to the complexity of intergenerational inheritance, which is reflected not only in placing heirs in key positions, but also in bearing the burden of dealing with the intricate relationships among the family, business and various stakeholders (Daspit, Holt, Chrisman, & Long, 2016; Marler, Botero, Massis, & Vittorio, 2017).

In dealing with the above relationship, if the heirs have the corresponding management qualities, the inheritance of the family business will usually go smoothly. While if the

professional ability and experience of heirs are insufficient, the family business will often fall into the disadvantage stage reflecting by the strategic formulation mistakes and chaotic management. Inevitably, it has a negative impact on the performance of family businesses (Massis, Chua, & Chrisman, 2008).

Therefore, an important topic of existing research is whether family businesses can maintain good performance levels and stable performance sources as an important topic of research after their intergenerational succession (Breton, Miller, & Steier, 2004; Santiago, 2011).

For the question of how intergenerational inheritance affects family business management, different answers are given based on different perspectives (Zhao, Zhang, & Zhu, 2015). Several studies have proposed that intergenerational inheritance is conducive to the development of family businesses. Based on this view, when the heirs gradually take over the company, companies tend to show stronger willingness to change (Wu & Liang, 2017), and lead companies to choose more distinguish development strategy, which can bring positive changes to the company. But at the same time, more research holds the opposite view.

This branch of studies believe that the intergenerational inheritance of family businesses often makes enterprises pay more attention to the retention of non-economic benefits such as social emotional wealth (Kellermanns, Eddleston, & Zellweger, 2012; Chen & Chen, 2014; Zhu, Eric, & Zhou, 2016). And it also leads to the management of family businesses are more likely to emphasize how to avoid risks rather than how to make profits.

Furthermore, many activities such as internationalization strategies and innovation strategies will not be strengthened, but will be suppressed (Arregle, Duran, Hitt, & Van, 2017). This will inevitably have a negative impact on business performance, especially the long-term performance (Cucculelli & Marchionne, 2012; He & Li, 2014).

(2) Impact on family relationships

Based on the family level, existing research focuses on the family business after intergenerational inheritance, and how to maintain the harmonious relationship between family members. For family members, family business is not only a concentrated expression of family wealth, but more importantly providing non-economic benefits for family members

to meet their emotional needs, called “social emotional wealth” (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Gomez-Mejia, Neacsu, & Martin, 2017; Gomez, Patel, & Zellweger, 2017).

In family businesses, the overlapping of family members' personal identities, family identities, and organizational identities enables them to acquire emotional affiliation in family businesses (Berrone, Cruz, & Gomez-Mejia, 2012). Therefore, in the management of business, family business often places the retention of social emotional wealth, rather than the acquisition of economic interests on the more important position. And they are willing to sacrifice certain economic benefits in order to retain social emotional wealth (Yu, Stanley, Li, Eddleston, & Kellermanns, 2019). However, the process of intergenerational inheritance is a major test of family member partnership.

As mentioned above, the process of intergenerational inheritance of family businesses is often accompanied by the emergence and outbreak of sharp contradictions between successors, former entrepreneurs and other family members. Therefore, in the whole process, the cases of father and son becoming enemies and fighting between brothers are common. It can bring huge non-economic benefits to families and businesses (Sharma, Chrisman, Pablo, & Chua, 2001). Therefore, preserving the non-economic benefits of the family after intergenerational inheritance has been viewed as an important aspect of existing research (Santiago, 2011).

According to the existing research on corporate control perspective, how to maintain family control over the enterprise is an important task in the intergenerational process of family business (Kellermanns, Eddleston, & Zellweger, 2012). As mentioned above, the existing research based on the theory of social emotional wealth proposes that if the family business loses control of the enterprise in the process of inheritance, the family will suffer huge loss of non-economic benefits (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Gomez-Mejia, Neacsu, & Martin, 2017; Gomez, Patel, & Zellweger, 2017).

Due to the low willingness of business owners to make intergenerational inheritance and the lack of suitable family heirs, some family business owners directly transfer enterprises to non-family members for economic benefits (Wiklund, Nordqvist, Hellerstedt, & Bird, 2013).

This kind of external transfer of equity can be divided into active and passive.

The active external transfer of equity is considered as the result of the enterprise owner "harvesting" the entrepreneurial and professional achievements of the predecessors of the family (Wennberg, Wiklund, Hellerstedt, & Nordqvist, 2011); the external transfer of equity is usually due to the insurmountable difficulties of the successor taking over the family business, which makes the inheritance plan forced to run aground.

2.5.6 Inheritance and Reference of Family Business in Other Regions

Enterprises in the United States and Europe mostly manage their own businesses by improving the rule of law system for managers. Family enterprises in Europe and America generally do not attach special importance to the daily management rights of family members. Whether because of their interests or abilities, if there is no suitable candidate among the descendants of the family, they will choose professional managers to manage the business, or through a reasonable and standardized governance mechanism to form a team of professionals, including lawyers, bankers, and professional managers, to assist the heirs in managing the business. Of course, this is because the legal and credit systems in Europe and the United States are perfect, which is far from being achieved in China.

Public companies are the development trend of family business in the West. At present, the development of family business in the world, especially in the developed western market economy countries, shows the following trends: First, the separation of ownership and management rights. With the expansion of enterprise scale, the intensification of enterprise competition, the change of family and family concepts, and the rise of professional managers, family management is difficult to adapt to the development of post-industrial society. Old family businesses in the West have taken the initiative to adapt to this trend, putting their management rights in the hands of management experts to ensure that enterprises can continue to develop. Secondly, it is the prevalence of pan-family management. The West advocates team spirit with family spirit, but opposes paternalistic management. Thirdly, family enterprises should be further socialized. Family enterprises further socialize the ownership of enterprises by issuing stocks and bonds to the society, transferring shares to

internal employees and investing in public welfare undertakings. The socialization of enterprises is not only manifested in the decentralization of equity, but also in the management purpose, which emphasizes the social responsibility of enterprises more (Wang, 2010).

At present, family enterprises in China are still a little far away from these models. Midea Group is very unique and works well with this model. As the only son of He Xiangjian, founder of Midea Group, He Jianfeng has been living outside the family business since he started his business in 1994. He did not want to take over his father's business, but has his own career pursuit, founded his own Yingfeng Group. He may be influenced by his father He Xiangjian and more likely to be affected by the kind of entrepreneurial spirit. Although he does not inherit his father's resources in the household appliances industry, he has made a lot of achievements in capital operation, such as the acquisition of equity stakes in venture high-tech and E fund in 2007.

Perhaps because his son had indicated that he was unwilling to accept family business in the early days, He Xiangjian cultivated professional managers in the process of business development. By adjusting the internal organization of the company, building and improving the company's mechanisms and systems to coordinate with the shifting work in the future retirement. In 2012, when He Xiangjian officially retired from the group, it was not He Jianfeng who succeeded him as the helm of Midea, but Fang Hongbo, a professional manager who grew up in the group.

After his father He Xiangjian handed over his stick to professional managers, He Jianfeng officially entered Midea's board of directors as a director. The son inherited shares, the family shared the wealth, while management was devolved to professional managers. This practice is still a precedent in the succession of Chinese family businesses, and we are looking forward to seeing if the model of Midea in the future can be adapted to more Chinese family businesses.

Turning to other parts of Asia, Japan has a lot of family businesses with China, and the biggest feature of Japanese family businesses is longevity. At the top of the "World's Oldest Family Business List" released by Hurun in 2011, the top of the list is the Jingang Group, a

temple construction company from Osaka, Japan. It has a history of more than 1,400 years and has now reached the 40th generation.

Japanese companies like Mitsui, Mitsubishi, Sumitomo, and Yasuda are family businesses with hundreds of years of history. These Japanese family businesses basically implement the "single inheritance system", that is, the family business will only be passed on to one member of the next generation, while other members will be "sweep out". The purpose of doing this is simply to prevent "infighting".

Generally speaking, the successor of Japanese family business will be the eldest son of the next generation, or other offspring with strong abilities. But if the founder thinks that his son does not have the ability to take over the business, or that his son is unwilling to take over the business, he will find the most capable young man in the company, marry a daughter to him and hold a ceremony to make him an adoptive son, and then be formed by the adoptive son of the son-in-law. The son-in-law becomes the head of the family, officially in charge of the business. For example, Shyojiro Yasuda, the founder of Yasuda chaebol, although he has a son, chose "son-in-law" as his heir; the founder of Matsushita Electric Appliance Company, Matsushita Lucky Aid, also handed over the company to "son-in-law" Matsushita Zhengzhi (originally named Hirada).

Because of China's one-child policy, many of the country's best entrepreneurs face the choice of having only one baby daughter. So, in recent years, more and more women appear in China's commercial battlefield.

Among them are Liu Chang, the daughter of Liu Yonghao, chairman of new hope group, Zong Fuli, the only daughter of Zong Qinghou, chairman of Wahaha group. Whether it is through the way of co-CEO to assist the daughter succession, or to create a new market to let the daughter alone, or let the daughter become a professional manager, like Zhang Yunlan into the traditional business succession of female second generation is also widely.

Daughter has become a feature of Chinese family business inheritance. Tu Hangyan of Wansli Group and her husband Li Jianhua belong to the joint succession. As an expert in the silk industry, Li Jianhua has made great contributions to Wansli Group's success and the road to internationalization.

Like the Lu Guanqiu family of Wanxiang Group, although the generation clearly gave the big business to the younger son Lu Weiding, his three daughters' contributions to Wanxiang Group could not be ignored. The advantage is that the younger daughter and Ni Pin, Lu Guanqiu's small son-in-law, have been bearing the burden of Wanxiang Group's international market expansion for many years. It is no exaggeration to say that Ni Pin is almost Wanxiang Group's spokesman in the United States.

Since China's sense of family kinship is very different from Japan's, the practice of "son-in-law" may be difficult to be adopted in China, but it is an indisputable fact that the role of son-in-law is becoming increasingly important in Chinese family businesses. The choice of son-in-law may be a turning point in the family business succession, compared with many sons who are not successful.

2.6 Knowledge transfer and intergenerational knowledge transfer

2.6.1 Research on knowledge transfer

Till now very no studies focused on a theoretical framework available in the literature that considers the effect of knowledge, the interpersonal relationships quality and the sector in which a firms is located on family business succession. The academic community has put forward some theories on knowledge transfer to explain how knowledge is transferred:

(1) The theory of knowledge transfer process proposed by Szulanski (1996). This theory indicates that the transfer of knowledge is realized by a complete process, and the whole process includes the initial stage, the execution stage, the implementation stage and the integration stage.

The initial phase means that when the knowledge owner discovers the knowledge gap and has the knowledge to filling the gap, he or she will decide whether to execute the transfer knowledge. The implementation phase refers to the transfer of knowledge by the two parties through mutual contact. The implementation phase refers to the digestion and utilization of knowledge by the recipient of knowledge. The integration phase refers to the recipient's decision on retaining or removing knowledge based on his or her own situation.

(2) Nonaka (1998) proposed "the dynamic theory of organizational knowledge innovation, namely the SECI model", which is also the representative of all knowledge transfer models.

The author first divides knowledge into tacit knowledge and explicit knowledge according to the characteristics of knowledge. It can realize the transfer and transformation of explicit and tacit knowledge through socialization, externalization, integration and internalization among individuals, groups and organizations.

Individual knowledge is the basis of organizational knowledge. The tacit knowledge of individuals is accumulated and expanded within the organization through four transfer modes, resulting in a higher level of knowledge spiral. At any level, the knowledge in the knowledge spiral rises on a large scale, forming a spiral of knowledge.

(3) The four-stage theory. The transfer of knowledge can be divided into two systems, namely information system and understanding system.

Information system refers to the process of information being transmitted by knowledge sources. The comprehensiveness and precision of knowledge transfer are closely related to the knowledge ability and personal character of knowledge sources. Understanding system refers to the ability of a person to understand the coding system, which directly affect the absorption of information by the recipient.

Knowledge transfer can only be regarded as true knowledge after passing, understanding and absorption. The information delivery system consists of four key components: subject, context, content, and media. The information flow is transferred to each other in these four parts to achieve the purpose of information transmission.

The evaluation of the results of intergenerational knowledge inheritance can be generally divided into two aspects: subjective evaluation and objective evaluation.

Some scholars use the costs of knowledge transfer to measure knowledge transfer performance. Others propose to measure knowledge transfer performance by the amount of knowledge transfer over a specific time period. Some Chinese scholars through a large number of literature studies proposed that knowledge transfer performance, knowledge

transfer efficiency/effect, and effective knowledge transfer are a little different in nature, and generally can be used universally.

They divided knowledge transfer performance into three levels: potential performance, behavioral performance, and outcome performance. The measurement of knowledge transfer performance should consider both the result after the transfer and the relevant situation in the transfer process. The knowledge transfer is a process of dynamic change, so the measurement should also change accordingly. His measurement of knowledge transfer performance mainly adopts a combination of process and result.

2.6.2 The connotation of intergenerational knowledge inheritance

The intergenerational inheritance of entrepreneurs' knowledge is the basis for the continuation of the core competitiveness of family businesses. It is as well as the guarantee for the successful intergenerational inheritance of family businesses.

Nonaka (1998) argued that one of the most important areas of knowledge management is the study of transfer between different units of knowledge, and he believes that knowledge transfer is the transfer of knowledge between different units. The OECD believes that knowledge transfer is the process of professional knowledge between people. Through knowledge transfer, organizations can effectively improve the level of human resources and gain competitive advantage.

This thesis believes that intergenerational knowledge inheritance is based on intergenerational knowledge transfer. The transfer of knowledge can be horizontal transferring or vertical transferring.

The intergenerational knowledge inheritance mainly refers to the vertical transfer, that is, the transfer of knowledge between the upper and lower generations. However, there are still few studies on the inheritance of intergenerational knowledge in the research of family business inheritance. This thesis is to consider the important role of intergenerational knowledge inheritance in the inheritance of family business and to establish a research model aiming to explain the impact of intergenerational knowledge inheritance on family business inheritance performance.

2.7 Political skills

2.7.1 Connotation of political skills

Political skills are one of the indispensable abilities of individuals to succeed in a dynamic and unpredictable organizational environment, and the outcome of political behavior is different because the level of political skills are different. Up to now, the study of the connotation of political skills in the academic world can be divided into three perspectives: interpersonal competence, interpersonal style, and personal resources.

Representative definitions of interpersonal competence in political skills include: (1) Mintzberg (1983) points out that political skills involve persuasion, negotiation, manipulation. (2) The ability of individuals to successfully manage an organization through interpersonal and socially needed skills. (3) The ability to communicate with people.

Some scholars believe that people with high political skills can demonstrate self-confidence, sincerity and other charismatic personality according to different environments and their own needs, and show different charms according to different occasions, and know how to wrap their true wishes under the "sincere" appearance. This is the most representative view of the interpersonal style.

The last definition of political skills from the perspective of personal resources was also proposed by them. They believe that according to the conservation of resource theory, regardless of whether an individual encounters an opportunity or a threat in an organization, political skills can help them overcome threats and acquire resources in opportunities.

But the most widely accepted scholar's definition of political skills is: effectively understanding the ability of others in their work, and using this knowledge to influence others in order to act in a way that promotes their own or organizational goals.

2.7.2 Research on political skills

In the field of political skills research, in addition to studying its connotation, the rest of

the research focuses on the measurement and influence factors of political skills.

Existing measurements of political skills are measured primarily from single-dimensional or multi-dimensional structures. In terms of single-dimensional structure, the Political Skill Inventory developed by Ferris contains six items, which is the initial scale for the tentative measurement of political skills, measuring one dimension that is understand others and affecting the ability of others, which is a single-dimensional structure of the measurement scale. Representative items include "I understand others well", "I make most people around me feel comfortable".

Later, on the basis of the original scale, the author conducted an in-depth study on the connotation dimension of political skills. In 2005, he developed a scale of four dimensions with 18 items, that is, the multidimensional structure scale. The scale is the five-point Likert scale, which has a high reliability and a good validity after empirical testing and has been widely used by scholars.

The overall content is divided into four dimensions: (1) interpersonal influence, which means that individuals with interpersonal influences have a special and convincing style of communication when interacting with others, because this style will have certain influence on the people around them. Representative items include "I can make most people around me feel relaxed and happy."

(2) Social astuteness, people with social astuteness can be keen to observe other people's words and deeds, clearly and quickly understand their ability to think. Representative items include "I can understand others well."

(3) Communicative ability or network ability. Those who possess this skill are good at expanding their network of interpersonal relationships. Those who enter the network have certain resources that are beneficial to the good development direction of individuals or organizations. Representative items include "I spend a lot of time and energy on working with others to establish a network of relationships"

(4) Apparent sincerity, the appearance of the subjects with this skill look very sincere and frank, and are welcomed by people around them. They are also very good at hiding their true intentions under a sincere appearance. Representing items include "When communicating

with others, I act as sincerely as possible in words and behaviors”.

Chinese scholar combined the culture of Chinese society, and developed 22 scales for measuring political skills. The scale refers to the Ferris Political Skills Scale and adds to its five dimensions, including: relationship management, dealing with affairs considerately, interpersonal sensitivity, honesty and superficial harmony (Liu, Jin, & Zhao, 2012). Lin and Sun (2012) collected a local scale of political skills including five aspects and 19 items of harmonious interpersonal, face management, power application, ability-based socialization and situational alertness through in-depth interviews.

Regarding the influencing factors of political skills, according to empirical research by some scholars, the main factors influencing political skills are social skills such as social intelligence, emotional intelligence, self-monitoring, social self-efficacy, and practical intelligence. Later, they broadened the influencing factors of political skills including insight, control, affinity, initiative, and development experience.

2.7.3 Impact of political skills

Scholars summed up the influence mechanism of political skills, which has an impact on three levels: first, internal psychological process refers to the influence of political skills on the individual itself; interpersonal process, that is, the effect of political skills on others; group process, that is, the impact of political skills on the group.

(1) Internal psychological process

The internal psychological process refers to the ability to understand the key role of resources and the ability to actively expand personal resources when individuals possess political skills. Hou (2017)'s research shows that there is a significant positive correlation between college students' political skills and entrepreneurial tendencies, and entrepreneurial self-efficacy plays a mediating role.

Employees with higher political skills have higher self-confidence and security, thus reducing their emotional labor, preventing their physical and mental exhaustion and improving job satisfaction. Political skills are related to active behaviors, such as suggestive behavior (Wang & Duan, 2015), role innovation (Cheng, 2018), feedback seeking behavior,

and active responsibility behavior (Hu & Ji, 2018). Show more success in his career.

(2) Interpersonal process

Political skills reflect the ability of individuals to effectively influence others in an organization. It has influence on the impression management strategy by affecting the choice and expression of impression management strategies. In addition, political skills have a certain degree of influence on the leader-member exchange and the quality of their colleagues' relationship.

Political skills also affect knowledge transfer or knowledge sharing. Some Chinese scholars' research verified that there is a significant positive correlation between employee political skills and knowledge transfer between individuals. high political skills can promote invisible knowledge sharing.

(3) Group process

Organizational political skills are twofold. On the one hand, organizational political skills may bring negative impacts such as reducing overall organizational effectiveness, stimulating intra-organizational conflicts, restricting vocabulary behavior, and blocking innovation behavior.

On the other hand, political skills also have a positive impact on team performance. It not only helps employees improve their creativity (Zhou, 2018), but also enhances their work adaptability by influencing their own political skills (Gu, 2016). In addition, it helps to form team morale, establish a vision and other behaviors that have a positive predictive bias on team performance.

Chapter 3: Research Framework and Hypotheses

3.1 Overarching theoretical framework

Over the past few centuries, experts have explored direct predictors of individual behavior and performance. The earliest formula proposed is: performance = people * environment.

People here include individual characteristics, and the environment represents external factors that influence individual behavior. Another formula that is often mentioned is: performance = ability * motivation.

This formula is called the “skills and determination” model, which describes two specific characteristics within an individual that affect individual performance. Competence, motivation, and the environment are the direct predictors of individual behavior and performance that are most often mentioned so far, but in the 1960s, researchers defined the fourth factor: role cognition (personal expected role responsibilities).

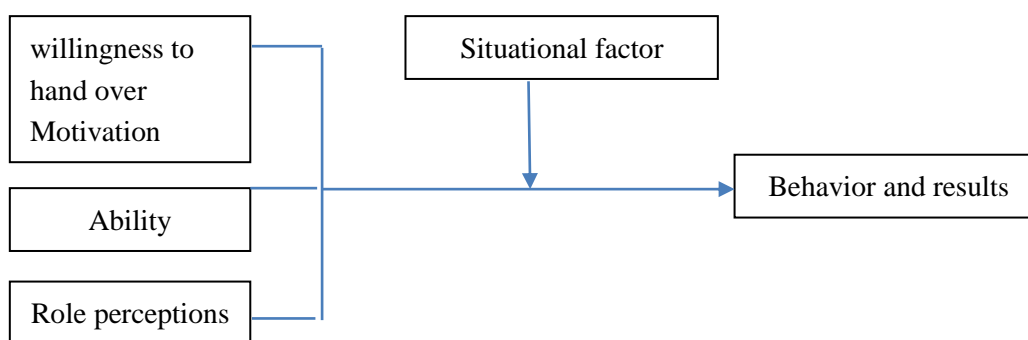


Figure 3-1 MARS model of individual behavior and performance

MARS model is an important model to explain and predict individual behavioral motivation and outcomes. This model emphasizes four factors that directly influence individual performance behaviors and outcomes, namely motivation, ability, role perceptions

and situational factors. See Figure 3-1 for details.

