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THE INFLUENCE OF INCUMBENT- AND SUCCESSOR-RELATED
FACTORS ON SUCCESSION PROCESS IN FAMILY FIRMS: EXPLORING
THE ROLE OF VALUES IN FAMILY BUSINESS SUCCESSION

ZHU SHENGQIN

SINGAPORE MANAGEMENT UNIVERSITY

2020

The Influence of Incumbent- and Successor-related Factors on Succession Process
in Family Firms: Exploring the Role of Values in Family Business Succession

Zhu Shengqin

Submitted to Lee Kong Chian School of Business
in partial fulfilment of the requirements for
the Degree of Doctor of Business Administration

Dissertation Committee Members:

Hwee Hoon Tan (Supervisor/Chair)
Associate Professor of Organisational Behaviour & Human Resources
Singapore Management University

Wang Yijiang (Co-Supervisor)
Professor of Human Resource Management and Economics
Cheung Kong Graduate School of Business

Gilbert Tan Yip Wei
Associate Professor of Strategic Management (Education)
Singapore Management University

Zou Xi
Associate Professor of Leadership, Management & Organisation
Nanyang Business School

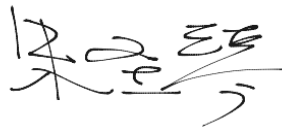
SINGAPORE MANAGEMENT UNIVERSITY
2020

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I hereby declare that this PhD dissertation is my original work
and it has been written by me in its entirety.

I have duly acknowledged all the sources of information
which have been used in this dissertation.

This PhD dissertation has also not been submitted for any degree
in any university previously.



Zhu Shengqin
3 March 2021

Abstract

The Influence of Incumbent- and Successor-related Factors on Succession Process in Family Firms: Exploring the Role of Values in Family Business Succession

Zhu Shengqin

Succession has been a major concern for family business. Although past research studies how to make successful family business succession from factors related to both incumbents and successors, most studies assume incumbents as the key driver of the succession process.

Based on the literature about factors contributing to family business succession, the current research adopts a more comprehensive approach by combining qualitative and quantitative research methods to examine what factors lead to succession success and how to manage the succession process. Viewing succession as the process of mutual role adjustments of incumbents and successors, the qualitative research examines the interactions between incumbents and successors and discovers that value succession plays an essential role in the process. Drawing from the insights about value succession and value fit in the qualitative study, I designed a field survey to examine the effect of value fit between successors and incumbents, and successors and the organization, on succession success. Study 2 found that successors who have a higher value fit with incumbents and the organization are more willing to take over the business, and hence are more likely to succeed in family business succession. Thus, the current research provides a deeper understanding of how to manage family business succession and heightens the role of value fit during succession. Lastly, the findings in the current research have important practical implications to family firms, particularly those in China.

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1. Introduction

There would be a peak of successions among the high-net-worth households in Asia, particularly in China. According to the report by the Boston Consulting Group (2017), 45% interviewees reported to consider actively wealth succession within three years. Chua, Chrisman, and Sharma (2003) conducted a field survey among Canadian family firms and asked what the most important concern was in family firms. They identified succession as the most critical issue. However, according to the research conducted in the western context, only one third of family businesses survive into the second generation, and only about 10-15% last to the third generation (Birley, 1986). Considering the importance of succession for family firms, it is critical to understand what factors make family business succession successful.

When reviewing the literature, succession process is often construed as actions and mechanisms that transfer the ownership and leadership of family business to the next generation. Early family business research largely examined transferring the firm from one generation to the next (Handler, 1989). According to the review of Dyer and Sanchez (1998), there had been 186 articles about family business succession, published in *Family Business Review* between 1988 and 1997. Even now, family business succession continues to be an important topic (De Massis, Sieger, Chua, & Vismara, 2016). However, the majority of studies in this rich literature on succession in family firms appeared to study a relatively small part of the succession process, such as the qualities of successors (Ahrens, Landmann, & Woywode, 2015), and the intentions of incumbents to hand over the business and the

intentions of successors to take over the business (De Massis, Chua, & Chrisman, 2008; De Massis et al., 2016). Most studies focus on the perspectives of the incumbents (Tatoglu, Kula, & Glaister, 2008). Although the family business succession has been identified as a process of mutual role adjustments between incumbents and successors (Handler, 1990), the perspectives of successors and the interactions between incumbents and successors are highly lacking in the literature.

The aim of the current research is to take a more comprehensive and integrative approach to study family business succession by identifying the most important factors for a successful succession. In study 1, I conducted a qualitative study to depict the process of family business and derive a preliminary integrative model of factors which incumbents and successors regard as beneficial for making the succession successful. In study 2, building upon the findings in the qualitative study, I conducted a field survey to test empirically the effect of multidimensional fit between successors and their environment on perceived succession success.

The current research contributes to the literature in four ways. First, the current research studies the family succession from the mutual interactions of incumbents and successors, which depicts the family business succession process in a more comprehensive and integrative approach. Second, the current research highlights a unique view about family business succession by introducing the essential role played by the congruence between successors' values and those of their incumbents and organizations in the succession process. In the qualitative study, I found that value succession is one of the most important factors

identified by both incumbents and successors in family business succession. Family business succession has been seldom studied from the angle of culture and value (Fletcher, Melin, & Gimeno, 2012). Findings about value succession answer the question, “what are the best predictors of successful succession?”, which has been raised by many researchers (Daspit, Holt, Chrisman, & Long, 2016). Also, value succession plays a role across different succession phases, rather than only in the early stage when successors’ values are often first formed. The literature about culture and value in family business succession assumes that successors’ values are stable once they are cultivated in the earlier stage of succession. However, this assumption ignores the dynamics of individual values, particularly in the complicated context of family business succession. Third, by interviewing the successors, the current project studies the perceptions, attitudes, and behaviours of successors, which contributes to the call for studying family business succession in the view of inheritors (Daspit et al., 2016; De Massis et al., 2008). Last but not the least, the field study explains the relation between successors’ fit with their environment and perceived succession success by testing the mediating role of successors’ willingness. It contributes to the growing stream of research about succession intention (Venter & Boshoff, 2006; Venter, Boshoff, & Maas, 2005).

Besides the theoretical contributions, the current research has important practical implications. Comparing with the importance of succession in family firms and the low rate of family business lasting to the third generation (Birley, 1986), it is critical to understand the factors that make family business succession successful. Besides identifying the important

factors by interviewing both incumbents and successors, the findings in the current research provide suggestions for family business owners and successors about what they should focus on during the succession and how they could manage the succession process more effectively. Also, both studies in the current research are conducted in the context of family firms in China, providing important implications for Chinese family business succession, given that Chinese family firms have different characteristics from those in western context. Lastly, family business represents the predominant forms of business organizations and plays a critical role for economic growth (Sharma, Chrisman, & Gersick, 2012). The successful succession of ownership and leadership among family generations is beneficial for the survival and performance of family firms (Cucculelli & Micucci, 2008), which contributes to the sustainability of community and society. Therefore, studying how to make family business succession successful has great implications for the society as a whole.

2. Literature review

The definition of a family business has primarily relied upon ownership and the top management team composition in the study of family firms (Dyer & Whetten, 2006; Eddleston & Kellermanns, 2007; Gomez-Mejia, Nunez-Nickel, & Gutierrez, 2001). Based on the existent definitions, in the current research, I define family firms as firms that have a significant amount of family ownership and have family members in top management. Therefore, family firms are those that are managed by a family and controlled by the family through ownership. Succession is a significant concern for family business. The family business succession requires understanding about different aspects of the family business, including individuals (incumbent and successor), family, management, and ownership system. The current literature review aims to summarize the key questions that have been addressed in past research about family business succession and to identify the gaps in the literature.

2.1 Strategic analysis of family business succession

Literature about the business strategy in family business succession contends that understanding the industry is necessary to develop a strategic business plan. The industry factors, such as, growth of demand, technological impacts, competitive environment, personnel required, financial requirements, competitors, and suppliers, have significant influence on the strategic plan of a family business. According to the study of Levinson (1971), family businesses undergoing significant growth should eliminate family members and hire professional managers. Drozdow (1989) found that the incumbents often fail to

provide the successors the skills to recognize new opportunities and develop new strategies to capture the new opportunities, although they provide the successors experiences about how the business works. Later, Drozdow (1990) suggested that the incumbents in family businesses in industries with significant change should select those successors who can restructure the business or establish a new business. The changes in the performance of family businesses and market conditions also affect the succession via influencing the potential successor's intention and decision-making to succeed the family business (De Massis et al., 2008). For example, decreasing performance of family businesses reduces the financial attractiveness for the potential successor to enter and succeed the family business (Sharma, Chrisman, Pablo, & Chua, 2001). Stavrou (1999) suggests that business size is positively related to the intentions of young generation to join in the family firm. A decrease in size may lead a potential successor to perceive that future monetary and nonmonetary rewards will be unattractive and leave the firm (Venter, Boshoff, & Maas, 2005). Also, the changes of relationship with key customers or suppliers may also affect the family business succession. Customers or suppliers of a family business develop a trusting relationship with the owner over time and are often more accustomed to interacting with the owner (Lansberg, 1988). A potential successor might be selected and trained to learn the incumbents' skills of maintaining and developing key external relationships with customers or suppliers.

2.2 Family business and succession team

Barnes and Hershon (1976) suggested that family successions and company transitions often happen at the same time. Under higher stress during transition times, the

combination of both family and company transitions usually results in a smooth transition process. Drozdow (1990) proposes that, some basic questions, such as what brings the family together and whether the business operates efficiently and profitably, must be answered before a family business selects a successor. The answers to these basic questions help to determine what kind of leader the family business needs. Sharma, Chrisman, and Chua (2008) found that the trusted successor's intention to take over the family business significantly affects all succession-planning-related activities. Therefore, the push by the successor may result more in the succession planning than the pull by the incumbent. At the business level, financing is a key concern for family business succession. It is typical for the young generation to first assume the senior management position and later to assume the ownership. The successor can gain the ownership of family business by inheriting at the death of the senior generation, purchasing from the senior generation, or gifting from the senior generation. All these three ownership succession scenarios have financial and legal issues, which are often compounded by fairness issues within the family, and even between family members and nonfamily members in the top management. Studies provide different recommendations for the transition of ownership, including leverage buyouts (Malone, 1989), employee stock ownership plans (Hoffmire, Willis, & Gilbert, 1992), and public offering (Bygrave & Timmons, 1992).

Family business teams established by members in young generation is an important factor for the succession process. There are studies in the specific area of successor leadership teams in family firms (Cater & Justis, 2010; Cater & Kidwell, 2014; Deschamps &

Martinez, 2012; Farrington, Venter, & Boshoff, 2012; Pearson, Bergiel, & Barnett, 2014).