These four factors have an important impact on individual's behavior and performance. If one of them is at a low level, the performance of the staff will be unsatisfactory. Motivation refers to the intrinsic power of an individual to influence his or her own goals, the intensity, and perseverance. The goal represents the directions to which people strive, and the intensity is the degree of effort to achieve the goal, and the perseverance indicates the length of time for continued effort. Ability includes the innate endowments and acquired abilities that must be met to successfully complete a task. Role perceptions are the degree to which people understand the job responsibilities assigned to them or to them. From role ambiguity to role clarity, the level of role perception is gradually improved. Situational factors include conditions that are beyond the direct control of people, which can constrain or promote their behavior and performance.

The knowledge inheritance behavior between the former entrepreneur and the successor is a kind of interpersonal interaction, i.e. a type of performance behavior, which is influenced by both of them, therefore, this thesis argues that the intergenerational knowledge inheritance behavior will be affected by the willingness of the predecessor to hand over, the willingness of the successor to inherit and the political skills of the successor, thus further affecting the task performance and contextual performance in the inheritance process or after the inheritance. The specific research model is as Figure 3-2:

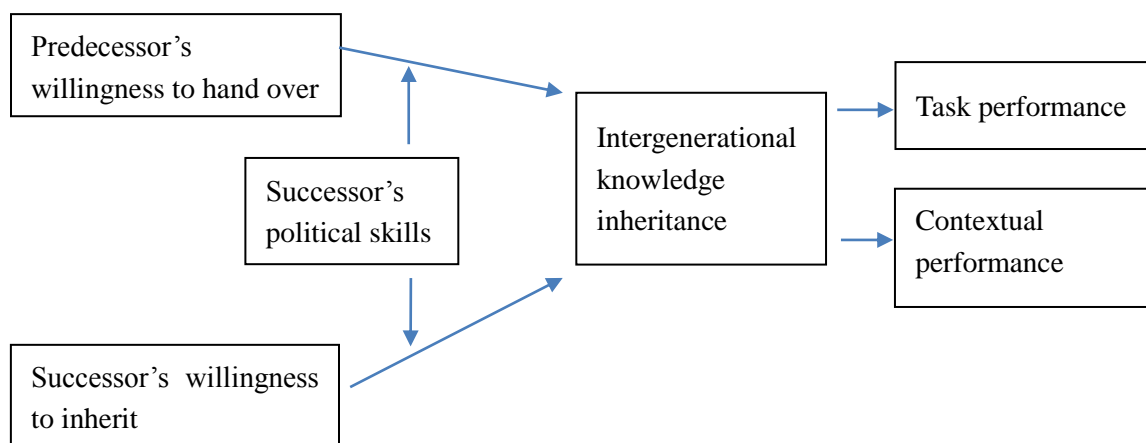


Figure 3-2 Research Model

3.2 Research hypotheses

A case as an example: in the mid-1980s, Zhang Zhijun started his own business. After 2001, he started his second business, he founded Guizhou Bicheung Group, covering pharmaceutical, metallurgy, food, hotel and other industries, and became a large family business. Zhang Zhijun attached great importance to the inheritance of enterprises and has a high intention of inheritance. He believed that the parents should take the inheritance into the development strategy of enterprises, and take the initiative to hand over the work. He suggested that it is better to hand over the work earlier than later, and the worst way is to hand over the work on the deathbed or with a posthumous paper. Therefore, as early as when he started his second business he began to make arrangements for inheritance, focusing on family education to cultivate the next generation entrepreneurs. He mentioned that in the process of inheritance, he was open-minded, often communicated with his children, found out the advantages of his children, and passed on his business wisdom, personality charm and spiritual realm through his own example.

China's private economy has the distinct family characteristics (Chen & Dou, 2016). After 40 years of development, most family businesses have entered a critical period of transition from the first generation to the second generation (Wang, 2019). According to the "survey report on modern family businesses in China" released by Forbes in September 2015, among the 884 family businesses listed on the a-share market, 486 (accounting for 54.9%) have one or two generations of family companies working at the same time. Among them, 111 (12.5%) have been completely replaced by the second generation, and with the adjustment of industrial structure and economic transformation and upgrading, the pace of succession of the second generation is gradually accelerating (Zhu, Li, & Li, 2018).

In 2010, the Research Group of the Family Business of the China Private Economic Research Association conducted a survey of the inheritance willingness of 879 founders of family businesses over 50 years old. There are 367 business owners who are willing to let their children succeed, with a ratio of 41.7%. There are 116 children who have entered the

company, with a ratio of 13.2%. They intend to donate their equity to their children. However, there are 78 people who do not plan to let their children enter the company, the proportion is 8.9%. There are 25 people who plan to give children only living expenses. The ratio is 2.8%, 32.5% did not consider this issue for the time being. It can be seen that nearly 70% of business owners have considered the issue of handover, and more than 40% of business owners have the willingness to inherit the enterprise from their children.

Under the mainstream inheritance mode of Chinese family enterprises, that is "children inherit their fathers" (Chen & Ying, 2003), the family size shrinks due to the extremely strict family planning policy in China. The phenomenon that women become family leaders through succession emerges in the face of limited resources for heirs of family enterprises.

Even after the succession happened, the founder of the first generation with "loving power" desire and children as "innovators" role become the root of the conflict (Li, et al., 2015), and the second generation of seeking new strategic proposition and implementation inevitably infringe the legitimacy and authority of the first generation (Zhao, et al., 2015), which makes the first generation produce resistance. Successor will face inter-generational cognitive differences, the two-generation genetic relation (Zhu, Li, & Li, 2018), the authority of members of the family and the authority of the family business veteran who took part in the initiative of the enterprise (Li, Han, & Li, 2015).

Some scholars point out that only when the knowledge transmitter has the willingness and ability to inherit, the knowledge inheritance behavior will happen. Willingness and ability are two main aspects to explain the knowledge transfer problem (Hansen, 1995). Therefore, it can be understood that the willingness and ability of both sides of knowledge inheritance is the source of knowledge inheritance behavior.

Regardless of whether knowledge is explicit or implicit, knowledge that can be passed from first generation to the next generation is usually a "resource" beneficial to the future development of enterprises or successors. Knowledge, as a valuable resource for the development of enterprises, mostly refers to entrepreneurship, values, business know-how experience or internal and external social resources, which can be said to condense all of the work, study and life of first-generation entrepreneurs in the past decades, is not something

that former entrepreneurs can acquire overnight, nor is it something that successors can learn overnight. The intergenerational inheritance of such knowledge is often accomplished unconsciously through the daily communication or joint work of predecessors and successors.

Some scholars confirmed the role of predecessor's willingness in intergenerational inheritance through empirical research, and believed that the knowledge accumulation of the offspring of family enterprises was largely influenced by predecessor's willingness. As the owner of knowledge as well as the transmitter of knowledge, the predecessor usually dominates the inheritance process. Therefore, in the behavior of knowledge inheritance, the willingness of the predecessor is the beginning of the act. In the intergenerational knowledge inheritance, if the predecessor lacks the will to inherit, there will not be the whole knowledge inheritance behavior fundamentally. If the predecessor has considerable inheritance willingness, in the process of inheritance, he will try his best to make his knowledge better accepted by the next generation. Receiving such knowledge will not only enable the successor to grow, but also benefit the long-term development of the enterprise. After all, these knowledge and enterprise are the crystallization of the painstaking efforts of the predecessor.

This is why, given their predecessors' high willingness to hand over, they will do as much as they can to help their successors in inheriting their knowledge. As mentioned above, the inheritance of knowledge mainly depends on daily communication. Then, the more willing the predecessor is to inherit knowledge, the more active the predecessor will be in finding opportunities to complete the knowledge inheritance, in terms of specific inheritance behaviors, for example, if the predecessor is highly willing to inherit, he will take the initiative to observe the shortcomings of the successor in knowledge, skills, social resources and other aspects, and consciously impart and cultivate knowledge through direct or indirect means. Provide more guidance to successors on how to inherit their own knowledge, communicate more deeply and frequently with successors, or create opportunities for successors to have access to and grasp their own knowledge. All these are specific behaviors of inheritance. Therefore, we propose.

H1: *The higher the willingness of predecessors to hand over, the more intergenerational knowledge inheritance behaviors.*

A case as an example: Zhang Zhijun, founder of Guizhou Bicheung Group, has three children. Zhang Pei, his only son, was born in 1977 and is now the executive chairman of Bicheung Group. After Zhang Pei graduated from university, although Zhang Zhijun let him join Bicheung Group several times, Zhang Pei lack of interest in the family business industry, in addition, he thought that two sisters can take over. Therefore, for a period of time, he did not pay attention to his father's advice, and was not willing to take the initiative to talk to his father about inheritance. It was not until 2002 that Zhang Pei understood his father's pains and realized his responsibility that he put himself into the management of the family business. According to Zhang Pei, at the beginning of his entry into the company, due to his lack of experience and unfamiliarity with the situation, he often encountered difficult problems. He would take the initiative to communicate with his father and listen to and respect his father's opinions. With his father's help, he quickly accumulated management experience in the company.

Family business, as a combination of family and business, not only takes the responsibility for the maximization of corporate profits and economic interests as its goal, but also has the goal of intergenerational development. For Chinese family enterprises, whether they can successfully pass on the business among members of different generations of the family often surpasses the goal of the business itself. It can be said that the existence of family business has double significance. Previous studies believe that the key to the cross-generation development of family businesses lies in the successful inheritance of power and position within the family, so that successors can truly master the family businesses and realize their will and behavior. In fact, the key to the cross-generation growth of family businesses lies not only in the successful transfer of power and position, but also in whether the successor can really inherit the entrepreneurial spirit of the founder, implement the entrepreneurial spirit in the enterprise and reflect it from the behavior in the daily work.

The lack of succession intention of incumbent entrepreneurs and the lack of practical succession training plan are the important reasons for the failure of enterprises to continue. Lacking trust and encouragement of successors, most second-generation successors choose not to inherit the family business and make other career choices (Parker, 2016).

In order to achieve the sustainable control of the family over the enterprise through the participation of family members, it is necessary to have offspring members with certain qualities who are interested in running the enterprise (Berenbeim, 1990). If a family member without willingness is forcibly selected to take over the succession, the progress of the succession process will not be smooth, and the satisfaction of family members on the succession process may be negatively affected to some extent (Shepherd & Zacharakis, 2000).

In 2010, the Research Group of the Family Business of the China Private Economic Research Association conducted a survey of 879 founders of family businesses over 50 years old. For the children's willingness to succeed, 31% of the founders believed that their children had no willingness to succeed, 35% of the founders believed that their children had willingness to succeed, and the rest believed that their children had willingness to succeed. It's not clear what will happen next. Statistics show that children's willingness to succeed is not as high as their parents hoped, which will bring some resistance to the inheritance of family business.

In China, "succession from father to son" is still the preferred succession mode for many domestic family enterprises (Han, Chen, & Ying, 2005). Under the background and regulation of the one-child policy in China, the range of succession options for family enterprises is greatly narrowed, and the inheritance dilemma is more prominent (Dou & Jia, 2007, 2008). Therefore, the succession intention of children will directly affect the success or failure of intergenerational entrepreneurship of family business. If the second generation of a family has a strong tendency of familism, he or she will pay more attention to the survival and honor of the family business, and the family goal is more important than the personal goal, and the intergenerational transmission of the business is regarded as the transmission of family responsibility, so it is obligatory and reasonable to accept the family business or re-start a business.

Several researchers pointed out that the higher the willingness of both sides in knowledge transfer, the stronger the initiative of their behaviors, and the more conducive to the smooth transfer of knowledge (Dou & Jia, 2007). The behavior of knowledge inheritance is the interaction between the knowledge transmitter and the receiver. In this process, only the

willingness to transfer is far from enough, and it is the same importance for the response from the knowledge receiver and these two processes can constitute a complete willingness to inherit together. Therefore, the successor's willingness to inherit is also indispensable. If only having the predecessor's willingness to hand over, but the willingness of the successor is not high, no matter how hard the predecessor works, the inheritance of knowledge is also very difficult. Conversely, if a successor is highly motivated, he will often be eager to receive the knowledge of his or her predecessor to help the business grow better. He or she will also look for opportunities to receive the predecessor's knowledge more actively, such as consulting, communicating and discussing enterprise development, knowledge inheritance issues with the predecessor, and participating in the business operation and management affairs more and more with the predecessor. In this process, he or she can also learn and consult with the predecessor. This interaction also invisibly increases the inheritance of knowledge for the enterprise growth. Hence, we propose the following hypothesis.

H2: *The higher the willingness of successors to inherit, the more intergenerational knowledge inheritance behaviors.*

A case as an example: After Zhang Pei entered Bicheung Group; he communicated with his father Zhang Zhijun many times and agreed with Zhang Zhijun's idea that family business needs to be transformed. In 2007, with the support of his father, Zhang Pei made the first transformation and adjustment of the company. He withdrew from some industries that were not suitable for the development of the company and made it clear that the pharmaceutical industry was the main industry. After the adjustment, the development direction of the company was more reasonable. In 2011, under the guidance of Zhang Zhijun, Zhang Pei carried out the second transformation of enterprise development, focusing on the rational planning of capital chain, cash flow and debt ratio. This transformation ensured the sound financial condition of the enterprise and laid a foundation for the healthy and stable operation.

Although there are a lot of studies on the inheritance of family businesses, they mainly focus on how the operation and management rights of enterprises are transferred between generations, but ignore the knowledge inheritance that enterprises must pay attention to improve their competitive advantages. However, there is an exception that Cabrera-Suarez,

Saa-Perez, and Almeida (2001) analyzed in the inheritance process, how the successor attains the key knowledge and skills from the predecessor from a resource- and knowledge-based view.

An important function of a family successor is to become the carrier of knowledge accumulation, sharing and transfer. In a family enterprise with the intention of inheritance, the successor often becomes the disseminator and sharer of knowledge, especially tacit knowledge. The sharing of tacit knowledge can improve the innovation ability of the successor and the core competence of the enterprise.

The success of family businesses depends on the transmission or transfer between generations of the unique elements that give them competitive advantages (Sharma, 2004). In reality, many family businesses decline and eventually disappear after inheritance, largely because the competitive advantages they have built up before are not well maintained, strengthened and continued in the process of inheritance.

Lambrecht (2005), through the case study of 10 family enterprise, puts forward that the continuity of family businesses between generations is a lifetime process, entrepreneurial family need to be completed in the process of the professional knowledge (product secrets and trading tips), management concept and characteristics of entrepreneurs (core is hard work, perseverance) and family spirit of enterprise to the next generation.

Lyu (2003) conducted a case study on the sustainable development of Ningbo Fotile Kitchen Ware Co., Ltd., which also shows that the founders of family enterprises attach great importance to the inheritance of family ideas and management ideas, and the succession of ideas is conducive to solving the shortage of management resources of family enterprises.

Some researchers found that there was a significant positive correlation between communication and knowledge transfer performance of both parties through empirical research on family businesses. Performance after knowledge transfer is generally measured by task performance and contextual performance. The intergenerational inheritance of knowledge is mainly about daily work and communication, both of which are conducive to the inheritance of knowledge. Therefore, the more communication between the two generations of entrepreneurs in the process of knowledge inheritance, the more helpful it will be for the

succeeding entrepreneurs to grasp, absorb and apply the predecessor's knowledge as soon as possible. The knowledge of these former entrepreneurs will help the inherited enterprises maintain their competitive advantages and even improve their performance. Therefore, we propose.

H3: *The more intergenerational knowledge inheritance behaviors, the better task performance or contextual performance of the enterprise.*

A case as an example: Henry Ford was the founder of Ford Motor Company and a great entrepreneur. When his son Edsel Ford was working in the family business, although he was the successor, Edsel always managed according to the will of old Ford and lived under his shadow because old Ford was extremely autocratic and had no strong inheritance intention and lacked effective knowledge inheritance behavior. In 1922, Edsel Ford, as the President of the company, acquired Lincoln Motor, led the development of Lincoln new model, and tried hard to launch the new model of Ford motor. But his behavior was strongly opposed by the old Ford, and even publicly humiliated. Edsel Ford was depressed and eventually died before he was 50, and Ford Motor went downhill.

The most critical issue of enterprise succession is the succession decision made by predecessor including how to transfer power, how to transfer knowledge, resources and how to make succession plans. But all this presupposes that the predecessor has the willingness to hand over. Only when his predecessor has the willingness to hand over, he will transmit all the "material" related to business operation to his successor through careful arrangements. The way to pass on to successors is through a series of inheritance behaviors, including knowledge inheritance. If a series of inheriting behaviors between two generations of entrepreneurs go well, the successor can obtain the knowledge and resources necessary for running the enterprise after inheriting, so as to ensure the performance of the enterprise after inheriting. On the contrary, if the predecessor's willingness to hand over is not strong enough, which is directly reflected by his/her unwillingness to help the successor inherit his/her own knowledge, so that the successor cannot get access to key resources, then it is conceivable that the performance of the enterprise after the inheritance will be affected. Therefore, we make the following assumption.

H4a: *Intergenerational knowledge inheritance behavior plays a mediating role in the relationship between the willingness of predecessors to hand over and task performance or contextual performance.*

A case as an example: Father old Zhang founded a large family enterprise that he has been hoping that his son Zhang will be able to inherit. After graduating from college, Zhang went to work in his family business. Although Zhang is smart, he likes to live a free life and does not want to lead a hard and stressful life as the successor. He has always said that he is not willing to succeed. Therefore, the father and his son often clash with each other. Old Zhang asked him what his son wanted to do, his son said that he wanted to open a gallery. Old Zhang gave his son 2 million yuan and told him to come back and take over the family business if the gallery didn't do well. As a result, Zhang's gallery failed, but he was not willing to go home to inherit his father's business. Now, Zhang is at a loss, and his business is limited to maintaining the status quo.

The inheritance of invisible knowledge among generations of entrepreneurs based on the perspective of knowledge view promotes the cultivation of successors' competence, strengthens their willingness to inherit in family business, and finally affects the successful inheritance of enterprises.

Cabrera-Suarez, Saa-Perez, and Almeida (2001) pointed out that in the family business, if the successor shows that overtly agree but covertly oppose something in the process of succession due to the lack of succession willingness, he/she is unwilling to learn or refuses to learn new knowledge from the previous entrepreneur, which is a big challenge faced by the family business. Successors are unwilling to receive knowledge and resources related to business management from former entrepreneurs due to lack of willingness to inherit. Under the premise that the successor has neither the willingness nor the corresponding knowledge, the impact of forced inheritance on enterprise performance can be imagined. Therefore, it is more necessary to strengthen the communication between the entrepreneurs of the two generations on a series of issues related to intergenerational inheritance, which is helpful to understand the reasons behind this phenomenon, and then make appropriate remedy for the situation, so as to provide an appropriate environment for the inheritance of intergenerational

knowledge. Good communication is conducive to promoting the trust between both sides in knowledge transfer and creating a good atmosphere for knowledge sharing (Liu, 2017). Therefore, we make the following hypothesis.

H4b: *Intergenerational knowledge inheritance behavior plays a mediating role in the relationship between the willingness of successors to inherit and task performance or contextual performance.*

A case as an example: Zeng Xianzi, founder of Hong Kong Goldlion group, has three sons, after years of training and observation, he finally chose his third son, Zeng Zhiming, as his successor. The eldest son Zeng Zhimou is interested in technology, honest, not good at business things; Zeng Zhixiong, the second son, has a business mind but tends to go his own way, starting his own company in 2002 and listing it in the United States. Zeng Zhiming, the third son, is optimistic, outgoing and approachable. He is good at dealing with complex business affairs. He has won a good reputation in the group over the years and has good communication and interaction with his father Zeng Xianzi.

Customers and suppliers are often used to communicate with current business owners and establish a trust relationship, while they are skeptical of potential successors and even stop or change the business relationship of family businesses (Massis, Chua, & Chrisman, 2008). Inheritance is not a simple transfer of power, and social capital such as the social connections of first-generation entrepreneurs is generally difficult to inherit. In the process of inheritance, the social capital of the predecessor is likely to flow into the society and even disappear. While after the successor inherits the enterprise, the lack of social capital hinders its acquisition of social legitimacy, and the development of the enterprise is likely to be turbulent (Cruz & Nordqvist, 2010).

Predecessor's willingness to hand over plays an important role in intergenerational knowledge inheritance. Only when predecessor has the willingness to hand over, it is possible to promote a series of behaviors of intergenerational inheritance. But how can predecessors have the willingness to hand over? The first is that the successor has the willingness to inherit the family business, and the second is that the successor has the ability to inherit the family business, both of which are indispensable. If the successor does not have the ability that the

predecessor valued, the predecessor will not rush to promote the succession. In addition to relevant professional skills, the successor should also be able to inherit all kinds of knowledge beneficial to the future development of the enterprise from the predecessor. This knowledge can range from management skills to values to social networks. Some can be learned, while others need to be acquired invisibly through communication with their predecessors. In particular, knowledge of social networks, business know-how and other aspects requires the successors to have excellent interpersonal skills and the ability to grasp knowledge. Political skill is the ability to assimilate those skills. The successor who possesses this skill naturally has a positive effect on the willingness of the predecessor and inheritance behaviors. Therefore, we propose the following hypothesis.

H5a: Political skills of successors play a moderating role between the willingness of predecessors to hand over and the intergenerational knowledge inheritance, the higher the political skill of the successor, the stronger the positive relationship between the willingness of the predecessor to hand over and the intergenerational knowledge inheritance.

A case as an example: Guizhou Bicheung Group has encountered differences and difficulties in the process of enterprise inheritance. For example, friction between old and new employees often occurs in the process of family business inheritance, which is usually difficult to solve and often causes inter-generational conflicts. At that time, son Zhang Pei always took the initiative to communicate with his father Zhang Zhijun, respecting his father's ideas and suggestions. According to the actual situation of the company, he carefully analyzed and dealt with the problem, and the result was very smooth. Zhang Zhijun was satisfied with his son's way and the result. Under Zhang Zhijun's conscious arrangement, Bicheung Group successfully completed the inheritance.

Some characteristics of the successor level can significantly affect the probability of successful succession, such as the successor's organizational commitment, mastery of the core assets and skills of the family business, education level, preparation for leadership roles, ability to manage relations, decision-making ability. (Goldberg, 1996; Sharma & Irving, 2005).

Predecessors lack confidence in the tacit knowledge of their successors, and they tend to

treat their successors as potential competitors, which is not conducive to the active inheritance of knowledge to successors. But politically skilled successors have a keen sense of the environment and can adjust their strategies and behaviors in response to changes around them. Precisely because of their accurate judgment and ability to correctly interpret the behaviors of others, they are good at capturing the psychology of others and meeting their needs in the process of communicating with others. This social skills make them have a wide range of networks, in order to consolidate or improve the status and reputation in the network, successors take the initiative to participate in the business operation, start from the grass-roots level, and can get the position promotion through their own efforts, so as to enhance the willingness of succession., at the same time, successors can consult the former related management problems.

If that political skill of the successor is superior, then there will be more confidence of the predecessor, the greater willingness of the predecessor to transmit knowledge. The successor can master the successful experience and skills of the predecessor through the precept and example of the predecessor, deeply understand the family business, effectively promote the inheritance of tacit knowledge between the predecessor and the successor, and increase the success probability of the intergenerational inheritance.

Thus, a successor with political skills can increase his or her own willingness to inherit and thus more actively acquire experience and knowledge from his or her predecessor. At the same time, it can gain the trust of the predecessor, who is more willing to transmit knowledge to the successor. We propose the following hypothesis.

H5b: Political skills of successors play a moderating role between the willingness of successors to inherit and the intergenerational knowledge inheritance, the higher the political skill of the successor, the stronger the positive relationship between the willingness of successors to inherit and the intergenerational knowledge inheritance.

Chapter 4: Research Design

This study adopts the Chinese and international mature scales to measure the key variables and design the questionnaire. Through the Chinese online survey platform “Wen Juan Xing”, snowball survey method was employed to ask the respondents in the family enterprises who were contacted with the help of the social network of the author or friends.

These respondents are the predecessors or successors, or work in the family enterprises who know the family situation very well. After one month feedback, 159 pieces of valid questionnaires after eliminating those invalid questionnaires were finally obtained, which provides good data support for the hypothesis verification of this study.

4.1 Basic information of the respondents

An online questionnaire survey was conducted among 159 enterprises located in the following provinces, such as Anhui, Beijing, Fujian, Gansu, Guangdong, Guangxi, Guizhou, Hebei, Henan, Heilongjiang, Hubei, Hunan, Jiangsu, Jiangxi, Inner Mongolia, Qinghai, Shandong, Shanghai, Sichuan, Yunnan, Zhejiang and Chongqing.

We employed SPSS 22.0 statistical analysis software to conduct descriptive analysis on the sampling data, the detailed information of former entrepreneur, successor entrepreneurs and companies is as follows.

As shown in Table 4-1, in our sampling pool, most of the predecessor entrepreneurs were men (90.6%), aged from 41 to 70 years old, with a relatively uniform distribution of educational qualifications, and all of them had worked in enterprises for a long time. The predecessor entrepreneurs are mostly in good health condition (91.2%).

More than half of the predecessor entrepreneurs are still working in family enterprises, and 25.2% still have the positions in governmental departments or industrial associations which indicate their important social network or social capital.

Table 4-1 Description of predecessor entrepreneurs

Items	category	Sample size	Percentage
Gender	Male	144	90.6
	Female	15	9.4
Age	18-30	7	4.4
	31-40	9	5.7
	41-50	33	20.8
	51-60	59	37.1
	61-70	43	27.0
	Over 70	8	5.0
Education	Below high school	28	17.6
	high school	37	23.3
	Junior College	31	19.5
	Undergraduate	43	27.0
	Graduate and above	20	12.6
Working years	1-10 years	27	17.0
	11-20 years	88	55.3
	21-30 years	27	17.0
	31-40 years	15	9.4
	41-60 years	2	1.3
Health	good	91	57.2
	general	54	34.0
	A little bad	7	4.4
	Worse	7	4.4
Are you currently employed in the enterprise	Yes	82	51.6
	No	77	48.4
Are you currently serving in government departments or trade associations?	Yes	40	25.2
	No	119	74.8

As shown in Table 4-2, most of the successor entrepreneurs are men (82.4%), and 89.3% are entrepreneurs who aged between 18 and 40 years old. The educational degree level of the successor entrepreneurs is relatively high, comparing with the predecessors. 35.8% of successor entrepreneurs have overseas study experience which is corresponding to the practical situation that predecessors emphasize on the cultivation of next generation.

And 15.7% of successor entrepreneurs have the positions in governmental departments or industrial associations and the proposition is less than their predecessors, however it also means that they have inherited their predecessors' social legacy to some extent. The vast majority of successors are relatives to their predecessors (92.5%).

Table 4-2 Description of successor entrepreneurs

Items	category	Sample size	Percentage
Gender	Male	131	82.4
	Female	28	17.6
Age	18-30	72	45.3
	31-40	70	44.0
	41-50	15	9.4
	Over 50	2	1.3
Education	Domestic Junior	17	10.7
	College and below		
	Domestic undergraduate	46	28.9
	Domestic graduate	21	13.2
	domestic doctor	4	2.5
	Overseas undergraduate	18	11.3
	Overseas graduate	36	22.6
	Overseas doctor	3	1.9
	others	14	8.8
Are you currently serving in government departments or trade associations?	Yes	25	15.7
	No	134	84.3
Relationship between predecessor and successor entrepreneurs	Relatives	147	92.5
	Non relatives	12	7.5

As shown in Table 4-3, the surveyed sample of 159 companies involved the industries such as agriculture (5%), manufacturing (26.4%), transportation (3.1%), construction (16.4%), wholesale and retail (3.1%) (7.5%), textile and garment industry, real estate industry (12.6%), accommodation and catering industry (5%), residents service and other services (4.4%), education (1.9%). This information also reflects the industrial diversity of Chinese family business.

4.2 Questionnaire design

The questionnaire for this study is mainly divided into two parts: variable measurement and demographic information measurement.

The first part of the questionnaire measures the six key variables involved in this study:

i.e., predecessor's willingness to hand over, successor's willingness to inherit, intergenerational knowledge inheritance behavior, successor's political skills, task performance and contextual performance. All the six scales adopt Chinese and foreign mature scales and Likert's five-point scoring method.

Table 4-3 Company information

items	category	Sample size	percentage
Company industry	agriculture	8	5.0
	manufacturing	42	26.4
	Transportation	5	3.1
	Construction (including building materials industry)	26	16.4
	Wholesale and retail	12	7.5
	Textile and garment	5	3.1
	Real estate	20	12.6
	Accommodation and catering	8	5.0
	Residential services and other services	7	4.4
	education	3	1.9
	others	23	14.5

The second part measures the basic demographic information of the predecessor and successor as well as the information of the company, including: the predecessor's gender, age, educational background, physical condition, years of working experience, whether the predecessor works in the family enterprise, whether the predecessor works in a governmental department or industrial association; The gender, age, educational background of the successor, whether he/she works in the family enterprise, whether he/she works in a governmental department or an industrial association; Relationship between successor and predecessor; Years of establishment of the company, the province where the company is located in.

(1) Willingness of the predecessors to hand over

The scales that Wiklund (2013) and Shepherd (2000) developed were used to measure the willingness to inherit of predecessors. The scale is composed of 5 measurement items and adopts 5-point Likert scale, in which 1 represents "totally disagree" and 5 represents "totally agree". Higher score means higher inheritance intention of predecessors. See Table 4-4 for

details.

Table 4-4 Predecessor’s willingness to hand over

variable	items
Predecessor’s willingness to hand over	Former entrepreneur hoped that the younger generation could join the enterprise very much
	Former entrepreneur hoped that the successor was interested in participating in the company’s business activities.
	Former entrepreneur helped the successor to adapt to the business environment as soon as possible
	Former entrepreneur had no reservations about the transfer of knowledge and experience.
	Former entrepreneur instilled corporate management ideology into their successors through their daily work.

(2) Willingness of the successor to inherit

The successor’s succession intention scale was measured with the scale developed by Sharma, Chrisman, and chua (2003), Dou and Jia (2007). The scale is composed of five measurement items and adopts a 5-point Likert scale, in which 1 represents "totally disagree" and 5 represents "totally agree". A higher score means a higher willingness for successors to inherit. See Table 4-5 for details.

Table 4-5 Successor’s willingness to inherit

variable	items
Successor’s willingness to inherit	Successors will sum up their experience in their work
	The successor is willing to follow the former entrepreneurs to attend business activities
	Successor will practice the entrepreneur’s working methods as much as possible.
	The successor was willing to study hard for inheriting the company as a family cause.
	Successor constantly thought about and summarized working methods.
	The successor humbly observed how the seniors managed the business.

(3) Political Skills of Successor Entrepreneurs

Political Skills of successor entrepreneurs was measured with the scale developed by

Ferris. The scale includes four dimensions: social astuteness, interpersonal influence, networking ability and apparent sincerity.

The four dimensions are measured with 5, 4, 6 and 3 items respectively. The scale uses the Likert 5-point scale, in which 1 represents "total disagreement" and 5 represents "total agreement". The higher the score is, the higher the political skills of successor entrepreneurs. See Table 4-6 for details.

Table 4-6 Political skill scale for successor

dimensions	items
Social astuteness (SA)	<ol style="list-style-type: none"> 1. Successor understands people very well. 2. Successor is particularly good at sensing others' motivations and hidden intentions. 3. Successor pays close attention to people's facial expressions. 4. Successor has good intuition or savvy about how to present himself/herself to others 5. Successor always seems to instinctively know the right things to say or do to influence others.
Interpersonal influence (II)	<ol style="list-style-type: none"> 1. Successor is able to make most people feel comfortable and at ease around him/her. 2. Successor is able to communicate easily and effectively with others. 3. It is easy for successor to develop good rapport with most people. 4. Successor is good at getting people to like him/her.
Networking ability (NA)	<ol style="list-style-type: none"> 1. Successor spends a lot of time and effort at building network with others. 2. Successor is good at building relationships with influential people at work. 3. Successor can call on support from the large network of colleagues and associates at work he/she developed when he/she really needs to get things done. 4. At work, successor knows a lot of important people and they are well connected. 5. Successor spends a lot of time at work developing connections with others. 6. Successor is good at using the connections and network to make things resolved at work.
Apparent sincerity (AS)	<ol style="list-style-type: none"> 1. When communicating with others, successor tries to be genuine in what they say and do 2. It is important that people believe successor is sincere in what they say and do. 3. Successor tries to show a genuine interest in other people.

(4) Intergenerational knowledge inheritance behavior

The measurement of intergenerational knowledge inheritance behavior consists of two dimensions: joint work and continuous communication. We adopted relevant items in studies of Dou and Jia (2008) to measure joint work and continuous communication respectively.

The scale is composed of 11 items. The Likert 5-point scale is used, of which 1 represents "total disagreement" and 5 represents "total agreement". The higher the score is, then the more intergenerational knowledge inheritance behavior. See Table 4-7 for details.

Table 4-7 Intergenerational knowledge inheritance behavior

Dimensions	items
Work together	1. Successor works as the company's intentional heir in the family business.
	2. Former entrepreneur often takes successor out for business trips.
	3. Former entrepreneurs and successor often have the opportunity to participate in a task or project
	4. Former entrepreneur has a good understanding of the way successor works and handles affairs
	5. Successor is the right assistant of former entrepreneur in the work
	6. Former entrepreneur and successor are close partners in the work
Continuous communication	1. In life, former entrepreneur and successor often chat on various topics.
	2. In communication, successor often expresses strong values (such as expressing opinions on certain phenomena or things).
	3. Former entrepreneur and successor always exchange opinions in a good atmosphere.
	4. Even if the two generations have different views and a dispute of opinions when they communicate, but which does not hinder the next communication between the two sides.
	5. Successor believes that the communication between former entrepreneur and him/her can benefit both parties.

(5) Contextual performance

Contextual performance was measured using a scale developed by Borman and Motowidlo. The scale is composed of 8 measurement items and adopts 5-point Likert scale, in which 1 represents "totally disagree" and 5 represents "totally agree". Higher score means higher contextual performance. See Table 4-8 for details.

(6) Task performance

The measurement of task performance is based on the scale developed by Vankatraman

and Ramanu, Ancona and Caldwell, and Zhang (2004). The scale consists of five measurement items, using the Likert 5-point scale, where 1 stands for “completely disagree” and 5 stands for “completely agree”. A higher score means higher task performance. See Table 4-9 for details.

Table 4-8 Contextual performance

variable	items
Contextual performance	Employees’ responsibility is increased compared with before
	The enthusiasm of employees is higher than before.
	Employees’ compliance with the work regulations is better than before
	Employees’ loyalty to the company is higher than before
	The internal team cooperation atmosphere is stronger than before
	Internal communication within the company is smoother than before
	The links between various departments in the company are closer than before.
	Enterprise relationship network is more stable than before

Table 4-9 Task performance

variable	item
Task performance	Profitability is rising steadily
	Operating income continues to increase
	Competitiveness is increased to some extent
	Strategic goals are accelerated to achieve
	Market share is expanded

(7) Control variables

Since the dependent variables of this study are contextual performance and task performance, the establishment years and size of enterprises that may have an impact on performance will be taken as the control variables in this study. The year of the enterprise is obtained by subtracting the year when the company was founded from the year of investigation (measured in terms of "year").

4.3 Reliability and validity analysis and common method deviation test

This study tested the reliability and validity of the questionnaire through SPSS 22.0 and Mplus 7.0. Cronbach Alpha internal consistency coefficient was used as the scale reliability index in the reliability analysis. In the validity analysis, the confirmatory factor analysis was

used to verify the structural validity of each variable.

4.3.1 Reliability analysis

Reliability is the reliability of measurement. It refers to the consistency of the results obtained by repeated measurement of the same object using the same method. In this study, Cronbach Alpha internal consistency coefficient was used as an indicator of the reliability of the scale and SPSS 22.0 was used for analysis. The Cronbach Alpha of each variable is shown in Table 4-10.

Table 4-10 Cronbach Alpha of key variables

variables	Item number	Cronbach Alpha
Predecessor’s willingness to hand over	5	0.839
Successor’s willingness to inherit	5	0.833
Political Skills of Successor Entrepreneurs	18	0.936
Intergenerational knowledge inheritance behavior	11	0.905
Contextual performance	8	0.947
Task performance	5	0.935

As can be seen from the above table, the scales used in this study have high reliability which is more than 0.7 the threshold value.

4.3.2 Validity Analysis

Validity, that is the effectiveness of measurement, refers to the degree to which a measurement tool or means can accurately measure the things or contents that need to be measured. This study used confirmatory factor analysis in the structural equation model to test the structural validity of the questionnaire and implemented it with Mplus 7.0 software. In this study, five indexes including χ^2 , RMSEA, CFI, TLI and SRMR were used to evaluate the fitting degree of the model. The specific analysis results are shown in Table 4-11.

4.3.3 Common method deviation test

The data in this study are obtained by the respondents who fill in questionnaires at the same time, so there may be the problem of common method deviation.

Table 4-11 Fitting Index of Confirmatory Factor Analysis

index	χ^2	RMSEA	CFI	TLI	SRMR
numerical value	2977.656***	0.089	0.745	0.731	0.066

Note: *** p<0.001

According to Podsakoff's (2003) suggestion, this study reduces the common method bias through two ways. First, the introduction part of the questionnaire clearly promises to the respondents that all the survey data will be used for research purposes only and will be kept strictly confidential. The setting of introductory remarks can alleviate the worries of the respondents, so as to get real answers and reduce deviations. At the same time, the terminology of the questionnaire is concise and clear, so as to avoid ambiguity for their answering.

Table 4-12 Harman single factor test for common method bias

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Cyclic Sums of Squared Loadings		
	total	% of variance	Cumulative %	total	% of variance	Cumulative %	total	% of variance	cumulative %
1	20.042	37.816	37.816	20.042	37.816	37.816	8.583	16.195	16.195
2	3.655	6.895	44.711	3.655	6.895	44.711	5.126	9.671	25.866
3	3.193	6.025	50.736	3.193	6.025	50.736	5.090	9.604	35.470
4	2.377	4.485	55.221	2.377	4.485	55.221	4.932	9.306	44.776
5	2.005	3.784	59.004	2.005	3.784	59.004	3.709	6.998	51.773
6	1.631	3.077	62.082	1.631	3.077	62.082	2.752	5.193	56.966
7	1.419	2.677	64.759	1.419	2.677	64.759	2.422	4.570	61.536
8	1.308	2.468	67.227	1.308	2.468	67.227	2.323	4.383	65.919
9	1.182	2.230	69.457	1.182	2.230	69.457	1.567	2.957	68.876
10	1.109	2.093	71.549	1.109	2.093	71.549	1.417	2.674	71.549
11	.996	1.879	73.429						
12	.908	1.714	75.143						

As shown in the table above, the maximum variation of the first factor was 37.816%,

which did not exceed 40% (the recommended value). Therefore, it means there is no serious common method bias in this study.

4.4 Data Analysis and Hypothesis Testing

4.4.1 Correlation Analysis

Table 4-13 Descriptive statistics of variables and correlation analysis

	A	B	C	D	E	F	G	H
C	4.02	0.66	1					
D	3.72	0.63	.439**	1				
E	3.71	0.51	.347**	.668**	1			
F	3.73	0.55	.343**	.464**	.590**	1		
G	3.62	0.60	.190*	.558**	.682**	.637**	1	
H	3.62	0.63	.231**	.528**	.593**	.559**	.792**	1

Note: *p<0.1, **p<0.01.

Remarks :

A: Average Value

B: Standard Deviation

C: Predecessor's willingness to hand over

D: Successor's willingness to inherit

E: Political Skills of Successor Entrepreneurs

F: Intergenerational Knowledge Inheritance Behavior

G: Contextual Performance

H: Task Performance

The mean, standard deviation of each variable and their correlation coefficients are shown in Table 4-13. It can be seen from the analysis results of descriptive statistics, among the six variables, the former entrepreneurs had the highest mean of inheritance intention (4.02), and the lowest mean of contextual performance and task performance (3.62).

Among them, the correlation between former inheritance intention and contextual performance was the lowest (0.190), while the correlation between contextual performance and task performance was the highest (0.792). The correlation analysis of latent variables shows that there is a significant positive correlation between succession intention ($r = 0.343$, $P < 0.01$) and succession willingness ($r = 0.464$, $P < 0.01$) before intergenerational knowledge inheritance behavior.

There was a significant positive correlation between intergenerational knowledge inheritance behavior and contextual performance ($r = 0.637, P < 0.01$) and task performance ($r = 0.792, P < 0.01$). The results of the above correlation analysis preliminarily support the hypothesis of this study and provide preliminary evidence for the following analysis.

The above correlation analysis can only preliminarily reveal whether there is a relationship between variables, but it cannot describe the causal relationship between variables and the influencing mechanism of. In order to further test the previous research hypotheses, the next step is to conduct further structural equation model analysis.

4.4.2 Hypothesis Testing

On the basis of descriptive statistics and correlation analysis of variables, this section will make a regression analysis of the research hypotheses.