For example, Cater and Justis (2010) found eight factors affecting team or shared leadership in multigenerational family firms. Positive factors enhancing shared leadership included long-term orientation, close communication and shared understanding among group members, timely succession planning, and higher decision quality. Factors inhibiting the implementation and development of shared leadership included resistance to change, failure to release control by incumbent leaders, reporting relationship confusion, and increased decision time. Conducting a case study analysis of six family firms, Cisneros-Martinez and Deschamps (2012) examined teams of siblings in the succession process and identified them as entrepreneurial teams. Farrington et al. (2012) reported three variables—physical resources, skills diversity, and strategic leadership — to be significant determinants to the success (measured by financial performance and family harmony) of sibling teams in family firms. Cater and Kidwell (2014) found that excessive competition among potential successors in young generation hindered group effectiveness, whereas a pattern of cooperation, unified implementation of decisions, mutual agreement to share power, and development of trust enhanced successor leadership group effectiveness. Cater and Kidwell (2014) proposed the concept of successor group governance, recognizing four variations of sharing power and authority: (1) disagreement and group destruction, (2) a dominant leader in an unequal group, (3) first among equals, and (4) complete equals.

2.3 Succession process

Family business succession is a long process where management and ownership change (Handler, 1994) unless early or unanticipated death or disability of the incumbent or successor. Family business scholars have hypothesized various models about the succession process (Churchill & Hatten, 1987; Handler, 1990). Handler (1990) and Churchill and Hatten (1987) proposed a four-stage model, while Longenecker and Schoen (1978) proposed a seven-step process of succession which begins with childhood, and is highlighted by the successor's entry into the family business at a lower-level management and later ascending to the leadership position. Handler (1990) describes the process of succession as a mutual role adjustment between the members of the incumbent and successor generations. The incumbent must relinquish power, and the successor must demonstrate the ability and desire to assume the control of the firm. Cater and Kidwell (2014) proposed a model about stages of successor group development in family firms, identifying the roles of the incumbent family leader and the successors. In Stage 1, the incumbent begins planning for retirement and searches for possible successors, while the successors are identified as candidates. In Stage 2, the incumbent assesses possible successors and the successors enter the business, learn to manage, and may compete with each other. In Stage 3, the incumbent chooses the successor group and reduces his or her leadership role and the successors are identified and chosen. In Stage 4, the incumbent exits from company leadership by retirement or death and the successors operate as a leadership group.

2.4 Successor selection

Family attitude and intention are important conditions affecting family business succession (Birley, 1986; De Massis et al., 2016). A number of studies show that a potential successor must have the trust of the family members actively involved in the business (Goldberg & Wooldridge, 1993; Lansberg & Astrachan, 1994). The level of junior generation members' interest to succeed the business is also an important factor for family business succession (Sharma, Chrisman, & Chua, 2003a; Sharma et al., 2001). Besides, the incumbent's intention to transfer the leadership and ownership of the business to the younger generation (De Massis et al., 2008; De Massis et al., 2016) is significant for the family business succession, because incumbents largely control and play a critical role in the succession process (e.g., Daspit et al., 2016; De Massis et al., 2008; Kelly, Athanassiou, & Crittenden, 2000; Royer, Simons, Boyd, & Rafferty, 2008). The literature shows that there has been an increasingly objective selection criteria of successor, including education, technological skills, managerial skills, and financial management skills, while demographic factors such as age, gender, and birth order are becoming less important. For example, Drozdow (1989) found that selecting the eldest son as successor became a less established norm. A daughter or youngest son is increasingly selected as the successor. Also, Chrisman, Chua, and Sharma (1998) found that integrity and commitment to business are more important than gender and birth order.

2.5 Successor development

Longenecker and Schoen (1978) stated that family business succession is a long process, beginning in the potential successor's childhood, with the two primary points in time

being when the successor enters the business on a full-time basis and when the leadership role is transferred from the incumbent to the successor. On one hand, Nelton (1986) and Danco (1982) recommend the potential successor to gain experience outside the family business. Others suggest that at least one promotion should occur, thereby demonstrating the individual's ability. Experience outside the company helps the successor to prepare for problems that may confront the organization during and after succession (Barnes, 1988; Correll, 1989). On the other hand, the younger generation needs management responsibilities and diverse experiences in the family businesses to perform an effective succession. For example, the junior generation should have the skills to manage the relationship with key suppliers, customers, lenders, and TMT members. Experience in the family business enables the successor to develop relationship within the company and understand the culture and business (Danco, 1982; Lansberg & Astrachan, 1994). Also, the ability to acquire the incumbent's key knowledge and skills as well as the commitment to the family firm (Bjuggren & Sund, 2002; Brockmann, Hoffman, & Dawley, 2006; Cabrera-Suarez, 2005) as key factors affecting the family business succession.

2.6 Relationship issues

Literature on both family business and executive succession emphasizes the importance of the relationship between the successor and the incumbent (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001). Similarly, Handler (1990) found that succession represents a mutual role adjustment process between the founder and next-generation family members during which the incumbent reduces his or her involvement in the firm over time.

Davis and Haverston (1998) found similar results. Matthews, Moore, and Fialko (1999) concluded that the evaluation of the junior member's perception of the parents, the parent's perception of the junior member, and individual self-assessment will have a major impact on the succession process. Gomez-Mejia, Nunez-Nickel, and Gutierrez (2001) also found the role of family ties in family business succession important.

According to Lansberg (1988), the founder fears losing control. Loss of identity and power in the firm may mean loss of stature in the community as well. Also, the spouse of the founder, particularly those who are involved in founding the firm, may neglect the succession planning because the firm is important for his or her identity (Danco, 1982). Shepherd and Zacharakis (2000) also stressed the successor's role in family business succession. The quality of the relationship between the incumbent and the successor is a critical determinant of the timing, effectiveness, and process of family business succession. Also, sibling conflicts are frequently an issue in family business succession. Swagger (1991) suggested that the succession issues are more easily resolved, to the extent that emotional individuation occurs between the members in the junior generation. In general, a smooth succession requires the cooperation of the incumbent and the successor (Cater III, Kidwell, & Camp, 2016; Hollander & Elman, 1988). A good personal relationship between these individuals will contribute to the training and development of the successors (Chrisman, Chua, & Sharma, 1998; Lansberg, 1988), and an interested and capable successor is vital to successful succession (Birley, 2002).

2.7 Culture and value

According to the review paper by Fletcher, Melin, and Gimeno (2012), there is a stream of research focusing on the inquiry of family business from the perspective of culture and value, which are defined and conceptualized in various ways. For example, many studies focus on culture in the organizational level (Ainsworth & Cox, 2003; Carr & Bateman, 2010; Holt, Rutherford, & Kuratko, 2010; Zahra, Hayton, & Salvato, 2004). However, there are fewer studies focusing on the corporate culture of family business. There is only one study by Denison, Lief, and Ward (2004), on how the culture of the family firms affects their sustainability and performance. Besides the small stream of literature examining the effect of the corporate culture on the family firm performance, there are only two studies focusing on family value with family relations as the analysis unit. According to Salvato and Melin (2008), the family firms' ability to perform well over generations result from their ability to renew and reshape their social interactions within the old and current family members, and between family members and non-family managers. In addition, a stream of research suggests that the family is the soul of culture and relate culture to the founder such that the founder of the family firm determines and shapes some aspects of the social interactions within the generations of the family and the corporate culture in the family firm (Athanassiou, Crittenden, Kelly, & Marquez, 2002; Hubler, 2009). The review of research studying family business from the view of culture and value reveals that a holistic understanding to the dynamic combination of corporate culture, founder's individual value, and family value is demanding.

3. Research questions

A detailed review of literature on family business showed that the past research often look at “different parts of an elephant”, with each group of research dealing with a small part of family succession. The strategic analysis of family business succession suggests that successors should be selected and trained to be adaptive and skilled at managing the external influences from market, critical partners, and industry. However, this group of research didn’t provide practical approaches about how successors can build their expertise in managing the business. Although the group of research about succession on the business level focuses on the factors of succession planning, financing, and succession team, we know little about the interactions between successors with critical actors in family firms. Also, research on successor training and developing focus on the approaches how incumbents educate the successors, while ignoring the role of successors in reacting to the trainings.

To fill the gaps in the literature, the current project studies family business succession from the mutual perspectives of incumbents and successors to depict the succession process as mutual role adjustments. First, I conduct a qualitative study to understand *what* contribute to a successful family business succession and *how* to transfer family business successfully to the next generation. By interviewing both incumbents and successors, the qualitative study obtains the perspectives of both parties about how to manage successfully the succession process. Finally, the qualitative study allows to generate a preliminary model of factors (what) and approaches (how) contributing to successful family succession. More importantly, the critical role of values during the family business succession emerges in the qualitative

research and inspires to examine the effect of value fit on succession success in Study 2.

Drawing from the insights from Study 1, Study 2 highlights the critical role of value

congruence and test the effect of multidimensional value fits between successors and their

environment on their willingness to take over the family business and the succession success.

4. Overview of studies

As briefly introduced earlier, I conduct two studies to achieve the research objectives. Study 1 interviews incumbents and successors in family firms. The qualitative study serves as an important starting point in studying the mutual perspectives and interactions between incumbents and successors and depicting the critical factors beneficial for successful succession. Building upon the research findings in Study 1, I study family succession from the view of multidimensional fit between successors and their environment. Drawing from insights from Study 1, Study 2 empirically tests the value congruence between incumbents and successors, the fit between successors' values and organizational values, and their effects on succession success. The two studies are complementary to each other in both methodology and theoretical contributions, providing a more comprehensive approach to study predictors for successful family business succession.

5. Study 1 — qualitative study

Study 1 adopts two waves of data collection using a grounded theory approach (Strauss & Corbin, 1990). I design the first wave of interviews to explore factors making family business succession successful from the perspectives of incumbents. Informants in the first wave described how they had the awareness to hand over the business to the younger generation, developed a succession plan, and got the successors engaged in the succession. By doing so, the informants in the first wave identified that educating the successor and the engagement of the successor was critical in the family business succession process, and easily launched into discussions about how they managed the relation with the successors in the process. The main theme that successors play an important role in the process led us to design a second wave of interviews to elaborate on the perspectives of successors about the factors making the family business succession successful. Table 1 illustrates the summary of the data collection and analyses.

Insert Table 1 about here

5.1 Sample and context

The qualitative research methodology is suitable for capturing the process (Pratt, 2009). The sampling logic of qualitative research is to select purposely relevant, and sometimes extreme, contexts where the dynamics of interest are more transparent (Quinn Patton, 2002). And researchers are encouraged to look for confirming, disconfirming, extreme, or typical cases to find solutions to their open questions. The study aims to generate insights about the factors that make family business succession successful, from the

perspectives of both incumbent and successor. Thus, we tried to find contexts where the incumbent and the successor are both engaged in the family business succession.