(1) The regression test of predecessor's willingness to hand over and successor's willingness to inherit on intergenerational knowledge inheritance behavior.

This study first explores the influence of predecessor's willingness to hand over and successor's willingness to inherit on intergenerational knowledge inheritance behavior. The predecessor's willingness to hand over and successor's willingness to inherit are the explanatory variables, and the intergenerational knowledge inheritance behavior is the explanatory variable. At the same time, the influence of the company's establishment years is controlled to verify the effect of the first half of the model.

The results of regression analysis are shown in Table 4-14. As can be seen from the table below, R^2 of model 2 increases from 0.023 to 0.243, and Delta R^2 is 0.220, which indicates that the independent variable has a good explanatory power to the intermediate variable. Further regression analysis and significant analysis showed that the predecessor's willingness to hand over could significantly provide intergenerational knowledge inheritance behavior ($\beta = 0.175, P < 0.05$). At the same time, successor's willingness to inherit could also significantly improve intergenerational knowledge inheritance behavior ($\beta = 0.0374, P < 0.001$).

Therefore, hypothesis 1 that The higher the willingness of predecessors to hand over, the

more intergenerational knowledge inheritance behavior, and hypothesis 2 that the higher the willingness of successor to inherit, the more intergenerational knowledge inheritance behavior have been supported.

Table 4-14 Regression of predecessor's willingness to hand over and successor's willingness to inherit on intergenerational knowledge inheritance behavior

Variables	Intergenerational Knowledge Inheritance Behavior					
	Model 1			Model 2		
	Beta	t value	p value	Beta	t value	p value
Control Variables						
Establishment Years of the company	-0.151	-1.910	0.058			
Independent Variables						
Willingness of the predecessors to hand over				0.175*	2.253	0.026
Willingness of the successors to inherit				0.374***	4.714	0.000
R ²		0.023			0.243	
R ² adjust		0.016			0.229	
ΔR ²		0.023			0.220	
Sig. (F)		0.058			0.000	

Notes : *p<0.05; **p<0.01; ***p<0.001

(2) Regression Test of Intergenerational Knowledge Inheritance Behavior on Contextual Performance and Task Performance

This study then explores the effects of intergenerational knowledge inheritance behavior on contextual performance and task performance. Intergenerational knowledge inheritance behavior is taken as explanatory variable, contextual performance and task performance as explanatory variable, and the company's establishment period is controlled, and the second half of the model is tested.

The regression results are shown in the Table 4-15. Model 3 and model 5 only put in control variables, and model 4 and Model 6 put in intergenerational knowledge behavior on the basis of model 4 and Model 6 to explore the influence of intermediary variables on

outcome variables, namely contextual performance and task performance. It can be seen from the table that R2 of model 4 and Model 6 is higher than that of model 5 and model 6, and Delta R2 is 0.382 and 0.301, respectively.

Further regression analysis shows that intergenerational knowledge inheritance behavior has a significant impact on contextual performance and task performance. Therefore, it is assumed that the more knowledge inheritance behavior among three generations, the better task performance/contextual performance will be supported.

Table 4-15 Regression Test of Intergenerational Knowledge Inheritance Behavior on Contextual

Performance and Task Performance				
Variables	Contextual Performance		Task Performance	
	Model 3	Model 4	Model 5	Model 6
Control Variables				
-1.910	-0.172*	-0.078	-0.108	-0.025
Intervening Variables				
Intergenerational Knowledge Inheritance Behavior		0.625***		0.555***
R ²	0.030	0.412	0.012	0.313
R ² adjust	0.023	0.404	0.005	0.304
ΔR ²	0.030	0.382	0.012	0.301
Sig. (F)	0.030	0.000	0.174	0.000

Notes : *p<0.05; **p<0.01; ***p<0.001

(3) Regression test of the mediating role of intergenerational knowledge inheritance behavior

This study then discusses the mediating role of intergenerational knowledge inheritance behavior between predecessor's willingness to hand over / successor's willingness to inherit and contextual performance/task performance.

On the basis of controlling variables, independent variables and intermediary variables are put in order to discuss the intermediary role of intergenerational knowledge inheritance behavior. Model 7 and model 10 only added control variables, model 8 and model 11 added independent variables, model 9 and Model 12 then added intermediary variables, R2 also increased from 0.030 and 0.012 to 0.513 and 0.409, respectively.

From the regression results of model 9 and model 12, it can be seen that the mediating effect of intergenerational knowledge behavior between independent variables and dependent variables is supported. See Table 4-16 for details.

Table 4-16 Regression test of the mediating role of intergenerational knowledge inheritance behavior

Variables	Contextual Performance			Task Performance		
	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Control Variables						
Years of incorporation of the company	-0.172*	-0.061	-0.028	-0.108	-0.003	0.024
Independent Variables						
Predecessor's willingness to hand over		-0.066	-0.155*		-0.002	-0.074
Successor's willingness to inherit		0.072***	0.385***		0.528***	0.373***
Intervening Variables						
Intergenerational Knowledge Inheritance Behavior			0.507***			0.415***
R ²	0.030	0.319	0.513	0.012	0.279	0.409
R ² adjust	0.023	0.306	0.501	0.005	0.265	0.393
ΔR ²	0.030	0.289	0.182	0.012	0.267	0.130
Sig. (F)	0.030	0.000	0.000	0.174	0.000	0.000

Notes : *p<0.05; **p<0.01; ***p<0.001

In order to make the test of mediation effect more robust, BOOTSTRAP method was used to further test the mediation effect in this study. The test results are in Table 4-17.

When BOOTSTRAP was set to 5000 times, the upper and lower limits of the 95% confidence interval were shown in the above table. As can be seen from the above table, 95% confidence intervals do not contain 0 significantly, so the intergenerational knowledge inheritance behavior has a significant mediating effect between independent variables and dependent variables. Therefore, hypothesis 4a and 4b are supported.

(4) Regression test of the moderating effect of political skills of successor entrepreneurs

Finally, this study discusses the moderating role of political skills of successor entrepreneurs. Considering the possible impact of different dimensions or measurement scales among variables, this study constructs the adjusting items of independent variables and adjusting variables after standardizing the predecessor’s willingness to hand over, successor’s willingness to inherit and political skills of successor entrepreneurs.

Table 4-17 Bootstrap test of mediating effect

	Estimate	BootLLCI	BootULCI
predecessor’s willingness to hand over - Intergenerational Knowledge Inheritance Behavior -Contextual Performance	0.080	0.000	0.180
predecessor’s willingness to hand over - Intergenerational Knowledge Inheritance Behavior - Task Performance	0.188	0.105	0.317
successor’s willingness to inherit - Intergenerational Knowledge Inheritance Behavior - Contextual Performance	0.069	0.002	0.161
successor’s willingness to inherit - Intergenerational Knowledge Inheritance Behavior- Task Performance	0.161	0.085	0.280

Only control variables were added to model 13, independent variables and mediating variables were added to model 14, and moderators were added to model 15 on the basis of model 14.

As shown in the following table, R2 increased from 0.023 to 0.379 with the addition of independent variables and moderators, and from 0.379 to 0.392 with the addition of moderators on the basis of independent variables and moderators. Further analysis of the regression results shows in Table 4-18.

Considering that the model is the mediation model regulated in the first half, this study further tests the mediation regulated by BOOTSTRAP method. After 5,000 BOOTSTRAP sessions, the results of the mediation effects were as follows.

From Table 4-19, we can see that the moderating effects of political skills of successor entrepreneurs are significant due to the range between BootLLCI and BootULCI doesn’t include zero. And the positive moderating effects indicate that the Hypotheses H5a and H5b

are verified further.

Table 4-18 Regression test of the moderating effect of political skills of successor entrepreneurs

Variable	Intergenerational Knowledge Inheritance Behavior		
	Model 13	Model 14	Model 15
Control Variables			
Years of incorporation of the company	-0.151	-0.080	-0.086
independent variables			
predecessor's willingness to hand over		0.143*	0.126
successor's willingness to inherit		0.054	0.092
Moderator variable			
Political Skill Item Pool for successor		0.496***	0.480***
Adjustment item			
predecessor's willingness to hand over* Political Skill Item Pool for successor			0.505**
successor's willingness to inherit			0.619**
*Political Skill Item Pool for successor			
R ²	0.023	0.379	0.392
R ² adjust	0.016	0.363	0.368
ΔR ²	0.023	0.356	0.036
Sig. (F)	0.058	0.000	0.000

Notes : *p<0.05; **p<0.01; ***p<0.001

Table 4-19 Bootstrap test of the moderating effect

The relationship regulated by the political skills of successor entrepreneurs	Estimate	BootLLCI	BootULCI
predecessor's willingness to hand over - Intergenerational Knowledge Inheritance Behavior -Contextual Performance	0.008	0.049	0.105
predecessor's willingness to hand over - Intergenerational Knowledge Inheritance Behavior - Task Performance	0.007	0.044	0.098
successor's willingness to inherit - Intergenerational Knowledge Inheritance Behavior - Contextual Performance	0.038	0.022	0.109
successor's willingness to inherit - Intergenerational Knowledge Inheritance Behavior- Task Performance	0.036	0.021	0.106

Chapter5: Case Study on Chinese Family Business

Multiple research methods are more and more emphasized and applied in present management studies. Here in terms of the preceding empirical analysis, case study is employed to re-analyze the above-mentioned and demonstrated theoretical framework, which can to some extent enhance the robustness and generalization of the theoretical model.

5.1 Case study on the inheritance in Fotile Group

Mao Lixiang, founder of Zhejiang Fotile group, attaches great importance to the succession of family businesses, and his succession to his son Mao Zhongqun is a model of the intergenerational succession of family businesses in China.

Born in 1941, Mao Lixiang founded the Cixi Radio Ninth Factory in 1985 and began his own entrepreneurial career. In 1986, Mao Lixiang developed the first electronic firearm for gas stoves in China. After technical improvement, the electronic lighter was upgraded to an electronic fire gun. It quickly opened up the market and once achieved world first in production and sales.

With the expansion of the company's scale, Mao Lixiang established the Flying Group. However, after 1994, his products were heavily imitated, and the price of the igniter was once reduced from 1.2 US dollars to 0.3 US dollars. The company was in a state of loss and encountered a major crisis of development. At that time, the company had nearly 1,000 employees. Mao Lixiang realized that if it does not change, the company will fail.

In the moment of crisis, Mao Lixiang took the thinking of the transformation of the enterprise, and also began the inheritance work of the family business. At that time, Mao Lixiang, the son of Mao Lixiang, just graduated from Shanghai Jiaotong University and is preparing to go to the United States to study for a doctor. Mao Lixiang tried to persuade Mao Zhongqun to enter the family business. After careful consideration, Mao Zhongqun finally

gave up the idea of going abroad to study for a doctor and stayed with his father.

Looking back, although the enterprise was in the bottleneck of development at the time, because Mao Lixiang had a strong willingness to inherit, Mao Zhongqun had a strong desire to continue, and ensured that the inheritance of the enterprise began under this special situation. Mao Lixiang called it that father and son started the second business together.

From the perspective of knowledge inheritance, Mao Lixiang has always had a strong willingness to inherit the enterprise (willingness to inherit). (a) When the child is young, he often tells them his own struggle story and let the child know the hard work of his father's struggle. At the same time, he told the children that he would like to set up a Mao Group in the future and continue to inherit as a family business in order to set goals for the children. (b) Although Mao Lixiang hopes that Mao Zhongqun will work in a family business, when he sees Mao Zhongqun's inner contradictions, Mao Lixiang asks his son to make his own decisions and leave plenty of time to think. When Mao Lixiang raised the hope that Mao Zhongqun would return to work in the enterprise, Mao Zhongqun did not immediately express his position, but went to the company to observe and think for a few months before finally making a decision. (c) Mao Lixiang fully trusts and respects his son Mao Zhongqun and satisfies his son's three conditions for staying. Mao Zhongqun eventually decided to stay, but after a preliminary investigation of the enterprise and careful consideration of himself, he put forward three conditions: first, not to develop ignition guns, to develop new products; second, to move the site to the urban development zone; third, not to use the old staff, to re-recruit talents. For the enterprises at that time, these three conditions were all great leaps and bounds, and it might be difficult for ordinary entrepreneurs to accept any of them. However, Mao Lixiang actually agreed with all of them. Years later, Mao Lixiang explained his behavior in this way. *He believed that as a chairman and a father, he must be open-minded, open-minded, determined to hand over his work, and must be bold, resolute and thorough in order to train his children (willingness to inherit).* Later, when Mao Zhongqun commented on his father, he said that his father was very open-minded and fully agreed to his three requests.

Mao Zhongqun also has a strong willingness to succession (willingness to inherit). (a) Mao Lixiang taught by precept and example to children since childhood. Under the influence of long-term subtle influence, Mao Zhongqun accepted the father's dream of "creating a Mao Group" since he was a child, and regarded the family business as a part of his own business. (b) Mao Zhongqun is interested in business management and has certain theoretical understanding and knowledge preparation for business management. When he recalled the reasons for his decision to stay, he said that the pressure to stay in the company is indeed quite large. On the other hand, it would take three or four years to study for a Ph.D. After graduation, you will miss a good time. He feels that he still stays better. His father, Mao Lixiang, has laid the foundation for him, and the probability of success will be relatively large. (c) Unable to give up the blood relationship as a natural bond, inspiring him to worry about his parents. During the months of the company's inspection, Mao Zhongqun saw his parents getting up early every day and busy in the workshop every day. In the situation of enterprise distress, he finally decided to stay and work to help the company tide over the difficulties and share parents' worries.

After Mao Zhongqun went to work in the family business, his father and son began the process of succession, which is also the second time to start a business. Mao Lixiang summed up the inheritance process in three three-years. ***The inheritance process of Fotile group is also the second entrepreneurship process and transformation process, in which knowledge inheritance plays a key role.***

From 1996 to 1998, this was the first stage of inheritance, and Mao Lixiang called it "***three years of carrying***". Mao Lixiang is the chairman of Fotile Group and has the highest decision-making power and management rights. Mao Zhongqun is the general manager of the company. In this stage of inheritance, Mao Lixiang is still the main decision maker, ***playing the role of teacher (knowledge inheritance behavior)***, Mao Zhongqun is giving advice, and is responsible for specific product development, playing the role of students. ***Judging from the inheritance behavior, Mao Lixiang and Mao Zhongqun work together and continue to communicate (knowledge inheritance behavior)***.

It is precisely because of the continuous exchanges and interactions that they can solve

the differences in understanding caused by differences in academic qualifications and experience, and make the most reasonable decisions. (a) *Mao Lixiang strives to pass on relevant knowledge and experience to his son and cultivate his management experience and skills (knowledge inheritance behavior)*. For example, at the beginning of the entrepreneurship in 1986, Mao Lixiang used the Spring Festival to engage in literary evenings. He found that employees self-directed and sang, and the atmosphere was very good, which greatly enhanced the cohesiveness of the company. So every year, the Spring Festival will hold a cultural evening, which gradually formed a corporate culture. When Mao Zhongqun first entered the company, he was busy leading the technical staff to do product research and development. At the end of the Spring Festival literary evening, all employees were required to participate. In Mao Zhongqun's view, it was a waste of research and development time, and asked whether the father could cancel it. When Mao Lixiang saw that his son did not understand, he patiently explained to him that the literary evening could create an atmosphere that unites people's hearts and inspires morale. It is an important form of corporate culture construction. So the literary evening was not only cancelled, but also held every year. Since then, Mao Zhongqun's concept of corporate culture has gradually changed, from the beginning of the incomprehension, to later not only attaches great importance to it, but also put it in the strategic position driven by the corporate mission. Later, he took the initiative to study Chinese studies at Tsinghua University and Peking University, and used the knowledge he had learned to shape corporate values and promote corporate culture.

(b) Mao Lixiang respects his son's initiative and fully decentralizes. When there are differences between the two sides, he can voluntarily give up his own ideas according to the needs of the development of the enterprise, and adopt and implement Mao Zhongqun's reasonable proposals, thus greatly enhancing Mao Zhongqun's confidence. For example, Mao Lixiang considered that his son is a master of engineering, and he has more advantages than himself in the field of engineering technology. First, he gave Mao Zhongqun the responsibility for product research and development. However, the two have had differences in what they are doing. Although both of them agreed to use kitchen appliances as their development direction, they have different opinions on what to do with kitchen appliances. Mao Lixiang

wants to develop a microwave oven, while Mao Zhongqun looks for a range hood. In Mao Lixiang's view, the microwave oven was high-tech at that time. At that time, there was no microwave oven enterprise in Zhejiang Province. After Mao Zhongqun's market research, it is suggested that although there are already two or three hundred manufacturers of lampblack machine in China, they simply imitate foreign products. Because foreign cooking habits are different from those in China, there are many problems with lampblack machine made according to foreign technology. User dissatisfaction is high. If the range hood can be developed according to Chinese cooking habits, the market prospects will be very large. In contrast, microwave ovens were a dispensable product at the time, and lampblack machine were needed in almost every home kitchen. After repeated comparisons, Mao Lixiang approved his son's proposal and began to develop a smoking hood suitable for Chinese families.

(c) The main effectiveness of the first stage is that after eight months of research and development, Mao Zhongqun led the technicians to develop the first lampblack machine designed by the Chinese themselves and suitable for Chinese cooking habits. It soon became the black horse in the industry and the top three in the country in terms of production and sales.

From 1999 to 2001, this was the second stage of inheritance, and Mao Lixiang called it "*three years of helping*". After the success of the first stage, Mao Lixiang believed that his son had certain management experience and showed good development potential. During this period, Mao Lixiang gave the son the responsibility of marketing, and allowed him to fully participate in corporate management and exercise his leadership skills.

(a) As the founder and predecessor of the company, Mao Lixiang spared no effort to support Mao Zhongqun in the drastic reform of the corporate marketing system. Before this, the company adopted the sales contractor's contract to carry out product marketing. For the sake of personal interests, the salesperson is prone to seek quick success and instant benefit, and often adopts a method of illegal operation, which seriously damages the company's interests. Mao Zhongqun was determined to carry out reforms, but because of the interests of the salesperson, it was almost opposed and resisted by all sales personnel. As a result, the

sales performance declined. At this time, Mao Lixiang still firmly supported his son's reform behavior. According to the actual situation of the enterprise, it is recommended that Mao Zhongqun be more flexible in strategy and adopt two sales methods: for some sales personnel who are strong and loyal to the business, continue to retain the salesperson's way, but must strictly abide by the company's financial system. For the rest of the sales staff, in accordance with Mao Zhongqun's vision to change the sales system of the branch, training sales staff, and greatly improve the marketing ability of sales staff.

(b) *Mao Lixiang consciously cultivated his son's comprehensive management quality, and let him take part in the company work totally (knowledge inheritance behavior)*. In this period, Mao Zhongqun could participate in all the meetings and some important meetings were taken charge by him, such as sales planning meeting, research and development meeting, quality management meeting, which laid a good foundation for his managing the whole company afterwards. When Mao Lixiang found his son's shortage or weakness, he would remind and communicate with him in time. Mao Zhongqun deemed that this period of business management was a tough test and sharpened him very well, which enhanced his leadership.

(c) The main achievement of the second stage is the successful reform of the marketing system. The marketing management of Fotile Group has become the most advanced management method in the industry, which has also made the sales performance of Fotile products the second in the industry, and the brand's popularity and reputation both have been greatly improved.

From 2002 to 2004, it was the third stage of inheritance. Mao Lixiang called it “*three years of watching*”. At this stage, Mao Lixiang believes that his son is more and more mature. After several years of management practice, he has solved many difficulties and has the ability to fully manage the enterprise, from a successor to an entrepreneur. Therefore, the company's management rights and decision-making powers were thoroughly handed over to Mao Zhongqun to complete the handover.

(a) *Mao Zhongqun is good at learning and his political skills are getting higher and higher (increasement of ability, including political skills)*. He is a master of engineering, has

received a good education, and is good at technology research and development. At the same time, he realized that his shortcomings were his lack of management knowledge. He went to the China Europe Business School to take the EMBA course, which increased his understanding of business management. In management, he discovered the importance of corporate culture, and then went to Tsinghua University and Peking University to study Chinese traditional culture. ***These studies have enhanced his political skills while driving innovation and change (increase of ability, including political skills).***

(b) Mao Zhongqun introduced a large number of professional managers he recognized, which improved the relationship performance of the company. These talents come from the world's top 500 companies such as Samsung and Wal-Mart, covering talents in management, technology, marketing, and have established their own high-level core teams. All the middle and senior managers of the general manager do not have a family member, which not only dilutes the management family color, but also enhances the competitiveness of Fotile Group.

(c) Mao Lixiang is open-minded and enlightened, and is willing to fully display his talents and smoothly create success for Mao Zhongqun condition. He has completely reassured his son's ability to resolutely abide by the bold, determined and thorough commitment to hand over the business management and decision-making power to Mao Zhongqun. After 2004, Mao Zhongqun began to independently manage Fotile Group and became the highest decision-maker of the company.

(d) In the third stage, ***Fotile Group achieved the first sales performance in the kitchen appliance industry, established a modern enterprise system, formulated a corporate development strategy, and became the industry's first brand (change of performance).*** Under the leadership of Mao Zhongqun, Fotile Group has always ranked first in the industry and has become a leader in China's high-end kitchen appliances industry.

The inheritance process of Fotile Group lasted for 9 years. Mao Lixiang believed that this was also the nine years of joint venture and enterprise transformation. In the previous 6 years, Mao Lixiang also participated in the management. In the following three years, Mao Lixiang shifted his focus to the study of the management and inheritance of Chinese family businesses, and founded the Ningbo Family Evergreen Private Enterprise Successor College.

He let Fotile Group go completely.

In the process, Mao Zhongqun has been growing and progressing, gradually getting the help from his father's work, and then being able to be independent and ultimately responsible for corporate management. The smooth and successful inheritance guarantees the continuous development of Fotile Group. In 2005, Fotile Group's turnover was only 500 million. By 2015, the turnover has exceeded 5 billion yuan, and *it has increased 10 times in 10 years (change of performance)*. Fotile has become the leading brand in the kitchen electricity industry. Mao Lixiang was very satisfied with this, and Fotile Group successfully completed the inheritance of the enterprise. See Table 5-1 for details.

Table 5-1 Case study on the inheritance in Fotile Group

Variables	Text analysis in the case
Predecessor's willingness to hand over	<ol style="list-style-type: none"> 1. Mao Lixiang told the children that he would like to set up a Mao Group in the future and continue to inherit as a family business in order to set goals for the children. 2. Mao Lixiang fully trusts and respects his son Mao Zhongqun and satisfies his son's three conditions for staying. 3. Mao Lixiang believed that as a chairman and a father, he must be open-minded, open-minded, determined to hand over his work, and must be bold, resolute and thorough in order to train his children
Successor's willingness to inherit	<ol style="list-style-type: none"> 1. Under the influence of long-term subtle influence, Mao Zhongqun accepted the father's dream of "creating a Mao Group" since he was a child, and regarded the family business as a part of his own business. 2. Mao Zhongqun is interested in business management and has certain theoretical understanding and knowledge preparation for business management. 3. Unable to give up the blood relationship as a natural bond, inspiring him to worry about his parents. he finally decided to stay and work to help the company tide over the difficulties and share parents' worries.
Successor's political skills	<p>Mao Zhongqun is good at learning and his political skills are getting higher and higher. He is a master of engineering, has received a good education, and is good at technology research and development. At the same time, he realized that his shortcomings were his lack of management knowledge. He went to the China Europe Business School to take the EMBA course, which increased his understanding of business management. In management, he discovered the importance of corporate culture, and then went to Tsinghua University and Peking University to study Chinese traditional culture. These studies have enhanced his political skills while driving innovation and change.</p>
Intergenerational knowledge	<ol style="list-style-type: none"> 1. Mao Lixiang strives to pass on relevant knowledge and experience to his son and cultivate his management experience and skills.

inheritance	<p>2. Mao Lixiang respects his son's initiative and fully decentralizes. When there are differences between the two sides, he can voluntarily give up his own ideas according to the needs of the development of the enterprise, and adopt and implement Mao Zhongqun's reasonable proposals, thus greatly enhancing Mao Zhongqun's confidence.</p> <p>3. As the founder and predecessor of the company, Mao Lixiang spared no effort to support Mao Zhongqun in the drastic reform of the corporate marketing system.</p> <p>4. Mao Lixiang consciously cultivated his son's comprehensive management quality, and let him take part in the company work totally.</p>
Task performance	<p>1. The main effectiveness of the first stage is that after eight months of research and development, Mao Zhongqun led the technicians to develop the first lampblack machine designed by the Chinese themselves and suitable for Chinese cooking habits. It soon became the black horse in the industry and the top three in the country in terms of production and sales.</p> <p>2. The main achievement of the second stage is the successful reform of the marketing system. The marketing management of Fotile Group has become the most advanced management method in the industry, which has also made the sales performance of Fotile products the second in the industry, and the brand's popularity and reputation both have been greatly improved.</p> <p>3. In the third stage, Fotile Group achieved the first sales performance in the kitchen appliance industry, established a modern enterprise system, formulated a corporate development strategy, and became the industry's first brand.</p> <p>4. The smooth and successful inheritance guarantees the continuous development of Fotile Group. In 2005, Fotile Group's turnover was only 500 million. By 2015, the turnover has exceeded 5 billion yuan, and it has increased 10 times in 10 year. Fotile has become the leading brand in the kitchen electricity industry. Mao Lixiang was very satisfied with this.</p>
Contextual performance	<p>Mao Zhongqun introduced a large number of professional managers he recognized, which improved the relationship performance of the company. These talents come from the world's top 500 companies such as Samsung and Wal-Mart, covering talents in management, technology, marketing, and have established their own high-level core teams. All the middle and senior managers of the general manager do not have a family member, which not only dilutes the management family color, but also enhances the competitiveness of Fotile Group.</p>

5.2 The inheritance case of Fujian Peak Company

Xu Jingnan founded the Fujian Peak Company in 1988. At present, Peak has become a large-scale manufacturer of sports equipment and equipment for shoes, clothing and bags in China. He has two sons, Xu Zhihua and Xu Zhida, both of them work in family businesses. The eldest son Xu Zhihua is the general manager of the company and as the future chairman

of the board of directors, the younger son Xu Zhida is responsible for production. After the two they entered the family business, the cooperation with the original senior management team was relatively smooth.

After many years of inheritance, Xu Jingnan gradually handed over the daily management of the company to his eldest son, Xu Zhihua, and made himself focus on the company's strategic decision-making. Under the leadership of them, Peak has achieved a breakthrough in market competition and opened up the international market. Therefore, we believe that Xu Jingnan has a strong will to inherit, his sons have a strong willingness to inherit arbitrarily, the process of inheritance can observe a lot of knowledge inheritance behavior, Xu Zhihua has high-level political skills, and these factors have promoted Peak to inherit smoothly, and achieved good results.

From the perspective of knowledge inheritance, Xu Jingnan has always had a strong willingness to inherit (Inherited Willingness). He said: "They are my sons; this business will be passed to them sooner or later."

(a) Xu Jingnan, deeply influenced by Chinese traditional culture, believes that it is normal for his son to inherit his father's career. Especially for the eldest son Xu Zhihua, must be shouldered the family responsibility and obligation. Xu Jingnan often educates Zhihua that he is the eldest son and grandson. He will shoulder the responsibility of men in the future. His sons have been deeply affected since their childhood.

(b) Xu Jingnan has his own thoughts and plans on what and how to inherit it. He said: "If a family business is not well inherited, it is mainly the responsibility of the previous generation. Parents should pass on the purpose and values which are related to culture." He influences his children by example and the way of doing things. For example, he works more than 10 hours a day and only takes one day off a week. Under his influence, his sons worked diligently.

Xu Zhihua and Xu Zhida were influenced by their father when they were young, and their willingness will gradually be formed and expressed strong (Successor Willingness). Since childhood, Xu Jingnan has taught and taught to his two sons, and the two children have been deeply affected.

(a) The eldest son, Xu Zhihua, said that his father always told them to be responsible for family and family business, and often told stories about the success of other entrepreneurs and taught them to have correct values. The second son, Xu Zhida, said that his father rarely preached to them, but he did things by himself, establishing an example of being responsible for the family and the company, and educating them on how to do things. This has given them a strong sense of responsibility to families and family businesses since childhood.

(b) Affected by their father, both sons came back to work when the family business was difficult to develop, and shared difficulties with him. After 1998, due to the rise of other domestic sports brands, market competition has intensified, the capital chain is tight, and the development rate of Peak has slowed down. In 1999, Xu Zhida dropped out of school and returned to work. Xu Zhihua saw that his father was so difficult to start a business and felt that he should go back and help. Xu Jingnan communicated with him seriously; Xu Zhihua stated that he would do well with the corporate development goals established by his father.

Xu Jingnan has more knowledge transfer behavior for his sons. This inheritance is active, conscious and planned (Knowledge Transfer Behavior).

(a) Xu Jingnan attaches great importance to the cultivation of his son's entrepreneurial spirit and values. He believes that adversity can train people and focus on frustration education for children. Although he is busy at work, he will be responsible for the education when children are young. Xu Zhihua said that his father will talk about responsibility and tell him what is not doing well and need to work hard. Xu Jingnan said that to cultivate the career and ambition of the successor, there must be a desire to continue to grow and strengthen the family business. The control of the enterprise between the father and the son can be transferred, but it cannot be changed for the sense of mission and responsibility of the family business. This is the foundation and foundation of the family business. Every year, Xu Jingnan holds several family meetings on the company's development strategy, children's development and study plans.

(b) After the child enters the enterprise work, Xu Jingnan conducts conscious training according to the specific situation of the child. He asked Xu Zhihua to be his assistant, to follow himself to study at a close distance, and to learn how to handle affairs from his father's

words and deeds. Then, he arranged Xu Zhihua to go to the store in Beijing to understand the specific marketing situation and feel the challenge and difficulty of the sales work. And, he arranged Xu Zhida to work in the production department, and let the department heads teach him the experience.

(c) Educate the son to handle the relationship with the company veteran and help his son establish a prestige. Xu Jingnan left the tricky and complicated contradiction to his own treatment. After consulting personal opinions, he arranged some underperforming elders from key positions to other positions that they were satisfied with. Xu Zhihua listened to his father's arrangement and put his energy on the work. In the future, the company's development has grown by leaps and bounds. He won the unanimous support of the company and laid a good foundation for his successor.

(d) In the strategic planning of enterprise development, Xu Jingnan helped Zhihua raise awareness. In 2006, Xu Zhihua proposed the same 30% sales growth plan as in 2005. But Xu Jingnan thought that the growth was too low and asked for 80%. But Zhihua disagreed. Xu Jingnan explained with his years of experience in operating the company, Zhihua accepted this goal finally. In the end, it achieved a 79% growth, fulfilling the tasks that he had not been able to accomplish before, and also laid a good foundation for the future development of Peak.

(e). In the process of inheritance, when the opinions of the father and the son are inconsistent, the two sides can communicate more, and Xu Jingnan gives the son enough support. At the beginning of entering the company, the father and son will also have inconsistent ideas. Xu Jingnan will communicate with Zhihua and Zhihua. After Zhihua became more mature in management, he gradually decentralized.

Xu Zhihua has strong political skills. This is an important factor for his father to choose him as a successor and to have more inheritance behavior (Political skills). Xu Jingnan has two sons, Zhihua and Zhida. The reason why chose Zhihua as a successor is that he has the courage to do things, has a long-term vision of doing things, and is good at dealing with interpersonal relationships. Zhida is more introverted and more suitable for technical work, so he is engaged in production work.

(a) Xu Zhihua has received a good education and has strong organizational and social

activities. He studied at the Electronics College of Sichuan University and worked as the president of the Student Union. This experience has helped him a lot. He has developed his organizational skills and improved his political skills, making him more confident.

(b) He focus on improving your management skills through learning. He participated in a senior management training course at Peking University Business School, where he learned business management knowledge and built a network of contacts.

(c) He is flexible and good at dealing with relationships. If there is a disagreement, he will use his facts and various data to convince his father to fight for his father's consent. d. He has a strong executive force and acts boldly. Xu Jingnan believes that he has the potential to become a good entrepreneur.

After the two sons entered the company, Peak achieved new breakthroughs in development and achieved a big leap in performance (Performance Change).

(a) Xu Zhihua strives to promote the development of enterprises towards internationalization. In 2005, Xu Zhihua reached cooperation with the NBA Rockets. In 2007, Peak became the official market partner of the NBA, and it went international. Xu Zhihua's vision and ability have won the conviction of corporate elders (changes in relationship performance). Now Peak is the third largest partner of NBA players, and also has strategic partnerships with international sports organizations such as FIBA. It realized the internationalization of brand strategy. At the same time, it has established a research and development center in foreign countries, and has a comprehensive overseas sales system, and sales have achieved internationalization.

(b) In 2009, Peak achieved listing in Hong Kong, with a market capitalization of nearly 10 billion. The initial stake in Peak is not clear. As the scale of the company expanded, equity disputes occurred. In order to optimize the corporate governance structure, Xu Zhihua suggested that his father consider the listing of the group company and buy the shares of other relatives in the hands of his family. Through the listing, Peak not only solved the clearing of equity, but also obtained funds for the subsequent development through the stock market, and realized the internationalization of business operations. See Table 5-2 for details.

Table 5-2 Case study on the inheritance in Fujian Peak Company

Variables	Text analysis in the case
Predecessor's willingness to hand over	<p>1. Xu Jingnan said: "They are my sons; this business will be passed to them sooner or later."</p> <p>2. Xu Jingnan, deeply influenced by Chinese traditional culture, believes that it is normal for his son to inherit his father's career. Especially for the eldest son Xu Zhihua, must be shouldered the family responsibility and obligation. Xu Jingnan often educates Zhihua that he is the eldest son and grandson. He will shoulder the responsibility of men in the future. His sons have been deeply affected since their childhood.</p> <p>3. Xu Jingnan has his own thoughts and plans on what and how to inherit it. He said: "If a family business is not well inherited, it is mainly the responsibility of the previous generation. Parents should pass on the purpose and values which are related to culture." He influences his children by example and the way of doing things.</p>
Successor's willingness to inherit	<p>1. Affected by their father, both sons came back to work when the family business was difficult to develop, and shared difficulties with him.</p> <p>2. Xu Zhihua saw that his father was so difficult to start a business and felt that he should go back and help. Xu Jingnan communicated with him seriously; Xu Zhihua stated that he would do well with the corporate development goals established by his father.</p>
Successor's political skills	<p>1. Xu Zhihua has strong political skills. This is an important factor for his father to choose him as a successor and to have more inheritance behavior.</p> <p>2. Xu Zhihua has the courage to do things, has a long-term vision of doing things, and is good at dealing with interpersonal relationships.</p> <p>3. Xu Zhihua has received a good education and has strong organizational and social activities.</p> <p>4. He focuses on improving management skills through learning.</p> <p>5. He has a strong executive force and acts boldly.</p>
Inter-generational knowledge inheritance	<p>1. Xu Jingnan attaches great importance to the cultivation of his son's entrepreneurial spirit and values.</p> <p>2. After the child enters the enterprise work, Xu Jingnan conducts conscious training according to the specific situation of the child.</p> <p>3. Educate the son to handle the relationship with the company veteran and help his son establish a prestige.</p> <p>4. In the strategic planning of enterprise development, Xu Jingnan helped Zhihua raise awareness.</p> <p>5. In the process of inheritance, when the opinions of the father and the son are inconsistent, the two sides can communicate more, and Xu Jingnan gives the son enough support.</p>
Task performance	<p>1. Xu Zhihua strives to promote the development of enterprises towards internationalization. In 2007, Peak became the official market partner of the NBA, and also has strategic partnerships with international sports organizations such as FIBA. It realized the internationalization of brand strategy. At the same time, it has established a research and development center in foreign countries, and has a comprehensive overseas sales system, and sales have achieved internationalization.</p> <p>2. In 2009, Peak achieved listing in Hong Kong, with a market capitalization of nearly 10</p>

	billion. Through the listing, Peak not only solved the clearing of equity, but also obtained funds for the subsequent development through the stock market, and realized the internationalization of business operations.
Contextual performance	<ol style="list-style-type: none">1. In 2005, Xu Zhihua reached cooperation with the NBA Rockets. In 2007, Peak became the official market partner of the NBA, and it went international. Xu Zhihua's vision and ability have won the conviction of corporate elders.2. Xu Zhihua listened to his father's arrangement and put his energy on the work. In the future, the company's development has grown by leaps and bounds. He won the unanimous support of the company and laid a good foundation for his successor.

5.3 Case study on the inheritance in Country Garden Holding Company

Yang Huiyan, a native of Shunde, Guangdong, is currently the co-chairman of Country Garden and the chairman of Bosile Education Holdings Limited. She has won the first place in the Forbes Women's Rich List many times. If wealth may come from the father's giving, then the fourth in the "2017 China's Most Outstanding Business Women" is her personal recognition. Not only that, the development of Country Garden after she took over Country Garden is also the most practical embodiment of her ability. *The real estate industry insider who has contacted Yang Huiyan commented that Yang Huiyan is capable of doing things, being smart, and controlling (excellent abilities, including political skills)*. She will make Country Garden transform from a family business to a modern enterprise.

Yang Huiyan, who was nicknamed "Doudou" by his parents, was ideally a teacher. However, in the face of family responsibilities and obligations, this family cannot choose the path they like, and has to accept the fate of his father. *At the age of thirteen or fourteen, Yang Guoqiang painstakingly arranged for her to attend various meetings and negotiations. Yang Huiyan was the youngest "participant" of the company. At this time, she was very calm and basically silent. She just watched how her father handled the affairs. After the meeting, Yang Guoqiang will explain to them why he said this at the meeting and how to criticize his subordinates (knowledge inheritance behavior)*.

In order to cultivate Yang Huiyan's English proficiency, Yang Guoqiang also specially invited a foreign female student of similar age to live with her. In the second year of high school, Yang Guoqiang sent only the younger Yang Huiyan to the UK to study, and *began to*

consciously guide and train her with the standards of entrepreneurs (knowledge inheritance behavior).

In 2001, Yang Huiyan was admitted to the Ohio State University to study marketing and logistics. During her college years in the United States, Yang Huiyan finished her university by working and scholarships, and almost did not use the money from home. At the same time, her academic performance is quite good, and each exam is A. Upon graduation, it was the principal that personally gave her certificate. In the few years away from home, *the father and the daughter often have calls cross the ocean to teach her life experience and corporate management experience (knowledge inheritance behavior).*

In 2002, Yang Huiyan, who was only 20 years old, called to advise his father to organize a free charity school. Yang Guoqiang was quite moved by the performance of her daughter on the phone. Under the daughter's "supervision", in 2002, Yang Guoqiang personally founded a purely charitable, free, high-quality Guohua Memorial High School to assist outstanding high school students who were out of school due to poverty. In the past five years, his individual donated 260 million yuan. Yang Guoqiang said that this kind of charity was actually facilitated by her daughter Yang Huiyan. After this, the second daughter has become the best candidate for Yang Guoqiang's heirs. Because in Yang Guoqiang's mind, although Yang Huiyan is not a genius, her character is very good, very diligent, and has a good quality as a corporate leader in the future, and also want to do more things for the society, which are in line with Yang Guoqiang's life guidelines.

If the pre-graduation arrangement is to advance in advance, then after graduation, Yang Huiyan's work is a higher-intensity real gun. In the spring of 2005, Yang Huiyan, who was only 24 years old, finished her education and joined Country Garden as a personal assistant to Yang Guoqiang and as a purchasing manager. In the same year, Yang Guoqiang decided to transfer 70% of Country Garden's shares to Yang Huiyan, the daughter who just stepped out of school. When she returned to China to enter her father's company, she still dresses ordinary and does not like publicity. Most people in the company do not know her. Even as the richest woman, Yang Huiyan was low-key, and Country Garden Group refused all requests to interview Yang Huiyan.

Despite this, Yang Huiyan still does not want to be only a "symbolic representation" of the family. She is eager to get out of the aura of her father and rely on her own strength to gain social recognition. *Shortly after joining Country Garden, Yang Huiyan silently reorganized the confusing accounts and procurement procedures of Country Garden. At the same time, she also brought a brand new management team from the United States, to a large extent, to replace the original entrepreneurial team in the Yang Guoqiang era (excellent abilities, including political skills).*

In December 2006, she served as executive director of Country Garden, responsible for overall procurement supervision, enterprise resource management, and participated in the formulation of the company's development strategy. She also served as a director of several member companies of Country Garden Group.

On April 2, 2007, Yang Guoqiang, who rarely appeared, was interviewed by the media at the company's Hong Kong IPO promotion meeting and responded to the successor question for the first time. Yang Guoqiang's answer to why the tens of billions of shares were handed over to the second daughter, Yang Huiyan, was "In fact, I have to give them when I am a hundred years old, and I believe in them!" His plan to pass on the family in the listing prospectus Written in the above: *"The transfer of equity to daughter Yang Huiyan is to train her to become the heir to Country Garden (willingness to hand over)."* At the same time, Yang Guoqiang said that he has three daughters and will not only transfer the equity to one of them. Yang Huiyan is only holding the family Shares.

On April 10, 2007, Country Garden Group issued a clarification announcement that Yang Guoqiang and his daughter Yang Huiyan have confirmed to the board of directors that Yang Huiyan is not the father's spokesperson, but the ultimate beneficial owner of the company's rights and interests, and she has full authority to decide how to manage personal assets. Her interest in the company does not involve a trust or arrangement that she is responsible for any member of the Yang family or for any other individual. This means that Yang Guoqiang took the initiative to put the crown of the richest man in the mainland on his daughter's head.