5.2 Data

Interviews. The author applied for and obtained formal approval from the university's IRB (internal review board) to conduct semi-structured interviews with selected informants. All informants are informed of data confidentiality and anonymity upon gaining their consensus in participating to the interview. In Study 1, I identified 2 incumbents who are the current owners of family firms and 5 successors who are the selected successors of family firms and gained their permission to participate in the interviews.

In the first wave of data collection, I interviewed 2 incumbents. One informant is the owner and founder of a firm in the industry of shipping and logistics, while the other informant operates business in agriculture industry. One company is in Singapore and the other is in China. Both companies are not public. For details of the informants and their family firms, please see Table 2.

Insert Table 2 about here

Based on the analyses of the first wave of interviews, I revised the interview protocol to focus on the perspectives of the successors about the factors that make family business succession successful and conducted interviews with 5 successors. Informant 3 is the successor of the shipping firm founded by Informant 1. Informant 4 is the successor of the agriculture firm founded by Informant 2. Informant 5 is the successor of one family firm in the industry of Chinese medicine. Informant 6 and 8 are the successors of family firms in the

industry of real estate. Informant 7 is the successor of one family firm in the industry of machinery. For details of the informants and their family firms, please see Table 3.

Insert Table 3 about here

Semi-structured interviews with the 7 informants serve as the primary data. The interviews are audio-recorded and transcribed upon the approval of the informants. The audio-recorded interviews vary in length from 35 to 90 minutes.

Archival Data. I collected archival data, including company documents, newspapers and magazine articles reporting the informants, company catalogues, etc., from various sources as supplementary data. By collecting and analysing archival data about both the informants and their family firms, I understand the background of the informants and their opinions about their family business succession.

5.3 Data analysis

I used a grounded theory approach (Strauss & Corbin, 1990) to explore how incumbents and successors develop the family business succession process. When analysing the first wave of interviews, I met frequently with my research team members to discuss emerging patterns in the interviews and kept noting our insights (Charmaz, 2006). Once it was identified that the family business succession process involved upon the incumbent's motivating and educating the successor to take over the business, I realized that successors played critical roles during succession. Then I reviewed the literature studying the characteristics and roles of the successors in the family business succession. I found few studies focusing on the successors' personal values and their relationship with the incumbent

and organization, which are the key factors affecting the succession, as proposed by the incumbent informants. Hence, I revised the interview protocol by adding questions concentrating on the factors that make successors feel more satisfied and positive about the succession in the second wave of interviews. After collecting the second-wave interview data, I analysed all interview data with the assistance of my research team, which brings an informed, but external, perspective to the data. In general, we followed a three-stage process of data coding to generate the preliminary model (Harrison & Rouse, 2015; Pratt, Rockmann, & Kaufmann, 2006).

5.3.1 Data analysis of the incumbents' interviews

In the first step, we began with open coding—identifying individual mentions of succession factors by reading transcripts while listening to the audio recording. Following the logic of open coding, we first analysed the interview data from the incumbents. During interviews, the incumbents were asked to describe: 1) since when they have the idea to hand the business to the next generation; 2) how they proceed the succession; 3) what are the most important things that they want to hand over to their successors. By doing so, we identified that the procedure of the succession process, mostly initiated by the incumbent who first had the awareness and willingness to hand the business over to their children. Also, we identified succession factors which the incumbent regard as critical to the succession.

Second, within the broad identifications of succession factors, we identified the subcategories of succession factors. Examples of the subcategories of succession factors include “building the successors’ awareness of their identity as the successor”, “setting a

general timeline for the succession process”, and “connecting the successor with the organization”.

Then we started to notice that higher-order themes were emerging in the open coding. Therefore, we began axial coding to group similar open codes into higher-order categories of codes. For example, the open codes “building the incumbent’s awareness,” “building the successor’s awareness,” and “building the successor’s public image” were categorized under the axial code “building succession awareness” because they all referred to the emergence of the awareness that family business would be transferred within family generations. Through the process of open coding and axial coding interview data, we identified three major categories of important factors for family business succession—planning family business succession, nurturing and developing successors, and network in the family firm. Table 4 illustrated the categories and subcategories of the factors identified by the incumbent informants as critical for making the family business succession successful.

Insert Table 4 about here

5.3.2 Data analysis of the successors’ interviews

I and my research team followed the similar process as the data analysis of the incumbents’ interviews to analyze the successor interview data, using both open coding and axial coding. In the interviews with the successors, we focused on the factors that make them feel more satisfied and expect to be successful to take over the business, and factors that they regard as the most important to succeed in family business succession, particularly those that they got from their incumbents. By doing so, we identified the important succession factors

that make the family business succession successful and the successors' satisfied with the succession.

Second, within the broad identification of the succession factors, we identified each category of succession factors shown in the successors' interview data. Examples of the succession factors include "the interest in the business of the family firm" and "the ability to take over the business". Then we started to notice that higher-order themes were emerging in the open coding. Therefore, we began axial coding to group similar open codes into higher-order categories of codes. For example, the open codes "engagement in firm" and "interest in the family business" were categorized under the axial code "interest" because they all referred to the successors' interest to take over the family business. Through the process of open coding and axial coding interview data, we identified three major categories of factors that contribute to the success of successors' taking over the family business—successors' aspiration to take over the family business, successors' trust with the incumbents, and successors' network in the family firm. Under each category, we identified specific succession factors. Table 5 illustrated the categories and subcategories of the factors making successors successfully taking over the family business.

Insert Table 5 about here

After the opening coding and axial coding of interview data of both the incumbents and successors, we followed an iterative pattern of moving more often between data and the literature to gain insights about what makes successful family business succession (Glaser & Strauss, 2017). To be specific, we put analyses of the interview data from both the

incumbents and successors together and consulted the previous literature to understand the existent findings about family business succession factors. This process of iterating between data and literature helps to confirm the comprehensiveness of the coding scheme.

5.4 Findings of the incumbent data

5.4.1 Planning family business succession

Building Succession Awareness. By family business succession, I refer to the intra-family succession of the leadership of the family business. Clearly, the intra-family succession will not take place if the incumbent or the current owner of the family firm rejects to hand over the leadership to the younger generation in the family, and the younger generation rejects to take over the leadership (De Massis, Sharma, Chua, & Chrisman, 2012). Therefore, the awareness of the incumbent handing over the business to the younger generation, and the awareness of the successor taking over the business from the incumbent are the two major factors contributing to the start of the succession of leadership and ownership within the family.

Building the Incumbent's Awareness. The family business succession often starts when the incumbents become aware of transmitting their leadership to the younger generation, which is conducive to the succession (Sharma et al., 2003a). There are three factors contributing to enhance the incumbents' awareness: 1) personal desire to keep the family business developing across family generations, 2) the growth of the firm, and 3) the external impact. The personal desire to keep the family business within the family motivates the incumbent to consider about succession from an early time. As described by the

informant 2, he had the desire to transmit the family business which he built from the group to his single daughter and paid attention to cultivate his daughter's identity as the successor. Informant 2 said, *"From a young age, when she was about 6 or 7 years old, (I ask) her to participate to our end-year events."* (#2) Besides the personal desire of the incumbent, the good performance of the family firm is a necessary condition for intra-family succession (Smith & Amoako-Adu, 1999). As described by the informant 1, he started to think about involving his eldest son to the company and handing over the leadership to his son, only after the firm grew. He said, *"When I founded the firm in 2003, my son was only 15 years old. I just started the business and was not sure whether I would succeed, and whether I could build an enterprise which is worthy for my son to take over. So, I had no awareness to hand the firm to my son. Until 2013 when my son graduated from college, the company grew. We had a group of ships. Then I realized that the company is big enough and worthy of giving it to the next generation."* (#1) In addition, the incumbent could be influenced by external factors to become aware of handing over the leadership within the family. For example, the informant 1 shared his story that he started to think seriously about intra-family succession when he participated a family business succession course where the participants discussed about the advantages and disadvantages of intra-family succession. As he said, *"When I was taking a CEO training program, there was a course when we discussed whether the business should be transmitted by hiring professional managers or within the family. I keep thinking about this question. What should I do? Then I became clear that the purpose of the enterprise is to develop across generations."* (#1) Therefore, the incumbents become aware of

transmitting the leadership to the younger generation in the family from personal desire to develop the business in the family, the growth of the business, and the external impact.

Building the Successor's Awareness. After becoming aware of and willing to proceed intra-family succession, the incumbents select the successor from the next generation in the family and build the successor's awareness to take over the business. In our case, most successors are the single child in the family. Therefore, the selection of successor is easier comparing with families having more than one potential successors. After deciding to transmit the business within the family, the incumbent communicates with the successor about taking over the family business, from when the successor gains the awareness of becoming a successor and taking the responsibility of leading the firm in the future, which is suggested as conducive to the succession (Sharma et al., 2003a).

However, the successors vary in their intention to take over the business. If the incumbents pay attention on the career plan of the successors, building their awareness as successor, the successors would be higher in their propensity to take over the business. For example, as described by the informant 2, he paid attention to build his single daughter's mindset as the successor from the young age, and his daughter was aware that she would take over her father's business. Informant 2 said, *"From my daughter's early age, everyone knows, including herself, that my daughter would take over my business in the future... I know that she has the awareness in her mind."* (#2). But unlike the informant 1, the incumbent might have the intention to transmit the family business within the family, which makes the successor become aware of his successor duty in a later age. And the successor

might not be always willing to take over the business. As informant 2 described, "*He (the successor) was just interested in playing video games when he came back home from the college. He was not very interested in the business.*" (#2) Thus, the incumbents need to take actions to motivate the successors to become aware of and interested in taking over the business. Informant 2 said, "*After he graduated from the college and came back home, I started to train him. First, I tried to change some of his bad habits, like laziness.*" (#2) Then the informant 2 cultivated the successor's interest in participating to the business by assigning him tasks and making him feel achievements.

Building the Successor's Public Image. After building the incumbents' own awareness and the successors' awareness of intra-family succession, the incumbents build the image of the successor by presenting the successor in the public, including the family, the managers in the company and the media. For example, the informant 1 builds the successor's public image by putting the successor besides him when taking photos and participating organizational meetings, as well as putting the successor in higher organizational ranking. As informant 1 described, "*I ask her (the successor) to sit right behind me when we attend organizational meetings...and she is now ranked as No.7 in the organizational hierarchy.*" By doing so, "*everyone in the firm knows that she is the future owner of the company, even if she doesn't run the company by herself.*" And "*she's been sitting next to me when we have family events, so our family members all know that she would take over my business.*" (#2) Similarly, informant 1 described that he asked the successor to represent him and attend meetings. Although the informant 1 never announced that his eldest son would take over the

firm, he told the managers that *“his eldest son is the future of the company. Everyone in the firm should give him the privilege to learn and grow.”* (#1) Therefore, by both implicit and explicit methods, the incumbents communicate to a wider audience, including the family, managers in the firm, and the public, about the image of the successor.