Under the financial crisis, the operating model of family-owned enterprises is difficult to effectively control cash flow and net profit. Before 2007, Country Garden's net profit and

asset turnover rate were higher than Vanke; but in January 2009, Vanke achieved sales of 2.19 billion yuan, about three times that of Country Garden.

Faced with the scale of operations and inventory pressure, Yang Huiyan's pressure is not small. How to change the mode of the chairman of the company's board making decision alone, how to make management more flexible and efficient has become a problem that the company must solve in the short term.

“It's hard to start a business; it's harder to keep business.” *Yang Huiyan, who has taken over the "scepter", is thinking not only about how to take over, but also how to make his father's career and cause bigger and stronger (willingness to inherit)*. The tempering of the financial crisis may be precisely the opportunity for Yang Huiyan to complete the transformation and truly fly.

In 2011, although Yang Huiyan was only 30 years old, she has already taken over the purchasing business of Country Garden, mainly following her father to learn how to make development strategy. *Undoubtedly, since Yang Guoqiang transferred all his shares to this steady daughter, Yang Huiyan is the best successor in the mind of the old man (willingness to hand over)*.

On March 27, 2012, Country Garden Holdings Co. Ltd announced the announcement of the appointment of Yang Huiwei as the vice chairman of the company, which will take effect on the same day.

On December 7, 2018, Country Garden issued an announcement revealing that Yang Huiyan has been transferred to the co-chairman by the vice chairman of the company and will take effect from now. After the transfer, Yang Huiyan will be responsible for assisting Chairman Yang Guoqiang in his daily work, and will be responsible for the company's strategic investment and new business exploration based on existing business (such as new retail business).

Regarding the performance of Yang Huiyan during her tenure, Country Garden used many great words to praise her in the announcement, and believed that she was responsible for the divestment of the property management services business and made it. From the vice-chair to the co-chair, the scope of responsibilities has increased the exploration of new

business, which means that Yang Huiyan's personal talents have been fully affirmed and can be more important (inheritance performance).

In these three cases, we labeled the places which reflect the keywords in the research models in Chapter 3 and explained those keywords with detailed descriptive contents. It can be seen from the description and analysis in these cases, that predecessors had strong willingness to hand over and successors had strong intention to inherit, which both created important influence on intergenerational knowledge inheritance between them. Successors' ability (especially political skills) played a significant facilitator among the former influence. Finally they together affected and changed the enterprise performance positively. These three cases verify the research model and hypotheses proposed in Chapter 3 and the finding is consistent with the empirical results in Chapter 4. See Table 5-3 for details.

Table 5-3 Case study on the inheritance in country garden holding company

Variables	Text analysis in the case
Predecessor's willingness to hand over	<p>1. Yang Guoqiang's answer to why the tens of billions of shares were handed over to the second daughter, Yang Huiyan, was "In fact, I have to give them when I am a hundred years old, and I believe in them!" His plan to pass on the family in the listing prospectus Written in the above: "The transfer of equity to daughter Yang Huiyan is to train her to become the heir to Country Garden".</p> <p>2. In 2011, although Yang Huiyan was only 30 years old, she has already taken over the purchasing business of Country Garden, mainly following her father to learn how to make development strategy. Undoubtedly, since Yang Guoqiang transferred all his shares to this steady daughter, Yang Huiyan is the best successor in the mind of the old man</p>
Successor's willingness to inherit	<p>Yang Huiyan, who has taken over the "scepter", is thinking not only about how to take over, but how to make his father's career bigger and stronger.</p>
Successor's political skills	<p>The real estate industry insider who has contacted Yang Huiyan commented that Yang Huiyan is capable of doing things, being smart, and controlling.</p>
Inter-generational knowledge inheritance	<p>1. At the age of thirteen or fourteen, Yang Guoqiang painstakingly arranged for her to attend various meetings and negotiations. Yang Huiyan was the youngest "participant" of the company. At this time, she was very calm and basically silent. She just watched how her father handled the affairs. After the meeting, Yang Guoqiang will explain to them why he said this at the meeting and how to criticize his subordinates.</p> <p>2. In the second year of high school, Yang Guoqiang sent only the younger Yang Huiyan to the UK to study, and began to consciously guide and train her with the standards of entrepreneurs.</p> <p>3. In the few years away from home, the father and the daughter often have calls cross the ocean to teach her life experience and corporate management experience.</p>
Task	<p>1. Regarding the performance of Yang Huiyan during her tenure, Country Garden used</p>

performance	many great words to praise her in the announcement, and believed that she was responsible for the divestment of the property management services business and made it. From the vice-chair to the co-chair, the scope of responsibilities has increased the exploration of new business, which means that Yang Huiyan's personal talents have been fully affirmed and can be more important. 2. She has won the first place in the Forbes Women's Rich List many times. If wealth may come from the father's giving, then the fourth in the "2017 China's Most Outstanding Business Women" is her personal recognition.
Contextual performance	At the same time, she also brought a brand new management team from the United States, to a large extent, to replace the original entrepreneurial team in the Yang Guoqiang era.

In sum, our empirical analysis and case study both demonstrate the proposed research model and hypotheses which reflects the importance of predecessor's willingness to hand over, successor's intention to inherit, intergenerational knowledge inheritance behavior and successor's political skills in the successful inheritance of family firms.

Chapter 6: Conclusion and Discussion

Family enterprise is actually one of the most common forms of business in the world. Even by the most conservative estimates, the proportion of family-owned or family-run enterprises in the world is between 65% and 80%, while 40% of the fortune 500 enterprises are owned or operated by families. In the economic composition of China, private economy and state-owned economy have maintained a ratio of 6 to 4 for a long time, and family enterprises account for more than 80% of the private economy. Therefore, no matter from the perspective of economic contribution or social employment, family business is a force that cannot be ignored.

China is a country with a long history of "family culture". No matter ethics, customs, social organizations, governance and business are all based on family. This model of family business is very consistent with the "family culture" of China. Moreover, family management can minimize costs, improve trust and resolve conflicts in the early stage of business, which has a strong vitality. As a result, many Chinese businesses are family-owned. China's economy has entered a period of unprecedented development, and China's family businesses are booming under this background.

After a long period of interruption due to historical reasons, Chinese family enterprises have seized the opportunity of reform and opening up and experienced a vigorous development for nearly four decades. Although we have not seen the re-birth of large families, the concept of family business has gradually become popular, and the role and development of family business has been recognized by the society. But four decades later, with the first generation of entrepreneurs approaching their twilight years, many family businesses are facing a generational crossroads.

6.1 Two systems: family and business

When we look at a family business, we are actually looking at the overlapping interactions between two social systems: one is the family system and the other is the enterprise system.

There are significant differences between the two systems: their value orientation is different. The value orientation of the family system is more emotional and subjective, and it is relationship-oriented. The protection desire and inclusiveness to members are relatively strong. The value orientation of the enterprise system emphasizes objective and important goals, is utilitarian-oriented, and is a relationship of employment between them, so the conditions are relatively strong. See Table 6-1 for details.

Table 6-1 Overlap and difference between the two systems

Family value orientation	Corporate value orientation
Subjective	Objective
Focus on the emotion	Focus on the goal
Relationship-oriented, protecting members	Utilitarian orientation, employment relationship
High inclusiveness	High condition
Unconditional	conditional

The overlap of these two systems will cause two value-oriented dislocations, which will lead to the contradiction and confusion of the role, that is, the vagueness of role or role conflict: in the end, according to the family's feelings or according to the company's goals to make decisions?

For this reason, family businesses can be said to be intricate, and there are more factors in the relationship than the average company. The complexity and intensity of family conflicts depend on the degree of overlap, ownership, and situation of family in the daily management of the business. If there are multiple family branches and family members involved, the threat of family conflict is a time bomb for the company. In most cases, family business bombs will

explode in the second generation with the death of a generation (usually in the case of both parents), or in three generations of cousins/sisters – because of blood relations farther away, everyone's interests are often difficult to reconcile. This is one of the reasons why China's old saying "Wealth will not last for three generations".

Because of the fundamental difference between the two systems of family and business, "home" and "business" often cannot be possessed simultaneously, and there will be various contradictions and conflicts between the two. However, "family business" naturally binds "home" and "business" together.

Once the second generation officially takes over, it will inevitably involve family interests in the business. Disputes the arguments in work may become arguments in the family and even quarrels. In reality, in the face of the handover problem, most of us will consider the influence to succession or not, which is from second generation's own ability and the factors of the enterprise level, that is, the industry situation, but the key factor of the family is often neglected. In fact, family relationships have caused the second generation to have a layer of concern when considering succession issues, and family support is especially important to them. Therefore, family harmony is an important cornerstone in the development of family businesses.

6.2 Inheritance - the sore point of Chinese family enterprise

Family businesses in mainland China start much later than developed countries in Europe and the United States and even lag far behind brother countries in Southeast Asia and even Hong Kong and Taiwan in China. When others have reached the stage of professional governance of family enterprises after four or five generations of succession, most family enterprises in mainland China still have two major pain points.

One is inheritance, especially the first generation to the second generation. In this pain point, Chinese family enterprises are facing the transfer of power, the change of leadership and management mode, and even the distribution and transmission of wealth for the first time. Second, it is the transformation. Due to the economic characteristics of reform and opening up,

the advantages of the traditional industries with rapid development in the past no longer exist. The challenge of enterprise transformation at the same time of inheritance is also a pain point for family enterprises and their entanglements.

To a large extent, the painful point of succession of Chinese family businesses is the same as that of many foreign family businesses. The most fundamental point is whether to pass on the enterprise to children. The complex succession process requires orderly planning and control, including succession planning, distribution of ownership and employment of professional managers. Every link affects the success or failure of intergenerational succession.

According to psychologist Lansberg and Astrachan (1994), it is human nature for parents to pass on their hopes and dreams to their children and grandchildren what they have done and built in their lives. Therefore, the planned training and education of successors is an important factor for effective inheritance. Succession may be just one of the infinite possibilities for the second generation with a good material foundation to live on the basis of their parents.

However, the traditional culture of Chinese society has always attached great importance to clan, family and family ethics, from the feudal dynasty to today is family business, there has a traditional ethics "home is the world", so transferring the leadership from fathers to sons is a sustainable business development model that most founders prefer, which is emotional need, and also is in reality. But for the second generation, they are faced with two possible succession problems, one is capable but not interested, and the other is willing and may not be capable enough. As a result, the family business has various thoughts and conflicts about whether it should be passed on to the second generation, whether it is suitable for them or not, and whether they should take over.

In addition, whether to hire a family member or a professional manager is also a problem plaguing many family businesses. In the course of literature reading and interviews, we have also heard many stories about professional managers who are unsuccessful or unreliable, and there are probably more negative stories about professional managers than the unsuccessful succession stories of their children. After all, the inheritance of the family business is actually

the transfer and transfer of ownership and control of the enterprise, and in China, the two are difficult to distinguish clearly.

As we know, professional managers must first face the problem of integration when entering a family business. Whether they can agree with the family is emotional orientation or the management mode of the family business will directly or indirectly affect the investment and performance of professional managers and whether they can be accepted by the family. In a family business with intricate relationships, the status of professional managers as "outsiders" can be said to be a double-edged sword.

First of all, there is an inherent conflict of interest between professional managers and family members. When a professional manager enters the family business, the company will inevitably face the problem of decentralization. Sometimes, it is difficult for the first generation to delegate power to the next generation. To delegate power to an "outsider" requires more trust and there is greater psychological resistance. Accordingly, if it is difficult for professional managers to feel trusted or integrated into the family group, their sense of commitment and loyalty is reduced, creating a vicious circle. Secondly, most of the assessment indicators of professional managers can only be reflected by quantifiable performance.

This leads to professional managers in the process of participate in the management of easy to ignore the long-term interests of enterprises, or does not take the initiative to maintain the intangible wealth of the family but tend to be more directly the pursuit of immediate short-term benefits, through rapid growth and market expanding to prove their performance ability, and get excellent returns on compensation. However, in many cases, the short-term rapid development will make the enterprise lose the opportunity of steady growth and deep roots in the market, which will damage the enterprise's development in the long run.

Such as Xinguang group ever hire a professional manager, during his tenure, Xinguang group has set up its own stores in large scale all over the country, so virtually replaced local dealers once were Xinguang's distributor partners, these dealers, in turn, have all become competitors in the local market. Although Xinguang due to store expansion in the short-term sales once blowout, and because skipped the dealer this link, make enterprise gross profit also

increased greatly, however, for Xinguang, competing with local dealers in a place that is not familiar with local consumers and markets is get half the results with double the effort. The excess inventory brought by store expansion also greatly increases Xinguang's operating costs and restricts the company's working capital and turnover rate. So, a very beautiful performance sheet, but left a new light of overload.

The one-child policy poses a unique challenge to succession in China's family-owned businesses, with many entrepreneurs fearing that years of self-employment could be undone if their only child fails to take over because of lack of interest or ability. Given the limited range of family succession options, a generation of entrepreneurs is bound to consider the interests, intentions and abilities of their children and weigh the dual issues of business development and family inheritance.

It can be seen from the above empirical research and case study, the higher the willingness of predecessors to hand over, the more intergenerational knowledge inheritance behaviors; the higher the willingness of successors to inherit, the more intergenerational knowledge inheritance behaviors. At the same time, the more intergenerational knowledge inheritance behaviors, the better task performance or contextual performance of the enterprise. That is to say, Intergenerational knowledge inheritance behaviors plays a mediating role in the relationship between the willingness of predecessors (the willingness of successors to inherit) to hand over and task performance or contextual performance. Intergenerational knowledge inheritance behaviors link the antecedents and consequences in the inheritance process. Besides, Political skills of successors play a moderating role between the willingness of predecessors to hand over (the willingness of successors to inherit) and the intergenerational knowledge inheritance, the higher the political skill of the successor, the stronger the positive relationship between the willingness of the predecessor (the willingness of successors to inherit) to hand over and the intergenerational knowledge inheritance.

Therefore, it should be concerned that during the family business inheritance practice, the family firm can increase the willingness of predecessors to hand over, the willingness of successors to inherit, the intergenerational knowledge inheritance behavior and also the ability of the successor, especially the political skill. These will affect the performance in or after the

inheritance. However, in the present family firm practice, there are some situations usually as follows, which we discuss and analyze the problems involved in detailed.

6.3 Children are unwilling to succeed

The founders of family businesses are well aware of the importance of succession, in order for their children to succeed, they send their children to study in countries such as the US, UK, Singapore and Australia in the hope that they will learn the skills to succeed and run their businesses better. But some have backfired. Some children have changed their value orientation after receiving more and better education -- refusing to succeed. These children broaden their horizons and think it's too hard to run their parents' business while others are enjoying themselves. Some do not look up to the "broken factories" of their fathers, which are quite backward compared with others.

The main reason why some children do not want to succeed is that the middle and senior managers of the company are their relatives and elders. They are junior in front of them, so it is difficult to manage them. Some children think that there are too many regulations and no free space for them to work in the family business. If they do a good job, others will think that it is because they have the guidance of their parents, who have created a good foundation for them and deserve to do well. If you do a bad job, or even bankrupt the enterprise, your children will become the black sheep of your family.

For example, in September 2007, 17 students of the second China family business succession training class founded by Mao Lixiang, chairman of FOTILE Group, were children of family businesses, many of whom were forced by their fathers to return to inherit their father's business. They wanted to develop their own business (Xin, 2008).

The willingness of children to inherit is an important factor for a business family to carry on the business from father to son. If children are unwilling to inherit, parents should first do the work to figure out the reasons for the reluctance. If they want to start their own business and enter a new industry, parents should support them in principle. Since the survival environment of the enterprise at the time of succession has changed a lot compared with that

when the enterprise started up, and the growth environment, knowledge structure and vision of the two generations are also very different; it is inevitable that the conflict of business philosophy will arise. If children really do not want to inherit the business, do not force it. Interest is the mother of success. Children who are not interested in succession are certainly not doing well in the business and can hurt family feelings.

In this respect, the example of Xu Lianjie, the founder of Fujian Heng'an Group, has a reference value. Xu Lianjie is 66 years old. He started his business in the early 1980s. He started from a small garment factory. Now Heng'an Group has developed into a large listed company with an annual output value of more than 10 billion yuan. It is the largest producer of baby diapers and women's sanitary napkins in China. Xu Lianjie began to consider the issue of corporate inheritance in his 50s.

He has three sons, Xu Qingliu, Xu Qingshui and Xu Qingchi. Under his father's arrangement, all three sons went to England to study and received good education. But when Xu Lianjie asked for their succession intentions and wanted them to enter the business, all three sons expressed their unwillingness to engage in manufacturing like their father.

Although it surprised Xu Lianjie, he respected and accepted his son's choice. He continued to be his own original industry. His sons chose a new business direction. Although there is basically no connection between the industries, Xu Lianjie provides financial, networking and other support for his sons. Later, with the support of their father, the three sons had their own careers, focusing on areas that they were interested in and good at. Xu Qingliu was good at capital investment, Xu Qingshui was better at investing in real estate, and Xu Qingchi was responsible for brand chain Operation, the three sons have achieved good results in their own fields.

6.4 The former leader wanted to hand over but could not give up the power

A study of the willingness of Chinese family business owners in 2014 shows that as the age of business owners increases, the willingness to pass on children is also increasing. Specifically, for the business owners under the age of 30, the proportion of hoping children to

take over in the future is 67.5%. For the business owners of 31-40 years old, the proportion is 68.8%. For the business owners of 41-50 years old, the proportion is 70%. The proportion of business owners aged 51-60 is 73.8%, and the proportion of business owners over 60 years old is 76.2% (China Private Economy Research Association, 2015).

The transfer of power from the previous generation to the children is the final and perhaps most difficult step in the succession process. There are four main difficulties: first, business owners' attachment to power. When they were in power in the family business and family, they were used to being admired and worshiped by people, their strong desire for control were hard to give up. Once they leave the center of power, they feel a sense of loss. The second is that successful entrepreneurs are often so confident and capable that they find it hard to believe that they are "old" and need to find a successor. Third, parents do not trust their children to manage the enterprise. In their eyes, he or she is still a child with knowledge but little experience, and his or her prestige inside and outside the enterprise is not as high as their own. He or she is "immature" to bear such a heavy burden. Fourth, for a variety of reasons, family members and managers who are not family members, either explicitly or implicitly, exert influence on their predecessors to obstruct the transition.

Internal and external reasons often make predecessors hesitate to take the last step in the transfer of management power, some nominally succession but continue to participate in daily work, some though not interfere in the daily work of the successor, continue to exert influence on important decision problems, some even reclaimed the power they gave up. Some scholars suggest that in many families in the leadership transition stage, the ease and pleasure of the process depends largely on the ability that the family manages to protect the heroic status of the previous generation (even after the leadership has been passed on to future generations).

During the transfer of power, families are required to find a way to help the previous generation relinquish control of the business and family, while also strengthening their authority in each system, such as through significant symbolic time, for instance, families holding victory parties or taking vacations at their parents' homes (even if they are no longer working within the organizational system).

Each generation has its own goal to pursue, and what we need to do is to calibrate this

goal so that each generation builds its own career around the longevity of the family business on the existing basis. It is understandable that the previous generation of entrepreneurs wanted their children to inherit their father's business. Of course, the business kingdom that has been built up through all kinds of difficulties and hardships is expected to continue to develop in the efforts of future generations.

All the time, the problem of family business inheritance constantly reflects the rule of "Its prosperity is booming, and its death is also abrupt" and "the wealth cannot last three generations". In particular, whether a person can become an entrepreneur depends not only on whether he has the intelligence in this field, but also whether he has the interest in this field, and also whether he has the opportunity in this field. The opportunities of the second generation are not necessarily flat because they have a family business foundation. The opportunities of transformation or transformation are like water running water, which can either succeed or fail.

For Zhang Yunlan, the second generation of red-collar enterprises, when studying abroad or even working in Shanghai after returning home, she all felt that her life should be as calm as ever and never prepared for succession.

However, when her father came to see her, she felt it incumbent on her in his hour of need. Even if she has no background in the clothing industry, at that time, she did not understand the informatization transformation planned by her father. Zhang Yunlan felt that no matter how difficult it was, she should take up the responsibility to share the pressure for her father, brother and family. As the second generation who has enough food and clothing since childhood, this responsibility requires more courage, and this courage is driven by the sense of family responsibility.

Compared with the first generation that had no choice, the second generation's responsibility is not only the specific product of China's one-child policy, but also the tie and identity of the second generation to family and blood. Both generations agree that the influence of family edification in the process of inheritance is very great. Although the second generation may be pampered since childhood, the hard work and busy figure of their fathers and the edification of business thinking have left an indelible impression on their childhood,

which will greatly enhance the courage of the second generation to undertake.

As the second generation of succession, Zhang Yunlan dared to take responsibility. She did not flout in the face of the performance pressure of thousands of employees and enterprises. Her family responsibilities and her father's love made her grow up quickly and take on the responsibility of the family industry with her weak shoulders. In addition, as a daughter, taking over from her father is a unique phenomenon in the succession of family businesses in China in recent years. As a young returnee, in the absence of industry background, in the face of the experience of the difficulties and twists and turns experienced, father's support and Zhang Yunlan's own insistence are indispensable.

Zhang Yunlan has said that her father needs her, so she is duty-bound. In fact, she is not a person who takes risks and urges. Maybe she is a beginner who is not afraid of tigers. What is behind her unwavering return? It may be the filial piety in Chinese people's bones, the family values of Chinese people and the national values of Chinese people to promote the inheritance of family business. Although the one-child policy has an impact on many private entrepreneurs, and the traditional concept of children inheriting their father's business makes them have few choices of successors. However, in the face of more difficult business keeping, it is also worth our attention and consideration that the second generation, who can have more choices, may wander between accepting or not accepting.

We can see that the second generation who chose to take over gave up a life that could have been carefree and comfortable. When they chose to enter the family business, they also meant that they more or less gave up their interests and life. Nowadays, most of the second generations have received overseas education, and their overseas background has an impact on their acceptance of traditional family businesses.

In particular, faced with the pressure of enterprise transformation and upgrading and the temptation of fast money in the market, many of the second generation choose to enter the field of finance and investment to find another battlefield. Compared with other Chinese regions, the "rich second generation" in mainland China have strong resistance to their children inheriting their father's business. In addition to the conflict of values, China's economy changes too fast, the older generation's career declines and other factors make the

second-generation struggle to inherit the family business.

As the "only" possible candidate in the family, how does the second generation face the conflict between the family's mission and its own interests? Filial piety is the traditional virtue of the Chinese nation. Whether it is the education received since childhood or the edification of family atmosphere, filial piety has always been the national value respected by everyone. In the face of the differences caused by the times, family is the best link, which is also the basis for the particularity of family enterprises compared with other enterprises.

In fact, most of the second generations enjoy good material conditions, but also have strong learning ability and social adaptability. This learning ability is not simply reflected in test scores or school rankings, but rather a sensitivity and acceptance of new things or business. Of course, whether it is the influence of China's booming economy or the influence of western ideas, their ideas will be very different from those of the previous generation, and they are more reluctant to be bound by traditional industries or rules. However, their identification with family is a kind of tie that keeps changing but has a same principle all the time. Some scholars have pointed out that the power structure and emotional relationship of a family determine the complex family obligations among family members.

Parents and the second generations are different in thinking, values and world outlook because of their different growth environment, education, opportunities and challenges. The blood relationship in family is inseparable. When enterprises and families are intertwined, the friction between two generations will not only affect the development of enterprises, but also affect the unity of families. Under such circumstances, why are the second generations willing to accept the challenge? In the final analysis, it is driven by the sense of family responsibility, and it has the will and ability of inheritance.

The second generation with responsibility and ability to take over the family business should have a positive driving force for the inheritance and development of the family business. There is a Matthew effect in economics, that is, people have more resources, the more they can use resources to create opportunities for themselves and the development of enterprises. The second generation is endowed with superior material conditions, academic education, business edification, family capital, which are important factors that constitute

their superior competitive edge. Moreover, in addition to the transfer of management rights and shares, there will also be family specific knowledge transfer, which is not cost-free. The second generation of the family can share the "special knowledge" of the family business, that is, the intangible assets of the family, which is incomparable to the external professional managers.

In terms of succession, first generation of entrepreneurs should not only make demands on the second generation, but also reflect on their own problems. Do you often neglect your family, which, to some extent, leads to the lack of family responsibility and reluctance to take over? Are you too authoritarian to see or recognize the succession ability of the second generation? Have I not brought the enterprise into the stage of standard management, which has hindered the ability of the second generation? In many cases, the mindset and behavior of the second generation is a mirror of the values and behavior styles of the first generation for a long time. When the handover is blocked, the generation may be able to better understand the underlying causes of succession problems by seek the cause in themselves.

Inheritance is not to pass the enterprise to a person, but more importantly, the establishment of the system and the inheritance of enterprise culture. How to teach and inculcate correct family values by words and deeds is the basic skill of family business inheritance. Especially in the current special period of China, inheritance and transformation make Chinese family enterprises become the focus of attention. A generation of Chinese entrepreneurs built a world of their own hard work and drive from scratch in an age of opportunity. While seizing opportunities, they are also trying to survive in the cracks.

However, when the economic situation changes and facing the challenges of enterprise transformation, most entrepreneurs of a generation enter their old age and have to face the problem of whom to hand over the enterprise. This is the particularity of Chinese heritage. We often talk about how family businesses in Europe and the United States have been passed on for hundreds of years, and how successful they have been in succession management for decades. However, we must also note that most of them have not faced the challenge of transformation at the critical point of succession.

For Chinese family enterprises, they are the first leap from one generation to the second

generation. They are also confronted with the transformation of the economic era. Two major problems appear simultaneously. In such a moment, background and environment, it seems that there is no other overseas model for Chinese family enterprises to refer to. Only by finding a suitable inheritance and transformation path for Chinese characteristics through their own efforts can they hope to break the bottleneck and move to the next platform.

6.5 Children have no ability to take over

In mainland China, almost every one of the first generation of entrepreneurs of Chinese family businesses wants to pass control of the business to their children. If a family has several sons, many families will be very careful to choose which son to inherit the business. However, due to the implementation of the family planning policy, many entrepreneurs in China today have only one child, while many "only seedlings" (only children) are obviously unable to take over and have no choice. For many pure family enterprises whose equity is 100% owned by a family, if talent is selected according to the criterion of consanguinity higher than ability, it will inevitably lead to the emergence of "A Dou" (mediocre people). There are indeed some of them who lie in the comfort of their parents' wealth and lead a wasteful life. Although up to now, there is no good evidence to prove that business failure is inevitably related to entrepreneurs giving way to their children, statistics still make entrepreneurs feel like walking on thin ice, and the Zen system of Chinese family enterprises is being challenged.

The succession of incompetent children is bound to fail. The decline of Wang An Computer Company is a typical case that people use to complain about the malpractice of "son inherited his fathers". In the 1980s, Wang An, an American Chinese, named his computer after himself, was a famous brand in the American computer market at that time. Wang An's computer is reliable and runs three times faster than IBM's. Unfortunately, after 40 years in control of the company, despite the opposition of many directors and subordinates, he handed over the company's power to his eldest son, who was not good at business. As a result, the internal balance mechanism of the company was out of balance and the financial situation deteriorated sharply.

From the end of 1986 to 1988, Wang Lie had lost \$424 million in a short period of one year, and the company's stock fell 90% in three years. In the four years after 1989, the stock lost more than \$1.6 billion and fell from \$43 at its peak to 75 cents. Wang An Company had to file for bankruptcy in 1992 after some rescue measures, such as seeking fund-raising, were ineffective.

The failure of Wang An's computer lies in the fact that the first generation of managers choose their successors as relatives. Just as Cobrau, one of the three geniuses of Wang An Laboratory, pointed at Wang Lie at the company's deliberately arranged departure meeting and said, "You made a mess of all things. You are not the right person for the general manager. You made many wrong decisions. You do not even know what you are doing..." There was once a man named Kaningham in Wang An Company, who was highly valued by Wang An and became the only person outside Wang An's family who could influence Wang An's decision-making. However, Kaningham, a talented person who is thought to be able to guide Wang An Company into the 21st century, missed the throne of the president because he was not a member of the Wang An family.

Many family businesses are facing the dilemma that their children are unable or unwilling to take over. Some of the previous generations have experienced the hardship of starting a business. They do not want their children to "suffer twice" or take over. They believe that "parents' hardship is for their children to enjoy happiness". The assets accumulated by parents for decades are enough for generations of children and grandchildren. What they want now is "ease and stability". However, it is not reassuring to leave the enterprise to "outsiders" for management. These entrepreneurs think that they can work day by day. If they cannot, they would rather sell the business at the expense of some family interests than hand over their hard-earned efforts to "outsiders".

The low trust of Chinese family enterprises to "outsiders" is not only the deep factor of Chinese traditional "family culture", but also the realistic consideration of family business owners to the social credit status.

The core connotation of "family culture" is "the culture of love". Compared with other countries, China has the longest and deepest tradition of "family culture". China's home-based

thought originated from the ancient people's dedication to blood relationship. Chinese people have formed a series of thoughts about family, the most important of which is to attach importance to blood kinship, and to plan and build their own society with the "family model" of blood kinship. Lin, Y. T. (1994) said that China's social codes of conduct are all derived from the family system, from which family concepts are formed, and from which certain codes of conduct are formed.

"Family culture" is not only the root of private enterprises in China, but also they continue to adopt the "pan-familialism" management mode when enterprises are large in scale, limited by family human resources and objectively need professional managers to manage enterprises.

What is pan-familialism? Taiwanese scholar Yang Guoshu (1998) has made a clear and accurate description, pointing out that in traditional society, family life experience and habits often become the only group or organizational life experience and habits of Chinese people... They naturally promote, generalize or bring the structure and relationship patterns and ways of dealing in the family into non-family groups or organizations, and act in accordance with the orientation of familialism. Mainland scholars call it pan-familialism.

Mr. Fei Xiaotong (1985) once pointed out vividly: "In Chinese rural society, there is no strict group boundary between families, and the members of this community can expand outward in the order of relatives according to their needs." The concept of "home" is very broad, and "home" can include all the people who want to express intimacy and pull into their circle. "Family culture" not only provides a set of rules of conduct for Chinese families, but also extends to all aspects of social and economic life. Any community, institution, enterprise or even country can be regarded as the expansion of "home". This "pan-familialism" feature of Chinese society has great influence on the governance structure of Chinese enterprises.

"Pan- familialism" is not a kind of love that is treated equally under the common world, but is treated differently in social relations and social interaction. Fei Xiaotong's famous "differential pattern" theory makes a profound and simple visual description of this "pan-family". He pointed out that this "differential pattern" society is a network formed by countless personal relationships. This network is like a spider web, and the center of the web

is itself. Take "self" as the center, like a stone thrown into the water, and the social relationship with others is like the ripple of water, pushing it out in circles, the farther it goes, the thinner it is. That is to say, the degree of trust and the closeness of the relationship are diminishing from near to far.

The relationship on the edge of "pan-familialism" is fragile and unstable, especially during periods of social unrest. This is reflected in the family enterprise as follows: it is difficult for enterprises to form real trust in external human resources, the employer's use of personnel other than family members is often based on personal relations, without a real sense of institutional guarantee, often obedience is "family", and disobedience becomes "outsider", once the personal relationship cracks, or when the boss naturally changes, The use of external human resources may be terminated. This is one of the important reasons why Chinese family enterprises can be big but difficult to do for a long time. It is also the cultural root of the fatal defects of family enterprises.

As Mao Lixiang (2013) said: in the current China, the professional manager class is not mature, family enterprises cannot be fully public, family entrepreneurs cannot be the boss without doing anything, they must directly control the enterprise. China's legal environment needs to be improved. China's market economy has not experienced a very cruel process. Many professional managers' technical and moral qualities have not been tested. In an environment of lack of credit, few entrepreneurs can rest assured that their wealth created after years of hard work can be handled by others.

However, we should also see the positive significance of professional managers for family businesses. Professional managers need a relatively complete and standardized platform to enter family business, which, to some extent, can promote the rational management of family business. It also turns out that professional managers may prefer an objective and rational approach to some corporate management issues because there is no nepotism involved. Of course, the current professional manager market in China is not standardized, and the relevant laws and regulations are not yet perfect. Under such circumstances, this aspect also involves various issues such as the personal quality and social integrity of professional managers.

It is a complex and lengthy process to convince family members that those outsiders can be "one of us" and hand over control of the business in peace. This not only requires careful planning and measurement by business founders, but also tests the competence, ethics and wisdom of professional managers. Employing professional managers is still a delicate choice for domestic family firms. The superior management skills of professional managers may save a family business from family infighting, but it is also a matter of concern whether professional managers can regard the family business as their own. In the face of great wealth or power, non-family executives do not have the responsibility of family mission, inevitably use power for personal gain, and sacrifice the development of family business to pave the way for themselves.

Even if the interests of professional managers are tied together with those of family enterprises by means of equity incentive, it is easy for professional managers to pursue the rapid growth of short-term performance and damage the long-term development ability of enterprises.

As a result, Chinese family businesses face a dilemma: the "rich second generation" lack a strong desire or ability to take over, while the quality and drive of professional managers hardly match the dedication required by "founder". This lack of successors, both internal and external, is likely to continue for some time.

Bibliography

- Anderson, R. C. & Reeb, D. M. (2003). Founding family ownerships and firm performance: evidence from the S&P 500. *Journal of Finance*, (58), 1301-1328.
- Arregle, J., Duran, P., Hitt, M. A., & Van Essen, M. (2017). Why is family firms' internationalization unique? A meta-analysis. *Entrepreneurship Theory and Practice*, 41(2), 225-241.
- Astrachan, J. H. & Shanker, M. C. (2003). Family businesses' contribution to the U.S. economy: A closer look. *Family Business Review*, 16(3), 211-219.
- Bao, F. G. (2006). Succession management and innovation: The foundation of the long-term development of family business. *Township Economy*, (3), 25-29.
- Barach, J. A. & Ganitsky, J. B. (1995). Successful succession in family business. *Family Business Review*, 8(2), 131-155.
- Barnes, L. B. & Hershon, S. A. (1989). Transferring power in the family business. *Family Business Review*, 2(2), 187-202.
- Beckhard, R. & Dyer, W. G. (1983). Managing continuity in the family-owned business. *Organizational Dynamics*, 12(1), 5-12.
- Berenbeim, R. E. (1990). How business families manage the transition from owner to professional management. *Family Business Review*, 3(1), 69-110.
- Berrone, P., Cruz, C., & Gomez-Mejia, L. R. (2012). Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research. *Family Business Review*, 25(3), 258-279.
- Birley, S. (1986). Succession in the family firm: The inheritor's view. *Journal of Small Business Management*, 24(3), 36-43.
- Bjuggren, P. & Sund, L. (2001). Strategic decision making in intergenerational successions of small and medium-size family-owned businesses. *Family Business Review*, 14(1), 11-24.
- Breton, I. L., Miller, D., & Steier, L. P. (2004). Toward an integrative model of effective FOB succession. *Entrepreneurship Theory and Practice*, 28(4), 305-328.
- Cabrera-Suarez, K., Saa-Perez, P. D., & Almeida, D. G. (2001). The succession process from a resource and knowledge-based view of the family firm. *Family Business Review*, 14(1), 37-48.
- Chen, L. & Chen, L. H. (2014). The clan involvement, the socio-emotional wealth and the corporate charitable contributions: A case study based on the survey of the private enterprises all over china. *Management World*, (8), 90-101.
- Chen, L. & Ying, L. F. (2003). Hereditary succession: The inheritable management and

creation in clannish enterprises. *Management World*, (6), 89-97.

Chen, S. H. & Dou, J. H. (2016). The impact of family relationship on firm innovation: The examination of considerable family "forces" for the innovation of firm. *Studies in Science*, 34(5), 793-800.

Cheng, C. (2018). Intergenerational succession of family firms: A continuation or rupture of the innovation spirit. *Business Review*, 30(6), 81-92.

China Private Economy Research Association. (2015). *Report on the Inheritance of Chinese Family Business*. Beijing: Citic Press.

Chrisman, J. J., Chua, J. H., & Sharma, P. (1998). Important attributes of successors in family businesses: An exploratory study. *Family Business Review*, 11(1), 19-34.

Chrisman, J. J., Chua, J. H., Sharma, P., & Pramodita, K. (2009). Trends and directions in the development of a strategic management theory of the family firm. *Entrepreneurship Theory and Practice*, 29(5), 555-576.

Chrisman, J. J., Chua, J. H., & Steier, L. P. (2003). An introduction to theories of family business. *Journal of Business Venturing*, 18(4), 441-448.

Chu, X. P. (2004). The definition of Chinese family business. *Economic Theory and Business Management*, (1), 49-53.

Chua, J. H., Chrisman, J. J., & Sharma, P. (2003). Succession and nonsuccession concerns of family firms and agency relationship with nonfamily managers. *Family Business Review*, 16(2), 89-107.

Churchill, N. C. & Hatten, K. J. (1987). Non-market-based transfers of wealth and power: A research framework for family businesses. *American Journal of Small Business*, 11(3), 51-64.

Cruz, C. & Nordqvist, M. (2010). Entrepreneurial orientation in family firms: a generational perspective. *Small Business Economy*, 10(7), 87-92.

Cucculelli, M. & Marchionne, F. (2012). Market opportunities and owner identity: Are family firms different? *Journal of Corporate Finance*, 18(3), 476-495.

Daspit, J. J., Holt, D. T., Chrisman, J. J., & Long, R. G. (2016). Examining family firm succession from a social exchange perspective: A multiphase, multistakeholder review. *Family Business Review*, 29(1), 44-64.

Davis, P. (1983). Realizing the potential of the family business. *Organizational Dynamics*, 12(1), 47-56.

Donckels, R. E. & Frohlich, P. (1991). Are family businesses really different? European experiences from STRATOS. *Family Business Review*, 4(2), 149-160.

Dou, J. S. & Jia, S. H. (2007). The research frontier of intergenerational inheritance theory of family business. *Foreign Economies and Management*, (2), 45-50.

Dou, J. S. & Jia, S. H. (2008). How does the family business last? Identification of intergenerational inheritance elements of family businesses at the individual level of entrepreneurs. *Management World*, (9), 105-117.

- Drozdow, N. (1998). What is continuity? *Family Business Review*, 11(4), 337-347.
- Dunn, B. (1999). The family factor: The impact of family relationship dynamics on business-owning families during transitions. *Family Business Review*, 12(1), 41-60.
- Dyck, B., Mauws, M., & Starke, F. A. (2002). Passing the baton: the importance of sequence, timing, technique and communication in executive succession. *Journal of Business Venturing*, 9(17), 143-162.
- Dyer, W. G. & Sanchez, M. (1998). Current state of family business theory and practice as reflected in Family Business Review 1988-1997. *Family Business Review*, 11(4), 287-295.
- Fei, X. T. (1985). *Rural China*. Beijing: SDX Joint Publishing Company.
- Fox, M., Nilakant, V., & Hamilton, R. T. (1996). Managing succession in family-owned businesses. *International Small Business Journal*, 15(1), 15-25.
- Gersick, K. E., Lansberg, I., Desjardins, M., & Dunn, B. (1999). Stages and transitions: Managing change in the family business. *Family Business Review*, 2(4), 287-297.
- Goldberg, S. D. (1996). Effective successors in family-owned businesses: Significant elements. *Family Business Review*, 9(2), 185-197.
- Goldberg, S. D. & Wooldridge, B. (1993). Self-Confidence and managerial autonomy: Successor characteristics critical to succession in family firms. *Family Business Review*, 6(1), 55-73.
- Gomez-Mejia, L. R., Haynes, K. T., Nunez-Nickel, M., Jacobson, K. J., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106-137.
- Gomez-Mejia, L. R., Neacsu, I., & Martin, G. (2017). CEO risk-taking and socioemotional wealth: The behavioral agency model, family control, and CEO option wealth. *Journal of Management*, 14(9), 155-168.
- Gomez-Mejia, L. R., Patel, P. C., & Zellweger, T. M. (2017). In the horns of the dilemma: Socioemotional wealth, financial wealth, and acquisitions in family firms. *Journal of Management*, 44(4), 1369-1397.
- Gu, J. N. (2016). *The impact mechanism of perceived supervisors' political skills on subordinates' work adjustment: A mediating moderation model from socialized learning perspective*. Doctorial Dissertation, East China Normal University.
- Habbershon, T. G. & Williams, M. L. (1999). A resource-based framework for assessing the strategic advantages of family firms. *Family Business Review*, 12(1), 1-25.
- Han, C. H., Chen, L., & Ying, L. F. (2005). Pass it on to relatives or choose an expert: An investigation of Zhejiang family business. *Management World*, (4), 133-142.
- Handler, W. C. (1990). Succession in family firms: a mutual role adjustment between entrepreneur and next-generation family members. *Entrepreneurship: Theory and Practice*, 15(1), 37-51.
- Handler, W. C. (1992). The succession experience of the next generation. *Family Business*

Review, 5(3), 283-307.

Handler, W. C. (1994). Succession in family business: A review of the research. *Family Business Review*, 7(2), 133-157.

Hansen, E. L. (1995). Entrepreneurial networks and new organization growth. *Entrepreneurship Theory and Practice*, 8(3), 55-63.

He, X. & Li, X. C. (2014). Zhongyong rationality and the stock right allocation of family firm in China. *Journal of Industrial Engineering and Engineering Management*, 28(1), 1-9.

Hou, Y. T. (2017). Research on the impact of college students' political skills on entrepreneurial intentions. *Journal of Beijing Foreign Studies University*, (3), 44-52.

Hu, X. L. & Ji, F. H. (2018). The influence of political skills on taking charge behavior: The roles of psychological empowerment and uncertainty avoidance. *Human Resource Development of China*, 35(2), 50-60.