Planning Succession. Succession planning is the development of a course of actions that leads to the transition of leadership from one family member to another in family firms (Sharma et al., 2001). The extent of succession planning is positively related to the succession (Murray, 2003; Sharma et al., 2003a). According to the descriptions of the incumbent informants, the succession planning includes making succession timeline and setting succession goal.

Setting Succession Timeline. The incumbents set a general timeline for the succession process. For example, the informant 1 described that he would retire around 60-years old. He said, *“I told my son, like giving him an order, that I would only be working until 60 years old. When I'm 60 years old, I won't participate to important company meetings.”* (#1) Similarly, the informant 2 described that he would retire around 60-years old and place the successor in the position of CEO. He said, *“I let her work in other organizations for about 7 or 8 years. Then she takes over the business when I'm around 60-years old. So, from now, she would return to the company in 8 years later. Then I train her about 2 or 3 years before she takes over the business.”* (#2) This succession timeline is a very general plan.

Making Succession Goal. The succession goal is critical for evaluating the effectiveness of intra-family succession, which should be differentiated from the satisfaction

with the succession (De Massis et al., 2012). Because the smoother succession process doesn't not necessarily lead to a successful succession. For example, informant 2 sets a goal for the intra-family succession, asking the successor to achieve higher success on the basis of his work. Informant 2 said, *"I was kind of joking with her. But I told her that she has two goals--staying healthy and living one more year than her father; building the company to an upper level with one more 0 than mine."* (#2)

5.4.2 Nurturing and development of successor

1) Cultivating succession willingness.

Succession planning is essential to the success of intra-family succession. But the extent of succession planning is driven by the willingness of the successor to take over the business (Sharma, Chrisman, & Chua, 2003b). To motivate the successor, the incumbents need to connect the successors with the firm, cultivate the successors' interest in the business, and build the successors' identity.

Connecting Successor with Firm. Many successors study abroad in an early age and might become unfamiliar with the firm. The unfamiliarity decreases their motivation to take over the business. For example, as described by informant 4, *"I talked with my friends who are also successors. They told me that they found it hard to adapt to the firm when they just came back from overseas. For example, they don't know how to communicate with the managers. So, I feel that these successors become disconnected with the firm."* (#4) To prevent the difficulties caused by the successors' unfamiliarity with the firm, the incumbents should pay attention to connect the successors with the firm. As informant 2 described,

"From a young age, about 6 or 7 years old, she started to participate to the organizational events. In the past 10 years, she participated all the important organizational activities, like the 20th anniversary of the company. She just sits behind me." (#2)

Cultivating Successor's Interest. The successors vary in their interest in the business which their parents started. Informant 1 described that his son was resistant in the beginning to do the business with him, as his son was not interested in shipping. To cultivate his son's interest in shipping, the informant encouraged his son to find the challenges in shipping business and achieve success through the business. As informant 1 said, *"I compared the video game with shipping, and told my son that shipping is the most challenging work for a man."* (#1)

Building Successors' Identity. Building successors' identity is an important part of nurturing the successor. As described by informant 2, he paid attention on cultivating the successor's awareness of her role as the successor from early days. He said, *"When we took photos, I asked her to stand next to me. She was about 17 or 18 years old. I wanted her to know her role and the managers know her role. She needs to know her identity as a successor. Although she's not managing any specific business in the company, everyone needs to know her role."* (#2). Also, the successors might become aware of their identity via the impact of their peers. For example, the informant 1 described that his son became more interested in the business after attending a training for the children of entrepreneurs. He said, *"My son changed very much after the training, as he communicated with young people with*

the background similar to his. So, he understood better his responsibility as a successor.”

(#1)

2) Value Succession.

Responding to the call of a holistic understanding of culture and value in family business, particularly how the succession of culture and value influences the succession process, I focus on the questions about how the incumbents view the succession of values and how they conduct trans-generational value succession. From the question, “what are the most factors that you would like the successor to possess to make the succession successful?”, the incumbents consistently described that they regard the values as the most important factors to make a successful succession. Then I invited the incumbents into discussions about the meanings and categories of values and how they have done to transmit these values to the successors.

Individual Value. Founders are the soul of the family firm (Hubler, 2009). They create the business and embed their personal attributes to the corporate culture, which affects the corporate performance in terms of financial, social, and family-oriented objectives (Athanassiou et al., 2002). Therefore, the succession of the founders’ strategic vision and behaviors is essential for the sustainability and accomplishment of the family firm during succession. As the informant 1 described that the core factor during succession the individual values of the founder. He said, *“the successor needs to persist my creativity and entrepreneurship value, as well as my individual values of being a person in the society.”*

(#1) To educate the successors learn from the incumbents and persist their individual values, the informants suggest that the most effective way is to build themselves as the role models for the successors. As informant 2 described, it is hard to nurture the individual values, like generosity and compassion, as they are highly related to the education of the family. The young learn how to be a person from the elder. The story shared by the informant 4, who is the single daughter of informant 2 best illustrate how the father could be a role model to the child. According to informant 4, *“I think my father is perfect in his personality. A man should be like him, responsible and wise... I remembered that my father parked our car after all the employees’ car when we were evacuating during the earthquake....My father didn’t take special care of me and my mother...He put the life of the employees in the priority when we were in danger. So, I think a responsible entrepreneur is just like my father.”* (#4). Besides the individual values which the successors could learn from their fathers, the successors strengthen their recognition and admiration to their fathers from the outside appraisal about the founders. As described by informant 3, who is the eldest son of the informant 1, he observed how his father treated others and how his father was evaluated by his peers. He said, *“Other people have good evaluations about my father. They say that my father is honest and generous. I could see the others’ attitudes to my father. So, my father treats others honestly, and others treat my father honestly.”* (#3) Therefore, the most effective way to transmit the incumbents’ individual values to the successors is to become the role models and influence the successors at both life and work (Blumentritt, 2016).

Besides the individual values of being an honest, generous, and entrepreneurial person, the fathers have great impact on the successors in their opinions and attitudes about wealth. Informant 3 described that his father educated him how to view money. He said, *“my father told me that one can’t take money with him when he dies. Money belongs to no one.”* (#3) The incumbents educate the successors to view wealth positively and learn to share the wealth with people. For example, the informant 2 told me that his daughter donated money to renew the ancestral houses and support the education funding for employees’ children. Thus, the successors learn the meaning of money and build their wealth values from the incumbents.

Family Value. Family is the core for eastern culture. The traditionality and family harmony are significantly related to the family succession by affecting the successors’ intention to take over the family business (Brockhaus, 2004). To be specific, when the founders are more traditional and care more about the wellness of the family, they are more likely to ask their children to take over their business. Similarly, when the younger generation has stronger family responsibility, they are more willing to take the leadership. The informant 1 described that he educated the successor that taking over the business is not only for the benefits of their own family, but for the bigger family, including to the wellness of the employees and their relatives. He told the successor, *“the firm is growing so big now. There are so many employees following us. So we are working not only for our own family, but also for the employees. As a man, you should take your responsibility. Besides the employees, we need to take care of our family members. There are so many relatives relying on us.”* (#1) To

enhance the successor's responsibility to the larger family, the informant 1 takes the successor to visit the village where he was born and telling the successor that he should take the responsibility to improve the living conditions for people in the village. He said, "*I provide some material supports to the poor families in the village. I think what I did has impact on my child. He learns to take the social responsibility.*" (#1)

Comparing with the informant 1, informant 2 nurtures his daughter's family responsibility with more formal and comprehensive education of family values, by developing and educating family instructions among the younger generation. As described by informant 2, "*We do have family instructions. I also marked our family instructions in a gold counting fame. And I made a signet, called Lei Family Instructions. Even the kids know our family instructions.*" (#2) By formalizing the family values via family instructions, the incumbent creates a spiritual legacy for the successors to take over. As informant 4 said, "I feel very confident, as our family has spirit to succeed across generations." Therefore, the nurturing the successors' recognition with the family values motivates the successors during succession process.

Organizational Culture. The corporate culture of the family firm is transmitted through the relationship between generations, and more specifically, in the succession process (Discua Cruz, Howorth, & Hamilton, 2010; Zahra et al., 2004). As the informant 1 described, the organizational culture of the firm—creativity and sharing, is the basis for the firm to sustain and develop. So, he paid attention on nurturing the successor's understanding and identification to the corporate culture by giving him opportunities to take lead in both old

and new businesses. Informant 1 said, "I ask my son to accomplish some tasks independently, like visiting clients in Greece...By travelling overseas, I ask him to learn from the traditional leading shipping companies and create new values to our customers." By engaging the successors in the firm business, the incumbents give the successors the opportunities to understand the corporate culture and implement the culture at their work.

3) Succession Abilities

The past research has supported the importance of the successors' proven skills, experiences, and performance to successful succession, as reviewed by Long and Chrisman (2014). According to Chrisman et al. (1998), the decision-making ability and experiences, and superior interpersonal skills were the most important attributes among a list of 30 positive successor attributes. Based on the past research studying family business succession from the view of the successor attributes, I investigated the successor attributes which the incumbents regard as important for successful succession.

Individual Abilities. The incumbent informants define the successors' individual abilities as the decision-making ability, interpersonal communication skills, and independence. For example, the informant 1 described that the most important ability for a leader is the ability of making judgements and decisions. To cultivate the successors' judgement and decision-making abilities, the incumbent trains the successor closely at work. Informant 1 said, "*Most often during the morning meetings, when we encounter problems, I would ask him how he thinks about these problems. If he is right, I would encourage him. If he has different opinions from mine, I would tell him my opinions and ask him to compare*

which is better." (#1) Also, informant 1 said that he planned to train the successors' interpersonal communication skills by sending him to participate to the professional training programs, encouraging the successor to communicate with his peers and seniors. Similarly, informant 2 cultivates the independence of the young successor by sending her to study abroad in an early age. As the informant 2 said, *"The most important ability of a leader is to make decisions independently...So, I ask my daughter to make her own decisions by herself. She's allowed to make mistakes. I won't interfere her decisions."* (#2)

Firm Business. Another important successor ability is the experience and expertise of the family business. Although the incumbents suggest that *"as long as the successors are willing to learn, they would perform well in the family business. They only need time to practice."* (#1 & #2), expertise of the family business operation is still essential to build the credibility and legitimacy of the successor as a future leader in the family firm (Venter et al., 2005). As described by informant 1, he trained the successor to build expertise of shipping by sending him to work in the front line when the successor first joined in the company. Informant 1 said, *"I asked him to stay one month in the harbour to learn about the management in the front line. Then, I asked him to work in the shipyard, to learn how to build ships. So, he stayed in the shipyard for 3 months. I asked him to become familiar with the basic things in the business."* (#1) Also, the successor's expertise could be trained by taking lead in new businesses opened by the company. As informant 1 described, *"Most successors don't have the entrepreneurial experiences as the founders. To train my son's entrepreneurial ability and experience in exploiting new businesses in shipping sector, I asked him to take*

lead in the African project which our company recently launched.” Therefore, the successors’ expertise in the sector of the firm business could be developed by participating and leading the business in the firm.

Industry Knowledge. Unfamiliarity with the industry where the family firm operates creates difficulties for the successor to enter the firm. As described by the informant 1, his son didn’t learn shipping at college, which makes him not interested in joining in the shipping business after graduation. To motivate the successor to learn the industry knowledge, the informant 1 asked the successor to first work in the leading company in the shipping industry. As he said, *“My son didn’t learn shipping. So, he needs to understand the shipping industry first. I sent him to work in the leading shipping company before him coming back to the firm.”* (#1)

5.4.3 Network in the family firm

The literature focuses on studying the role of non-family managers in the succession process from the agency perspective (Chrisman, Chua, & Litz, 2004; Chua, Chrisman, & Sharma, 2003). And the past research studying the succession team from the angle of teams consisted with sibling owners (Cater III & Justis, 2010). Different from the approaches taken by the past research about the non-family managers and succession teams, I explored the role of non-family members in the family succession by comparing the role of both new and old managers in the family firm.

1) Succession Team

The incumbent informants agree upon the importance of professional managers to assist the future leader during and after family business succession. For example, informant 1 suggested, *“in the future management, the successor needs his own assistants, who must not be the managers who followed me. The successor needs to build his own management team.”* (#1)

Selecting Potential Managers Inside the Firm. One way to build the succession team is to select well-performed and potential young managers from the company and train them to assist the successor to manage the company in the future. As described by informant 1, he required the successor to communicate with the successor’s peers in the company and build his own succession team. As informant 1 said, *“I asked my son to train and manage the managers in the same age and build his own team on purpose.”* (#1) Similarly, informant 2 encouraged his daughter to select well-performed young employees in the company and train them to prepare for the future management team. Informant 2 said, *“Last year when she came back to the company, she selected younger employees and managers born after 1985, and build a team. She is the team leader. And she trains this team. In fact, she already got her own team.”* (#2) Therefore, the incumbents consistently recognize the importance of building the future management team to assist the successor’s succession and future leadership.

Hiring Professional Managers Outside the Firm. Another way to build the succession team, as suggested by the incumbent informants, is to hire professional managers from outside of the company. For example, informant 1 planned to send his son to participate professional trainings to know more qualified professional managers and invite them to join

in the company. Informant 1 said, *"I participated EMBA program and knew many excellent people in the program. Later, I invited 5 classmates and 2 instructors to join in my company, taking important management roles. These excellent managers are helpful to develop the social resources of the company...So, I hope that my son would do the same."* (#1) Similarly, informant 2 shared his idea of motivating the non-family managers with stock sharing to attract excellent people to join in the company. He said, *"in the future, our family won't control the company 100%. I would create a sharing business, sharing profits with managers."* (#2).

Thus, by cultivating young managers inside the company and hiring professional managers outside the company, the incumbent cooperates with the successor for the future management team during and after the succession.

2) Managing the Old Management Team

From the perspectives of the incumbents, the old managers in the company are both trainers and future obstacles for the successors to take leadership role. As informant 1 described, the current top managers in the company have the responsibility to train and teach the successor at work. However, informant 1 suggested that he would help the successor to eliminate the obstacles if the old managers are not supportive of the successor taking over the leadership. Informant 1 said, *"The day when I asked him to be the CEO, I would turn all the old managers as consultants. I would ask him to promote the young people or hire new professional managers."* (#1) By doing so, *"I could build a smooth path for the successor to lead the team and ensure his authority as the future leader."* (#1)

5.5 Findings of successor data

There is a stream of research studying family business from the view of the important attributes and characteristics for successors to take over the family business. Chrisman et al., (1998) categorized these successor attributes into six groups, including relationship to the incumbents, relationship to other family members, family standing, competence, personality traits, and current involvement in the business. Besides the past research studying the important successor attributes, there is a gap in the family business literature, which majorly focuses on the founder (Handler, 1990), and propose that the founder is central to the formation of the corporate culture of the family firm and has an overshadowing effect on the subsequent generations in the family firm (Eddleston, 2008; Kelly et al., 2000). Besides the theoretical gap about the perspectives of successors in the literature of family business, I identified the importance of successors in the succession process, from the interviews with the incumbents. Similar to the study of Handler (1990) that described the succession process as a mutual role adjustment between members of both the incumbent and successor generations, the incumbent informants propose that the cooperation between the generations is essential to the process. Also, according to Dyck, Starke, and Mischke (2002), communication which refers to the respectful information exchange between the incumbent and the successor is significant for the succession performance. Therefore, according to the literature and the interviews with the incumbents, understanding the perspectives and motivations of the successors is critical to develop a holistic understanding to the successful succession approach.

To understand what makes a successful succession process from the perspectives of the successors, I purposely sampled 6 successors, among whom 5 have been working in the family firm and preparing to take over the business, and 1 is currently working outside the firm, aiming to answer the question, “what are the important factors that make successors gain success in the succession process?”

5.5.1 Successors’ aspiration to take over the business

The past research have examined the successors’ attributes from their competency (Samei & Feyzbakhsh, 2015) and willingness (Venter et al., 2005) to take over the business. Building upon the past research, the current study exploring the successor attributes from the successors’ perspectives, combining successors’ interest in the business, responsibility to take over the business, and individual abilities to manage and develop the business.

1) Interest

Successors vary in their interest to the business operated in the family firm. Some successors might find the family business traditional and boring, hence reluctant to work in the family firm. As described by informant 5, *“Our company’s business is producing and selling Chinese medicine. I learned design at college. So, I was not very interested in the business of Chinese medicine when I just graduated.”* (#5) Whereas, some successors love the business of their family firms and are more motivated to work in the firm. As described by informant 6, *“When I am working in the company, I’m quite interested in the business...Because what we build are luxurious houses. They are beautiful buildings. I enjoy looking at the beautiful materials and designs when I travel overseas.”* (#6) Given the

variation of interest to the family business and the effect of the interest to the family business on the successors' willingness to work in the family firm and take over the business, it is essential to build the successors' interest to the family business.

Engagement in Firm. One effective way, as described by the informants, is to increase the successors' involvement to the family business and enhance their interest while working in the firm. For example, informant 3 said, *"I become increasingly interested in the shipping business, after I've been working for a while in the company. As I found that I could do something meaningful for the society and our country with the platform of our company."*

(#3) After discovering the interest and meaning of the business, the successors are more motivated to learn and work in the firm.

Interest in Family Business. With the increasing interest in the family business, the successors are more motivated to discover new opportunities. As informant 4 said, *"As I study abroad and communicate with people, I found that agriculture is meaningful for the society. It's closely related to our health...For example, I heard one senior in my training program shared that he wanted to run the business about smart kitchen, which I found very interesting. And I'm thinking to link the traditional agriculture with new designs in current days, which makes the agriculture more creative."* Therefore, the successors regard their interest to the family business as a significant motivate for them to take over the business.

2) Responsibility

As suggested by the incumbent informants, nurturing the successors' responsibility to the family and firm is essential for motivating them to take over the business. Similarly, the

successors informants recognize their responsibility as an important factor promoting them to take over the family business.

Family Responsibility. The most eminent responsibility which the successors must take is the responsibility to the family. As described by informant 5, she was not very willing to take over the family business until she had her own children and feel stronger about the responsibility to the family. Also, as described by informant 8, she was the eldest child in the family and felt more responsible to share the burden of her father. The successors might not be highly interested in the family business, but they are motivated to take over the business by their responsibility to the family. Whereas, if successors are interested in the family business, family responsibility would strengthen their involvement in the family business and motivation to take over the family business.

Trust Issues with Professional Managers. The past research examined the effect of hiring professional managers to run the family business from the agency perspectives and provided a conceptual model about whether and when hiring professional management instead of intra-family succession (Zhang & Ma, 2009). As recognized from the descriptions of the successors, the unsuccessful experience of hiring professional managers to take over the family business enhances the successors' responsibility to step up and take over the business. As informant 7 described, *"Is it reliable to ask the outsiders to take over the business? There are so many companies handed to outsiders. They bought big house and good cars. But the companies didn't grow. In the years when the stock market grows fast, our*

company made no profit. The manager who was in charge of investing in the stock market, was not good." (#7).

Therefore, comparing with non-family managers, the successors in the family are more responsible for the development of the firm. And successors who have experienced the unsuccessful management of the non-family managers are more motivated to take the responsibility to take over the business.

3) Ability

The successors' interest to the family business and their responsibility to the family and the firm are great motives for them to take over the business. In the meanwhile, the successors need to develop individual abilities to take over the business successfully. Similar to the propositions of the incumbent informants about the importance of developing decision-making abilities and interpersonal communication skills, the successors recognize the importance of abilities to develop the business. More importantly, the successors describe how they start their work in the company from the paths of integrating existent resources and exploiting new businesses. In addition, the successor informants highlighted the importance of positive mindset while working together with the existent management team and their incumbents in the firm.

Integrating Resources. The successors need to show the incumbents their abilities to manage the business and even bring the business to an upper level. The business founded by the elder generation might become less interesting and profitable when the younger generation takes over the business, given the changes in the market and industry. However,

the existent resources developed and accumulated by the firm are critical competency.

Integrating the existent resources in the firm and opening new area is a path for successors to start their career after taking over the business. As described by informant 5, the traditional model of buying and selling Chinese medicine is well-developed and the company needs to explore new businesses to grow. So, the informant 5 *“builds a platform on the basis of the firm’s resources in the industry of Chinese medicine. And I integrate partners related to the origin of Chinese medicine, including producers, local governments, and other Chinese medicine companies, in the same platform.”* (#5) By building a new platform based on the existent resources, the informant 5 develops a new way to make the business grow.

Integrating resources is a good way for successors to make the firm grow. The founders build the business. Standing on the shoulders of the founders, the successors can connect the business resources and social resources and build platforms to coordinate both existent and potential partners. Operating in a widely-recognized platform, the successors can discover more and larger opportunities for the firm to grow.

Taking a Lead. Some successors work in the firm before taking over the business, to get familiar with and build expertise in the area where the firm operates. In the sample of successor informants, 4 out of 6 successors are currently working in the firm as a department or subsidiary company’s head. For successors who work side by side the incumbents, showing their ability to take a lead in their area is important for both their willingness and confidence to run the whole company and the incumbents’ trust in their competence. The informant 8 is leading the sales team in the firm, which develops and sells real estates in Hai

Nan province. The firm's sales were not performing well before her taking charge, because the firm was starting in the catering industry and transformed to the real estate industry. As informant 8 described, *"I didn't quite understand the industry of real estate at that time. I only know that we were selling houses. We invested our money to the Hai Nan real estate market. But we were exploring as beginners. We were very nervous."* (#8) To open doors for the difficult situation, informant 8 joined in the company and took charge of the sales team. She held several marketing events in the North of China, where the firm started the catering business. The marketing events attracted customers from the catering project to the Hai Nan real estate project, which boosted the sales of houses developed in Hai Nan. As described by informant 8, *"I was in charge of marketing in the North, which was very successful. And I sold over 100 suites of houses in those marketing events, which builds the firm's reputation among our catering customers."* (#8). Therefore, taking a lead in the critical sector of the firm is a good start for the successors to build expertise and competence to take over the business.

Positive Mindset. Conflict is inevitable in the succession process. By theory, the successors are the future boss of the company. However, by practice, becoming the future boss is not easy and smooth. The generational differences and discrepancy of interest might cause conflicts between successors and incumbents, and between successors and existent management team. Informant 5, 6, and 8 all pointed out the conflicts with the existent management in the beginning when they joined in the firm. For example, as informant 8 described, *"the managers who fight side by side my father might feel unfair when seeing me*

take charge of important businesses.” (#8) And as informant 6 described, “the managers might lose the idea about who is the owner of the company. They worked with my father from day one. When the firm grows, they think that the firm can’t grow any more without them. They just forgot that the owner is always the owner.” (#6) Provoking the conflicts is not a wise move for the successors, which would only make the successor more complicated. From the views of successor informants, building a positive mindset and cooperating with the management team is important. As described by informant 8, “the successor can’t feel like the future boss of the company. The boss must be someone who is capable and open-minded. If I’m not capable and open-minded, I better not take over the business.” (#8) Similarly, informant 6 said, “if I treat the old managers with my true and honest heart, I would be treated honestly. And I’m grateful for my father that he didn’t make the situation very complicated for me.” (#6) Therefore, a positive and cooperative mindset of the successors is helpful for developing a good relationship with the existent management team and grow while working in the firm.

5.5.2 Trusting the Incumbent

Trust is central to family businesses, because it often “represents a fundamental basis for cooperation” and builds the competitive advantage for family businesses (Steier, 2001). Trust between incumbents and successors is central to the succession process. The past research studying family business succession from the view of trust focus on the successors being trusted by incumbents and family members. It is shown that being trusted is essential for the successors to be considered as a legitimate leader and selected to take over the family

business (Barach, Gantisky, Ourson, & Doochin, 1988). Also, Sharma and Rao (2000) compared the successor attributes that Indian and Canadian family business owners consider most important and found that integrity is the most important attribute of a potential successor. However, Handler (1990) proposed that the family succession is a mutual role adjustment between entrepreneur and next-generation family members, during which the interpersonal relationship high in mutual respect and understanding, characterized by trust and support is central for the succession process. Therefore, trust in the family succession process should be mutual, including both the successor being trusted by owners and family members, and the successor trusting owners. A detailed review of the literature on trust in family business revealed that an important aspect of trust—successors trusting owners, is ignored. In the current qualitative study, I studied how the successors' trust to the owners develops and affects the successors' engagement in the succession process.

1) Value Identification

Integrating the research about the different bases of trust and trust in family businesses, Sundaramurthy (2008) proposed that the trust between incumbents and successors initially is based on identification, and strengthened through cognitive bases. When the successors were young, they haven't formed complete cognitive bases for trusting the incumbents. Therefore, the successors' trust to the incumbents is majorly built upon the identification to the incumbents' values, as the incumbents are often the first and most important educators to build the successors' values. Informant 4 described her father as a man

with perfect personality and how she learned to become a good man and great entrepreneur from her father. She said, *“When I was young, I didn’t quite understand why my father went to visit others and left my mother and I alone at home, during holidays, even at the night of the New Year. But I knew that my father cared more people than our family. He is a responsible boss, caring his employees very much... ‘Being a generous man, and working hard’ is my father’s value. I think my father is a very generous entrepreneur. He is kind and nice. He has perfect personality. I think a man should be like my father, responsible and wise.”* (#4) Although the successor doesn’t have enough knowledge about why her father put the welfare of employees in priority, she trusts the owner because she identifies with the owner’s values. Thus, the successor’s identification-based trust with the owner shapes the high-quality relation between successors and incumbents because of shared values that are based on common kinship.

2) Relational Quality

The quality of the relation between successors and incumbents is central for the evolvement of the successors’ trust to the incumbents on the basis of both cognition and affect, which reinforces the successors’ value identification with the incumbents. One typical benefit of high-quality relation is high level of open, honest, and consistent communication between successors and incumbents. Such communication facilitates the mutual understanding of successors and incumbents and is central for engendering trust between them. By engaging in conversations that are essential for constructing the successors’ identity

to the family business, successors feel more confident and responsible for taking over the business. As informant 3 described that he communicated with his father every day and he started to realize that he had the responsibility not only for his own family but also for the welfare of all the employees, and the responsibility for building his nation's image and reputation when doing business abroad. Informant 3 said, *"I'm very close to my father. I start to work every day when my father wakes up. And every night I would go to bed after he sleeps. We communicate every day at any time...I've learned responsibility from my father. I get my job done well not only for my family, but also for the whole company. Say something big. Sometimes, I feel that I work for our country's image when I do business abroad. As a Chinese, I represent China."* (#3) Similarly, informant 4 shared her story about how her father paid attention in communicating with her. She said, *"My father is very busy. But the reason why we are so close is that he always communicates with me, even when we only have 10 minutes when he drives me to school. He talks with me about what happens in the company."* (#4) Informant 4's father pays high attention on building relation and communicating with the successor, which is essential for the successor to build identification and understanding with the incumbent and the family business. Like informant 4 said, *"I have some friends with similar backgrounds as mine. However, I found that when we came back home after graduating from overseas universities, many of my friends feel strange to the company and even the family. I never feel in that way, because I'm well tied with the organization."* (#4) In general, high-quality relation between successors and incumbents

facilitate high level of open, honest, and consistent communication between successors and incumbents, which is central for building the successors' trust to the incumbents.

3) Common Experience

Family businesses are “high trust” organizations where interpersonal trust within members of the family are rooted on kinship, familiarity, commonality of personal characteristics and goals, the history and extended common experience (Carney, 2005; Corbetta & Salvato, 2004). The high level of common experience fosters both cognitive and emotional bases for interpersonal trust between successors and incumbents. The history of interaction between successors and incumbents allows the successors to know what to expect from the incumbents. Also, the shared experiences facilitate the understandings and build an emotional bond between successors and incumbents, helping the successors to identify with the successors' values and goals. At last, the affective and cognitive elements help establish and strengthen the identification-based relational trust between successors and incumbents. As described by informant 8, she worked side by side with her father. The more she worked together with her father, the more she understood him, and the more she admired him. She said, *“When I’m working together with my father. I realized that there are many things that I should learn from my father. My father is hard-working and persistent, particularly when he encounters troubles. From the north to the south, every company that we operate is profitable. We have none company that is losing money. So, I admire my father a lot. When he encounters troubles, he’s so strong and persistent to solve the problems.”* (#8) Thus, the

shared history and experience serve as a critical bonding mechanism fostering the successors' cognitive and affective trust to the incumbents.

According to Sharma and Irving (2005), a successor's commitment to the family business may arise from affective, normative, calculative, and imperative motives. In the current study, I found that the successors' identification with their incumbents' values is critical in the succession process, as successors with higher value identification are more committed to take over the business. To strengthen the successors' identification with the incumbents, two strategies are useful—building high-quality relation and creating more shared experiences between successors and incumbents.

5.5.3 Network in the family firm

Similar as incumbents, the successors identify that building their network in the family firm is critical for making their succession smooth and successful. On one hand, the successors pay attention on building cooperative and productive relationships with the old management team. On the other hand, the successors focus on building their new team to support them for both the current tasks and the future succession.

1) Relation with the old management team

As identified by the successors, managing the relationships with the old management team is critical because the poor relationships might create difficulties and challenges for their work at the family firm, particularly when considering that the old managers tend to project negative impressions on the successors and view them as someone who would remove the old management team from positions after taking over the business (Poza, Alfred,

& Maheshwari, 1997). For example, informant 8 said, *“I was a little resistant with the old managers. When I started to work in the company, the old managers have some negative feelings with me.”* (#8) The effective ways to build a cooperative relationship with the old management team, as identified by the successor informants, is to strengthen the connections between successors and old management team and promote the mutual understandings. For example, informant 6 shared that she treated the old managers with respect. She said, *“I could get along with the old managers. I’m very respectful for my seniors and I give them enough face. I also give them gifts during holidays.”* (#6) Building relationships with higher levels of cooperation and understandings with the old management team could make the successors’ working experiences at the family firms more positive. But the successors also point out that they would or have already fired the old managers after they take over the business, because the old managers play negative roles on the business. For example, informant 6 said, *“Surely the old managers are obstacles for the company.”* (#6) And informant 5 shared her experiences of firing all the old managers. She said, *“I’ve let all the old managers leave the company...I build a new team in my new company, which is stronger and better managed than the old company. So I took over all the business and cut down the old team and business.”* (#5) Therefore, when the successors are working at the family firms, they manage to build cooperative relationships with the old management team, but they would employ the new management team after taking over the business.

2) Succession Team with New Managers

Successors often start to build the new management before they take over the business. Informant 4 shared that she started to build a younger and more competitive management team in the company even before she starts to work in the company. She said, *“I talked to my father and started a new management team, recruiting young and competitive managers who are born after 1980. For one reason, I would like to strengthen my connections to the company even when I’m not back to the company yet. For another reason, this new management team would be my support in the future succession.”* (#4) Successors who are now working in the company view building their own management team as critical, too. For example, informant 8 said, *“There must be a younger team. The company needs novelty and regeneration. Also, I’m more comfortable about working with the new team...I hire professional managers from outside to build the team.”* (#8) Therefore, building a new management team by promoting younger and competitive managers inside the company and hiring professional managers outside the company is an important factor supporting the succession.

5.5.4 Value fit

Based on the factors identified from the interview data of incumbents and successors, the congruence of successors’ values with the values of incumbents and organization plays a critical role in helping the factors successfully transfer between the two generations. Value fit is the foundation of the succession such that incumbents and successors would not stay in the same page for achieving succession success without identifying with one another’s values.

On one hand, incumbents who do not fit with their successors may not be able to get the successors involved in succession even though they identify what the important factors and approaches are for a successful succession. As shared by informant 1, *“my son liked to play video games when he just graduated from the university. He played the games day and night and had no interest in the business. There is no way of getting him into the plan (of succession).”* (#1) The different interests of incumbents and successors may distance their focus and prohibit the start of succession. Also, during training the successors, the value fit between incumbents and successors largely determine the success of trans-generational value succession. Abilities could be taught and trained, but values need to be transferred on the basis of mutual understanding and agreement between incumbents and successors. Without identifying with incumbents’ individual values, family values, and organizational culture, successors often treat taking over the business as a task rather than responsibility. As shared by our informant 4, the successor of the agriculture firm founded by informant 2, *“I agree with my father’s ideas. And I’m willing to suffer to make our family last to generations and generations. I also agree with our family values, which are majorly made by my father. I was raised in that way. This (values) is the motivation pushing me to keep going forward.”* (#4) Without the agreement with the values, successors often choose to stay away from the succession, as shared by informant 6, *“when I just came back to China, I don’t wanna have any relation with the family business. I have other ideas. I think differently from my parents, in terms of how to run business. Also, I don’t see how I could contribute to the family.”* (#6) On the basis of knowing what and how to transfer the business to the next generation, the

incumbents need to cooperate with successors whose values fit with theirs to initiate the succession and achieve a successful succession. Therefore, value fit is the underlying mechanism promoting the cooperation between incumbents and successors during the succession process.

On the other hand, value fit with incumbents and organizations support the successors throughout the succession process. In the beginning, successors' interest, responsibility, and ability are majorly developed under the influence of incumbents. Without the congruence with incumbents' values, successors often do not take succession as their responsibility and get involved into this challenging process, neither will they be interested in their father's desire of succeeding the business into the next generations. Informant 1 shared above that his son was not interested in the business after graduating from the university. The successor, informant 3, son of informant 1 also shared his view of this experience. He said, *"I couldn't see why my father was so obsessed to get me involved into things that he was doing. His ideas, opinions, all are too far for me. I don't get them. That's why (I was doing my own things)."* (#3) Only after understanding the incumbents' opinions and desires, the successors start to step into the business and adjust their roles as a successor. *"After participating the trainings for all successors of family firms, I start to grab the awareness that my father builds a company and it's important for me, the family, employees, and the firm that I take it over."* (#3) Therefore, the value fit with incumbents drives successors to accept their role of being a successor and supports them to join in the succession process.

After joining in the succession process, successors building a trusting and high-quality relation with the incumbents is also based on value fit. Successors identifying with the values of incumbents are more willing to work together with incumbents. As shared by informant 6, *“I agree more with my father than my younger sister. So, she’s not involved very much into my father’s work. I stay with my father closer. We work together.”* (#6) Also, the fit with incumbents’ values is the foundation of developing high-quality relation with incumbents, as shared by informant 7, *“my father has a bad temper. Many people don’t like him. Many don’t understand him. It’s quite interesting that I could understand him. I think it’s because that I agree with my father. We are the same type. That’s why I could work with him for so long time. No one else could tolerate his temper. But I can.”* (#7) In the meanwhile, value fit with the organization supports successors to manage well the relations with the managing team. When establishing the succession teams, successors often choose people who share the same values. *“Ability is important. But what’s more important is that these people should be my own people. We should think for the same and desire for the same. Otherwise, they are only talented people, but not my own people.”* (#5) Value fit is also an important criterion for successors to interact with the old managing team. Successors will have a more friendly and supportive environment when the managing team agree with their ideas. And the disagreement between successors and the managing team will create conflicts. As shared by informant 6, *“when I propose the idea of creating a platform to put our resources in the up and down end of the supply chain together, not only that I need the supports of my parents, but also the supports of the seniors who work aside my parents. Their*

opinions are important. That's a big support for my business. But some seniors think differently. We had some unhappy experiences. I could only choose to let them go." (#6)

As discovering that value fit supports successors throughout the succession process, I try to analyse more the data by comparing the interviews from incumbents and successors. The comparison of perspectives of both parties allows for a deeper understanding of the role of values and value fit during succession process.

5.6 Comparing incumbent and successor data

Comparing the findings from the incumbents and successors, I notice both commonalities and differences about the factors that the incumbents and successors identify as critical for supporting a successful succession. First, both incumbents and successors identify the importance of developing the required qualities for successors to become competent in managing the family firm. For example, the incumbents think (1) cultivating the successors' willingness of working in the family firm and taking over the business, (2) educating the successors to identify with the values of the incumbents, the family, and the organization, (3) educating the successors to build abilities for managing the business, are important to make a successful succession. Similarly, the successors identify that it is important to build their competencies. Second, both incumbents and successors take the network in the organization, i.e., managing the relationships with the old management team and building a new management, as critical for succession. This is the most overt common factor identified by both incumbents and successors. Starting from here, I would conduct an

empirical test about the effect of relationships with nonfamily managers at family firms from the perspectives of successors, in Study 2.

Besides the commonalities in their perceptions, the incumbents and successors report different factors that they regard as important for succession. For example, the incumbents notice that succession planning is critical, while the successors didn't. This might be due to the fact that the incumbents often initiate the succession process by planning even before the successors have the awareness and identity of taking over the business. In addition, the successors identify that building a good relationship with higher level of trust with the incumbents is critical. This might be because that the successors are often, as pointed by informant 5, *"in a relatively weaker position when communicating with the incumbents."* Therefore, the successors focus more on managing positive relationships with the incumbents.

Besides the commonalities and differences between incumbents and successors' perceptions and attitudes towards succession factors, I found that value succession plays a key role during the succession process. The formation and development of successors' values impact successors' perceptions, attitudes, and behaviours across succession phases, as well as the interaction between incumbents and successors.

5.6.1 The critical role of value succession

There are rich family business succession research showing the factors that predict successful succession, but one question remained unanswered, "what are the best predictors of successful succession?" (Daspit et al., 2016). Studies that compare the contributions of

succession factors to successful succession are demanding. Across the interviews with 2 incumbents and 6 successors, I asked questions regarding to the comparisons among different succession factors, such as “what are the factors that you think the successor should possess?”, “which is the most important factor if you have to choose among all the factors you mentioned?”, and “please order the factors based on their importance.” The informants uniformly shared their opinions that the value succession should be the most important factor, following by successors’ qualification and social network inside and beyond the family firm. For example, informant 1 told that the most important thing for his successor to take over the business is to learn to be a man with positive values, like the incumbent himself. He said, *“having the right values is the most important for my son. He should be righteous and generous. Then he could gather people around him and lead the team. The skills and expertise are not the most important, as he could learn at work. As long as he’s intelligent and has time, he would do well in terms of managing business... But values, whether he agrees with my philosophy of being a man, are the most important.”* (#1) Correspondingly, the successor of informant 1, also the informant 3 shared his opinions about the importance of different succession factors. He said, *“my father always told me that learning to be a man is the first thing before taking over the business...He (my father) is my teacher in this aspect. I observe how he treats his friends and partners and how the others evaluate him. Then I learn from him about what kind of a man I should be.”* (#3) Similarly, another successor informant said that *“before learning to do business, I learn to be a human with my father...My father told me that being a right person, then I could do right businesses.”* (#7)

Informant 6 also shared her observations about successors who didn't perform well in terms of value successions. She said, *"you see out there, some young 2nd-generation didn't learn the manners before coming out. They don't know how to be a right person before being engaged in the succession. They even don't know when they make others unhappy and unsatisfied in social occasions. So, I think what's more important than learning the business is to learn the values."* (#6) In general, both incumbents and successors identify that the value succession is the most important during succession process and they agree that incumbents are the critical person that help successors to build the right values.

Besides learning and building individual values from their incumbents, the identification with the organizational culture is essential for value succession. For example, informant 1 shared his opinions that the successor must identify and behave in accordance with the organizational culture featured in creativity and sharing. He said, *"Our group's culture is creativity and sharing. He (the successor) should keep these two words in his mind at his work. Because creativity and sharing are the foundations why our group exists and grows...Creativity means that everyone in our group must find novel ways to save costs. We can't compete with the big shipping companies in their ways of doing business. We must have new ways to save cost and increase profit. Sharing means that we should take care of our partners in cooperation. Everyone should make money in cooperation, rather than our company itself."* (#1) In addition, informant 4 shared her opinions that the successors should identify with the organizational culture. She said, *"I think what is critical for us, the 2nd-generation is to admire and agree with the values of the companies founded by our fathers."*

We should be proud of our own businesses...My family does agriculture. I don't know why some 2nd-generations are shamed of what their parents' business. But I'm proud of our business, as we care about what our Chinese people eat.” (#4) Informant 6 explained to us why she thought the identification with organizational culture is important for the successors. She said, *“Sometimes it's very painful for us (the successors) to work in family firms, as there are a lot of responsibilities...But it makes you proud if you agree with the company's values and culture. Because you know that you are making contributions to the company's missions of building beautiful homes.” (#6)* Thus, the identification with organizational culture makes the successors more committed to the organization and supports the successors to overcome the difficulties during succession.

In general, based on the findings from my limited sample of incumbents and successors in family business firms, value succession is the most critical factor in succession. The best practices for successful succession are that the incumbents help successors to cultivate the individual values which the incumbents have proven to be beneficial for socializing and managing people and build successors' identification with the organizational culture. These two practices are critical for successful succession.

5.6.2 The sustaining role of value succession

1) How values vary across succession phases

The research about culture and value in family business succession assume that successors' values are stable once they were cultivated in the earlier stage of succession. However, this assumption ignores the dynamics of individual values, particularly in a more

complicated context of family business succession. First, successors might not inherently identify with incumbents' values and organizational culture. For example, informant 1 shared his successor's experiences of changing opinions about him and the organization. Informant 1 said, *"when my son just graduated from college, he's interested in nothing but the video games. He thought that was the most interesting and exciting thing in the world...Then I tried to encourage him by comparing shipping and video game. I told him that the great man does shipping. A man of bravery and intelligence make achievements in shipping business...later on, he found what I'm doing is challenging and interesting. Then he got more involved in the business."* (#1) Correspondingly, the successor of informant 1 shared his changes of perceptions about the shipping business, saying, *"the more I do shipping businesses, the more I found that this is a meaningful thing, as I could contribute to the society. I could use our company's platform to do things that make our Chinese proud."* (#3) Thus, the identification with incumbents' values and organizational culture is not inherent from the beginning but needs development over time.

Second, successors might often have variations in their value identification with incumbents and organizations, particularly when they encounter difficulties in their career. For example, successor informant 6 shared her experiences about how she doubted his father's judgements when she was criticized by his father. She said, *"My father is a very strict person. In the early days when I worked in our company, I wanted to talk with him when I encounter problems at work. But every time he just criticized me. I felt that I was so wronged. Many times, I doubted his judgements and wanted to quit. It was just so hard."* (#6)

She also shared how she rebuilt her understandings to her father. She said, *“After several times of being misjudged by my father, I started to reflect about the way how I communicated with him. Then I realize that whenever I report a problem by pointing figures to the others, my father get upset. But if I report a problem in an objective view, my father is happy to help me solve the problems and teach me how to do better.”* (#6) What’s more, informant 6 proposed that her beliefs to her father’s values affect how she treat her job and view the organization. She said, *“If my father is not very strict and I have a good relation with him, I think my father is a great man and he’s right to insist on the principles, like building beautiful homes and making the best use of lands. And I enjoy very much working in the company. But sometimes it’s so hard. When my father and I have a poor understanding with each other, the job become harsh.”* (#6) From the narratives of informant 6 about her beliefs and doubts about her father’s values and its effect on her perceptions about her jobs, there are variations in successors’ value identification with the incumbents and the organizational culture, which is weaker and perhaps negative in a poor relation between incumbents and successors, and stronger and positive in a good relation between incumbents and successors.

Third, successors might have variations in their values as their own experiences change over time. For example, informant 5 shared her experiences of becoming more willing to take over the family responsibilities after having her own child. She said, *“Although I took over the business in a very early age, about 2 years after graduating, I was not very willing to do this thing. I had no choice at that time, as my father was sick and I had to step in. It’s about recent years when I realize that it is my responsibility to take care of my*

family and our company, after I have my own children. My children teach me about responsibility.” (#5) Thus, the successors’ values keep changing as they grow.

Therefore, successors’ value identification with incumbents and organizations keep varying during succession process and should be paid attention beyond the earlier succession stage.

2) What values vary across succession phases

In the qualitative study, I found that the successors’ values and their identification with the incumbents’ values and organizational culture vary across succession phases. To be specific, the successors’ values become stronger or weaker due to the changes in the relation with incumbents, the successors’ own experiences, and the environments. Besides, I’m curious if the qualitative data could tell whether some values vary across succession phases while some others remain stable. A detailed review of the qualitative data shows that there are not only variations in the strengths of values but also in the contents of values. For example, informant 7 shared his experiences how he realized that his father’s values are correct after going through failures in his career. When the successor was young, he thought *“the way how my father did business was old”* (#7). But now he said, *“Since I started to work, I met some bad people. I invested but failed. I got cheated...after going through so many things, I now finally realized that the words my father told me are so correct and precious...He told me that I shall never make easy money and I shall never break laws. Until now, I keep these words in my mind.”* (#7) Thus, in the case of informant 7, he didn’t agree with his father’s values of *“making no easy money and breaking no laws”*, but only started to

identify with these values after taking lessons at work. There is a change in the contents of the successors' values.

Another example that could illustrate the changes of the successors' value contents is that informant 6 shared her experiences how she changed her perceptions and attitudes about managing the relations with nonfamily managers. As she said, *"In the beginning days when I started to work in the firm, I couldn't help reporting to my father about the problems that I observed...I was not satisfied with our managers. And I was not humble...But my father never encouraged me to fight with managers. He only talks about business, not people...Later, I changed my attitudes to our managers. And I learn from them humbly. I told myself that they fought together with my father to build the company. I should respect and learn from them."*

(#6) Similarly, informant 8 told that she had conflicts with nonfamily members in the beginning but gained better relations after she changed her attitudes. She said, *"Sure there were conflicts with them (nonfamily managers). We had different experiences and opinions...But I tried to treat them with my true heart. And as time went long, people are willing to treat me back with their true heart, too."* (#8) Therefore, from the cases of informant 6 and 8, there is a change in the successors' attitudes and perceptions of managing the relation with nonfamily members in family business firm. The successors have negative values about nonfamily members in the early stage of working in the family firm, perhaps because that the successors *"are young and learned new things by taking educations overseas"* (#6) and think that the nonfamily managers *"are doing businesses in old ways and are lacking in knowledge to compete in modern market"* (#8). However, after working longer

in family firms, the successors started to realize that *“these managers are contributors to the firm and have experiences and expertise in the industry”* (#6), and hence change their attitudes and are more willing to learn from the managers.

Last, the example of informant 5 illustrate what successors changed about their values to the organizational culture. Informant 5 once thought that the business of her family firm is outdated. She said, *“when I just graduated from college, I didn’t want to come back to our firm. Because I thought what we did is not fashionable and modern. Chinese medicine. It’s not interesting for a young girl.”* (#5) But after working longer in the firm, informant 5 began to find the social meanings of the business and became more committed to the organizational mission, as she said, *“now I realized how meaningful our business is. We are protecting billions of people’s health by producing good Chinese medicines.”* (#5) Thus, the case of informant 5 shows the changes in the successors’ value identification with the organizational culture.

In general, there are changes in the contents of successors’ perceptions and attitudes about the incumbents’ values, managing relations with nonfamily members, and the organizational culture. Such changes reflect that the successors might possess no or negative perceptions and attitudes in the beginning but gain or become positive about certain values in the later stage of succession.

5.7 Conclusion

The qualitative study allows me to conduct a more integrative research about the factors that promote succession success and build a more comprehensive model about what

makes a successful succession. Starting from this preliminary model, I highlighted the critical role of value succession in shaping successors' perceptions and behaviors across succession phases. In Study 2, I test empirically the effect of successors' congruence with incumbents' values and organizational culture on the succession success.

6. STUDY 2 – quantitative study

6.1 Theory

6.1.1 P-E fit

P-E fit is defined as the compatibility or congruence between an individual and their environment objects, such as organization, group, supervisor, co-worker or job. For decades, fit has been regarded as an important individual state contributing to both the organization and individuals. The congruence between individuals' values and those of their supervisors and organization have positive effects on job satisfaction, stress, organizational commitment, and turnover (Giauque, Resenterra, & Siggen, 2014; Le, Robbins, & Westrick, 2014; Yu, 2009). In the current study, I examined a research model about the fit between successors and their environment objects during succession process, including incumbents and the family firm, based on the theoretical background of P-E fit. Study 2 tested the relationship between successors' fit with their environment objects on the succession success. In the current research, I assessed the successors' fit with their environment using the perceived fit, a subjective assessment by individuals, as the current research focused on the perceptions of successors "fitting in", which influence successors' perceptions and behaviours. Plus, the perceived fit has been found to be a better predictor of peoples' attitudes and behaviours (Cable & DeRue, 2002). Finally, I recognized that P-E fit is multidimensional and chose to study two dimensions of successors' fit with their environment, including the degree to which successors' values match their incumbents' values (P-S fit) and the degree to which successors' values match their organization's values (P-O fit).

The assumption under which the value fit with incumbents and organizational members are separated is that incumbents and organizational members start to interact with successors at different time periods and these two parties may have different influence on successors' values during succession process. Successors often interact first with incumbents and then organizational members. Due to the family relationship, incumbents are often the main social contacts of successors at their young age (Dasgupta et al., 2016). Moreover, incumbents as the core members in the family are often people who establish and shape successors' values (Kelly et al., 2000; Royer et al., 2008). Successors can influence their parents' values, but they are more often fitting in their parents' values (Knafo & Galansky, 2008). The organization and its members start to play a role in the successors' social life only after successors start to contact and enter the organization, which often happens at a later stage such as when successors enter the firm after graduation or gaining experiences outside (Danco, 1982; Nelson, 1986). Successors have founded their basic values and are engaged in a more mutual process of fitting when interacting with organizational members. Therefore, the current research examines the value fit between successors and incumbents and the value fit between successors and organization separately.

Another assumption to separate successors' value fit with two objects is that incumbents' values are not the same as organizational values. Founders have great influence on the values and culture of organizations, which is more salient in family firms (Tipu, 2018). For instance, past research propose that leaders cultivate core values and embed these values in organizational practices and strategies (Gehman et al., 2013; Wasserman, 2017). In family

firms where the authoritarian leadership may be more prevalent (Barnett & Kellermanns, 2006), leaders are more likely to cultivate and shape the core values of the organization. However, according to organizational life-cycle theory, the challenges confronting organizations, and the values needed to deal with these challenges, vary as organizations develop (Churchill & Lewis, 1983). Considering the dynamics of organizational development and the values emerge from and shape the organizational development, one cannot equalize incumbents' personal values with organizational values. Moreover, organizational values differ from incumbents' values in terms of the level of analysis (Bourne & Jenkins, 2013). The incumbents' values are located at the level of individuals, referring to the individual values which incumbents possess. While organizational values could be understood as the average of organizational members' personal values, leaders' personal values, and leaders' or other significant members' beliefs about what the organizational priorities should be. Also, organizational values could refer to the common beliefs held by members and the future goals which the organization aims to achieve. Therefore, incumbents' values and organizational values contain different characteristics shaping their different nature and should be examined in separate.

Practically speaking, the current research separates incumbents' and organizational values considering the cases when the two types of values are not congruent with each other. As explained above, the assumption of why separating the two types of values is that they are not the same thing. One may argue that despite the two types of values contain different characteristics, if these two values are congruent with each other, they do not need to be

separated. However, in practice, this assumption does not always hold. It is possible that incumbents' values may not be congruent with organizational values. Although founders have great influence on the formation of core values in the organization, both founders' personal values and organizational values are changing in the process of organizational development (Churchill & Lewis, 1983). These two values are not always synchronized onto each other and remain the same pace in terms of changing. Given the changing feature of values, incumbents' and organizational values should be separately examined.

6.1.2 Succession success

Succession success is a key factor to evaluate the family business succession process. Some research has been trying to differentiate successful from unsuccessful succession and identify the factors contributing to the success of family business succession (e.g., Morris, Williams, & Nel, 1996; Schell, Hiepler, & Moog, 2018), while other research aims to understand why the succession fails such that the successor is dismissed or the firm is bankrupted (Sharma, 2004). Moreover, researchers have been trying to define what constitutes a successful succession. One stream of research emphasizes the satisfaction as an indicator for succession success such that the satisfaction of the key participants in the succession process, including incumbent, successor, other family members, and shareholders, determines whether the succession is successful or not (e.g., Mahto, Davis, Pearce, & Robinson, 2010; Sharma et al., 2001). Another stream of research suggests that besides making the key participants satisfied, whether the family business can continue to grow and

make profits after the successor taking over the business is a key determinant of succession success (Goldberg, 1996; Santiago, 2000).

Combining these two aspects of succession success, satisfaction and continued profitability, Venter, Boshoff, and Maas (2005) proposed that a successful succession should both make the key participants in the succession process satisfied and continue to grow. They also developed the measure of succession success. Following past research investigating the succession satisfaction (Mahto et al., 2010; Sharma et al., 2001), Venter et al. (2005) measured the perception of how satisfied the key succession participants are with the succession. To measure the continued profitability of the family business, Venter et al. (2005) and Venter and Boshoff (2006) used the proxy of the perception of how the successor is able to grow the business, due to the difficulty of obtaining financial data from the family firms (Fiorito & LaForge, 1986). Past research has revealed that the subjective assessments can be used as satisfactory proxies for financial performance of business (Venkatraman & Ramanujam, 1987; Dess & Robinson, 1984) and the perception of succession success has been widely used to evaluate a successful succession in family business literature (Mussolino & Calabrò, 2014; Sharma et al., 2001). Therefore, in the current research, I define the succession success as the extent the key succession participants are (a) satisfied with the succession and (b) the