Huang, G. G. (2004). *Human Relationship and Show Respect: Chinese People's Power Game*. Beijing: China Renmin University Press.

Kellermanns, F. W., Eddleston, K., & Zellweger, K. A. (2012). Extending the socioemotional wealth perspective: A look at the dark side. *Entrepreneurship Theory and Practice*, 36(6), 1175-1182.

Lambrecht, J. (2005). Multigenerational transition in family businesses: A new explanatory model. *Family Business Review*, 18(4), 267-282.

Lansberg, I. & Astrachan, J. H. (1994). Influence of family relationships on succession planning and training: the importance of mediating factors. *Family Business Review*, 7(1), 39-59.

Li, X. C., Han, J., & Li, W. (2015). Is it succession of the family business or creating other field: The construction of the authority legitimacy of the second generation succession of the family business? *Management World*, (6), 110-124.

Li, X. C. & He, X. (2008). Starting an undertaking in terms of strategy, and the succession of entrepreneurialism of clannish firms: a case study based on Lee Kum Kee-a century-old shop. *Management World*, (10), 127-140.

Liu, H. C., Jin, S. H., & Zhao, K. Q. (2012). The influence of organizational political skills on individual itself in Chinese cultural context. *Psychological Exploration*, 32(1), 55-60.

Lin, Z. & Sun, L. X. (2012). The influence of organizational political skills on interpersonal process in Chinese cultural context. *Shanghai Administration Institute*, 18(6), 87-94.

Liu, H. (2017). *Research on the intergenerational succession of family business from the perspective of tacit knowledge transfer*. Doctorial Dissertation, Zhejiang University of Industry and Commerce.

Longenecker, J. & Schoen, J. (1978). Management succession in the family business. *Journal of Small Business Management*, 16(3), 1-6.

Lyu, F. X. (2003). The shortage of resources and the continuation of ideas in family business:

- A case study on the sustainable development of Ningbo Fotile group. *Management World*, (12), 128-136.
- Marler, L. E., Botero, I. C., Massis, D., & Vittorio, R. (2017). A Succession-related role transitions in family firms: The impact of proactive personality. *Journal of Management*, 29(1), 57-81.
- Massis, A., Chua, J. H., & Chrisman, J. J. (2008). Factors preventing intra-family succession. *Family Business Review*, 21(2), 183-199.
- Massis, A., Kotlar, J., Signori, A., & Vismara, S. (2013). Financial wealth, socioemotional wealth, and IPO underpricing in family firms: A two-stage gamble model. *Academy of Management Journal*, 61(3), 1073-1099.
- Mintzberg, H. (1983). *The Nature of Managerial Work*, London: Pearson Education.
- Nelton, S. (1998). The rise of women in family firms: A call for research now. *Family Business Review*, 11(3), 215-218.
- Nonaka, I. (1998). The concept of "Ba": Building a foundation for knowledge creation. *California Management Review*, 40(3), 40-54.
- Pan, B. S. (1998). Family management in the township enterprises. *Rural Observation in China*, 12(1), 12-18.
- Parker, S. C. (2016). Family firms and the "willing successor" problem. *Entrepreneurship Theory and Practice*, 40(6), 1241-1259.
- Podsakoff, P. M., Lee, J.Y., MacKenzie, S. B., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, (88), 879-903.
- Poza, E. J. & Messer, T. (2001). Spousal leadership and continuity in the family firm. *Family Business Review*, 14(1), 25-36.
- Santiago, A. L. (2011). The family in family business: Case of the in-laws in Philippine businesses. *Family Business Review*, 24(4), 343-361.
- Sharma, P. (2004). An overview of the field of family business studies: Current status and directions for the future. *Family Business Review*, 17(1), 33-42.
- Sharma, P. & Irving, P. G. (2005). Four bases of family business successor commitment: Antecedents and consequences. *Entrepreneurship Theory and Practice*, 29(1), 13-33.
- Sharma, P., Chrisman, J. J., Pablo, A. L., & Chua, J. H. (2001). Determinants of initial satisfaction with the succession process in family firms: A conceptual model. *Entrepreneurship Theory and Practice*, 25(3), 17-36.
- Sharma, P., Chrisman, J. J., & Chua, J. H. (2003). Succession planning as planned behavior: some empirical results. *Family Business Review*, 16(1), 1-15.
- Shepherd, D. A. & Zacharakis, A. (2000). Structuring family business succession: An analysis of the future leader's decision making. *Entrepreneurship Theory and Practice*, 24(4), 25-39.

- Steier, L. (2001). Next-Generation entrepreneurs and succession: An exploratory study of models and means of managing social capital. *Family Business Review*, 14(3), 259-276.
- Sun, Z. B. (1995). Familism and modern Taiwan enterprises. *Sociological studies*, 7(5), 36-42.
- Szulanski, G. (1996). Exploring internal stickiness: Impediments to the transfer of best practice within the firm. *Strategic Management Journal*, 17(5), 27-43.
- Wang, Y. Y., Duan, J. Y. (2015). How do political skills affect employee voice behavior: The role of relationships and performance? *Management World*, (3), 102-112.
- Wang, H. Y. (2013). *Succession Research of Chinese Family Enterprises from the Perspective of New Capital Theory*. Beijing: Tsinghua University Press.
- Wang, T. (2010). A research on the present situation of successor in family business. *Network Wealth*, (7), 15-19.
- Wang, Y. M. (2019). A pyramid model of successor's entrepreneurial growth in family firms: Multi-case study from the perspective of meaning making. *Management World*, (2), 168-184.
- Wennberg, K., Wiklund, J., Hellerstedt, K., & Nordqvist, M. (2011). Implications of intra-family and external ownership transfer of family firms: Short-term and long-term performance differences. *Strategic Entrepreneurship Journal*, 5(4), 352-372.
- Wiklund, J., Nordqvist, M., Hellerstedt, K., & Bird, M. (2013). Internal versus external ownership transition in family firms: An embeddedness perspective. *Entrepreneurship Theory and Practice*, 37(6), 1319-1340.
- Wu, J. & Liang, Y. (2017). The influence of succession control power on the innovation of family business under the regulation of legitimacy. *Chinese Journal of Management*, 14(11), 1672-1680.
- Xi, J., Luo, J. T., & Zhang, S. S. (2017). An exploration study on identity construction of next generation of family business as successors. *Chinese Journal of Management*, 14(1), 8-19.
- Xin, H. (2008). The worries of the rich second generation. *Management Manager*, (1), 58-59.
- Xu, Z. W. & Li, B. S. (2007). Discussion on the inheritance of family enterprises based on entrepreneur life cycle. *Productivity Research*, (5), 15-18.
- Yang, G. S. (1998). *The Process of Familyization, Pan-familism and Management of Organization*. Taiwan: Yuanliu Publishing Company.
- Yang, X. R. & Li, X. C. (2009). Research on the construction and measurement of family involvement index. *Chinese Industrial Economy*, (5), 97-107.
- Yu, X., Stanley, L., Li, Y., Eddleston, K., & Kellermanns, F. (2019). The invisible hand of evolutionary psychology: The importance of kinship in first generation family firms. *Entrepreneurship Theory and Practice*, 11(7), 112-136.
- Zhang, B. (2004). *A study on the inheritance model of the family business*. Doctorial Dissertation, Zhejiang University.

Zhao, J., Zhang, S. B., & Zhu, L. M. (2015). The influence of the legality of the inheritance on the strategic change of the family business. *China's Industrial Economy*, (8), 130-144.

Zhao, J. & Zhu, L. M. (2018). The succession of family firms and stock market reaction. *Journal of Renmin University of China*, 32(2), 90-103.

Zhou, H. L. (2018). *Research on the multiple mediating effects of leader's political skill on employee creativity*. Doctorial Dissertation, Guangdong University of Technology.

Zhu, H., Eric, K., & Zhou, Y. H. (2016). Does social emotional wealth inhibit the innovation investment of Chinese family enterprises? *Management World*, 270(3), 99-114.

Zhu, Z. D., Li, X. C., & Li, W. P. (2018). "More than Promotion": An empirical study of intergenerational succession and strategic change from the perspective of paternalism. *Management World*, (11), 65-79.

Appendix: Family Business Questionnaire

Dear Sir/madam:

Hello! Thank you very much for taking time out of your busy schedule to participate in this questionnaire survey. The main purpose of this survey is to understand the factors and principles that affect the intergenerational inheritance of family business and its social relationship network. It is hoped to provide reference and suggestions for the family enterprises with intergenerational inheritance in the later stage. Please complete the questionnaire completely and independently according to your real thoughts. We promise that all survey data will only be used for research purposes and will be kept strictly confidential. Thank you for your support!

Research Team of UESTC

PART 1 pre-phase of intergenerational inheritance

To what extent do you agree with the following statement? Please choose the number that best reflects your attitude according to your true feelings.

1 = totally disagree 2 = disagree 3 = hard to say 4 = agree 5 = totally agree

		totally disagree	←→	totally agree	
1	Former entrepreneur hoped that the younger generation could join the enterprise very much	1		3	5
2	Former entrepreneur hoped that the successor was interested in participating in the company's business activities.	1		3	5
3	Former entrepreneur helped the successor to adapt to the business environment as soon as possible	1		3	5
4	Former entrepreneur had no reservations about the transfer of knowledge and experience.	1		3	5
5	Former entrepreneur instilled corporate management ideology into their successors through their daily work.	1		3	5
6	Joining the company was entirely the successor's idea himself/herself.	1		3	5
7	The successor is willing to follow the former entrepreneurs to attend business activities	1		3	5

The Antecedents and Consequences of Entrepreneur's Knowledge Inheritance Behavior in Family Business

8	Successor was willing to experience all parts of the enterprise	1	2	3	4	5
9	The successor was willing to study hard for inheriting the company as a family cause.	1	2	3	4	5
10	Successor constantly thought about and summarized working methods.	1	2	3	4	5
11	The successor humbly observed how the seniors managed the business.	1	2	3	4	5
12	The values between successor and former entrepreneur are consistent.	1	2	3	4	5
13	Successor and former entrepreneur are consistent in their business management ideology.	1	2	3	4	5
1	Family members in the company often meet.	1	2	3	4	5
2	Family members in the company treat children in the family equally.	1	2	3	4	5
3	Members of the family know each other's close friends.	1	2	3	4	5
4	Family members in the company follow family decisions.	1	2	3	4	5
5	Family members in the company like to spend their leisure time together.	1	2	3	4	5
6	Family members in the company like to share interests and hobbies.	1	2	3	4	5
7	Family members in the company are accustomed to collective action.	1	2	3	4	5
8	Family members in the company can easily express their opinions.	1	2	3	4	5
9	Every member of the family in the company participates in major family decisions	1	2	3	4	5
10	Family members in the company often discuss issues together and feel good about the solution	1	2	3	4	5
11	Family members always try to find new ways to solve problems.	1	2	3	4	5
12	The family can share responsibility flexibly.	1	2	3	4	5
13	Family members in the company are afraid to express their ideas to others.	1	2	3	4	5
1	Successor understands people very well.	1	2	3	4	5
2	Successor is particularly good at sensing others' motivations and	1	2	3	4	5

	hidden intentions.					
3	Successor has good intuition or savvy about how to present himself/herself to others.	1	2	3	4	5
4	Successor always seems to instinctively know the right things to say or do to influence others.	1	2	3	4	5
5	Successor is particularly good at sensing others' motivations and hidden intentions.	1	2	3	4	5
6	Successor is able to make most people feel comfortable and at ease around him/her.	1	2	3	4	5
7	Successor is able to communicate easily and effectively with others.	1	2	3	4	5
8	It is easy for successor to develop good rapport with most people.	1	2	3	4	5
9	Successor is good at getting people to like him/her.	1	2	3	4	5
10	Successor spends a lot of time and effort at building network with others.	1	2	3	4	5
11	Successor is good at building relationships with influential people at work.	1	2	3	4	5
12	Successor can call on support from the large network of colleagues and associates at work he/she developed when he/she really needs to get things done.	1	2	3	4	5
13	At work, successor knows a lot of important people and they are well connected.	1	2	3	4	5
14	Successor spends a lot of time at work developing connections with others.	1	2	3	4	5
15	Successor is good at using the connections and network to make things resolved at work.	1	2	3	4	5
16	When communicating with others, successor tries to be genuine in what they say and do	1	2	3	4	5
17	It is important that people believe successor is sincere in what they say and do.	1	2	3	4	5
18	Successor tries to show a genuine interest in other people.	1	2	3	4	5
1	Successor can quickly absorb a variety of information, clarify the context of things, and recognize the complexity of the problem.	1	2	3	4	5
2	Have flexibility and good judgment when dealing with problems.	1	2	3	4	5

The Antecedents and Consequences of Entrepreneur's Knowledge Inheritance Behavior in Family Business

3	Be able to make timely decisions and respond with a timely and thoughtful action.	1	2	3	4	5
4	Successor can recognize the existence of problems and use their own abilities to positively influence the resolution of complex and ridiculous problems.	1	2	3	4	5
5	Successor can explore, communicate and guide their work on people's values and actual needs.	1	2	3	4	5
6	Successor can always maintain a positive and open mind, and learn from experience and interaction with people as opportunities for learning and growth.	1	2	3	4	5
7	Successor can actively receive and accommodate new information and different opinions, and use them as a reference to carry out the next steps.	1	2	3	4	5
8	Successor is proud to be the helm of such a family business.	1	2	3	4	5
9	Successor really likes this job, and feels their value and meaning in the business.	1	2	3	4	5
10	Successor has managed this business as own life.	1	2	3	4	5
11	Successor provides customers with superior value products or services and each time communicating and interacting with customers can convey positive information of the company.	1	2	3	4	5
12	Successor can affect employees' behavior positively, motivate them to work together, target-oriented, and use team strength to achieve organizational goals.	1	2	3	4	5
13	Successor can promote the continuous learning and development of the company's employees to fully tap the potential of everyone, and is truly proud of their progress.	1	2	3	4	5
14	Successor pays great attention to credible and candid feedback, and gives and seeks positive, credible and candid feedback.	1	2	3	4	5
15	Being able to actively explore new things and eager to accept new challenges in new and unknown areas.	1	2	3	4	5
16	Successor has mature and deep insights into his/her abilities, values, and motivations, which leads to self-confidence, wise, and courageous behavior.	1	2	3	4	5
17	Successor has skilled dialogue skills, can express their thoughts and communicate in a concise, clear and precise manner.	1	2	3	4	5
18	When faced with huge changes or unexpected events, successor	1	2	3	4	5

	can cope with it calmly.					
19	In a stressful and difficult environment, successor can focus their attention on the most important issues of the company.	1	2	3	4	5
20	Successor can capture opportunities in the market through various means, and can identify and successfully develop and exploit opportunities such as products and markets in a timely manner.	1	2	3	4	5
21	Successor creates an innovative environment that supports experimentation, encourages adventure, fosters curiosity, challenges the status quo, and is free and open without evaluating.	1	2	3	4	5
22	Successor establishes an atmosphere that enables unfiltered information to flow smoothly and informally at all levels of the organization.	1	2	3	4	5
23	Successor identifies and strives to achieve high goals, conduct strict quality management, give orders to employees, conduct command and control.	1	2	3	4	5
24	Successor uses financial tools to understand the financial implications of business activities, develop short-term and long-term financial goals, and evaluate company performance accordingly.	1	2	3	4	5
25	Successor operates from the perspective of the company's global market, capabilities and resources.	1	2	3	4	5
26	Successor has high professional influence in the company's marketing or technology, who are experts in this area.	1	2	3	4	5
27	Successor has a clear strategy and vision and communicates it with employees and family members, unites all employees and family members to pursue this common goal.	1	2	3	4	5
28	Successor is very angry about the intention to depreciate the image of competitors in order to gain the greater interests of their own companies.	1	2	3	4	5
29	Successor can complete the promised event without compromise	1	2	3	4	5
30	Successor fulfills various business contracts consciously, and does not arbitrarily abandon the contract for some reason.	1	2	3	4	5

PART2 Intergenerational Inheritance Under Way

To what extent do you agree with the following statement? Please choose the number that best reflects your attitude according to your true feelings.

The Antecedents and Consequences of Entrepreneur's Knowledge Inheritance Behavior in Family Business

1 = totally disagree 2 = disagree 3 = hard to say 4 = agree 5 = totally agree

		totally disagree		←→	totally agree	
1	In the process of handover, successor and former entrepreneur have always supported each other.	1	2	3	4	5
2	Successor and former entrepreneur trust each other.	1	2	3	4	5
3	Successor recognizes former entrepreneur achievements highly.	1	2	3	4	5
4	There are many barriers to communicate between the former entrepreneur and successor.	1	2	3	4	5
5	Successor and former entrepreneur pay attention to flexibility when dealing with differences between them.	1	2	3	4	5
6	Former entrepreneur highly recognizes what successor has achieved.	1	2	3	4	5
7	Former entrepreneur allows successor to learn from his/her mistakes.	1	2	3	4	5
8	Successor likes to share his/her information with former entrepreneur.	1	2	3	4	5
9	By working together, successor and former entrepreneur have learned a lot from each other.	1	2	3	4	5
1	Successor works as the company's intentional heir in the family business.	1	2	3	4	5
2	Former entrepreneur often takes successor out for business trips.	1	2	3	4	5
3	Former entrepreneurs and successor often have the opportunity to participate in a task or project.	1	2	3	4	5
4	Former entrepreneur has a good understanding of the way successor works and handles affairs.	1	2	3	4	5
5	Successor is the right assistant of former entrepreneur in the work.	1	2	3	4	5
6	Former entrepreneur and successor are close partners in the work.	1	2	3	4	5
7	In life, former entrepreneur and successor often chat on various topics.	1	2	3	4	5
8	In communication, successor often expresses strong values (such as expressing opinions on certain phenomena or things).	1	2	3	4	5
9	Former entrepreneur and successor always exchange opinions in a good atmosphere.	1	2	3	4	5
10	Even if the two generations have different views and a dispute of opinions when they exchange which does not hinder the next	1	2	3	4	5

exchange between the two sides.

11	Successor believes that the communication between former entrepreneur and him/her can benefit both parties.	1	2	3	4	5
----	-------------------------------------------------------------------------------------------------------------	---	---	---	---	---

PART 3 Post-phase of intergenerational inheritance

To what extent do you agree with the following statement? Please choose the number that best reflects your attitude according to your true feelings.

1 = totally disagree 2 = disagree 3 = hard to say 4 = agree 5 = totally agree

		totally disagree	←→	totally agree		
1	Employees' responsibility is increased compared with before.	1	2	3	4	5
2	The enthusiasm of employees is higher than before.	1	2	3	4	5
3	Employees' compliance with the work regulations is better than before.	1	2	3	4	5
4	Employees' loyalty to the company is higher than before.	1	2	3	4	5
5	The internal team cooperation atmosphere is stronger than before.	1	2	3	4	5
6	Internal communication within the company is smoother than before.	1	2	3	4	5
7	The links between various departments in the company are closer than before.	1	2	3	4	5
8	Enterprise relationship network is more stable than before.	1	2	3	4	5
9	Profitability is rising steadily.	1	2	3	4	5
10	Operating income continues to increase.	1	2	3	4	5
11	Competitiveness is increased to some extent.	1	2	3	4	5
12	Strategic goals are accelerated to achieve.	1	2	3	4	5
13	Market share is expanded.	1	2	3	4	5

PART 4 Biographical Information

Please tick (✓) or fill in the blanks. This part of information will be used for classified statistics and will not affect you personally. The accuracy of this part of information is very important. Please fill it in correctly. Thank you very much.

Information of former entrepreneurs:

1. Gender: A. Male B. Female

2. Age:

3. Are you currently employed in the enterprise? A. Yes; position _____ B. No

4. Are you currently serving in government departments or trade associations?

A. Yes, position: B. No

5. Education: A. Below high school B. high school C. Junior College

D. Undergraduate E. Graduate and above

6. Health: A. Good B. General C. A little bad D. Worse

7. Working years, from _____ to _____

Information of successor entrepreneurs:

1. Gender: A. Male B. Female

2. Age:

3. Current position in the company:

4. Relationship between former and successor entrepreneurs: (such as father and son)

5. Education: A. Domestic Junior College and below B. Domestic undergraduate

C. Domestic graduation D. Domestic doctor E. Overseas undergraduate

F. Overseas graduation G. Overseas doctor H. others:

6. Previous major:

7. Worked in the company from:

8. Are you currently serving in government departments or trade associations?

A. Yes, position: B. No

9. Have you worked in other companies before joining the company: A. Yes B. No

Information of the company:

1. Year of establishment: 2. Located in : _____ province _____ city

3. Number of personnel: 4. Annual sales revenue: _____ Million

5. Industry: A. agriculture B. manufacturing C. Transportation
D. Construction (including building materials industry)
E. Wholesale and retail F. Textile and garment
G. Real estate H. Accommodation and catering
I. Residential services and other services
J. education K. others, Please specify: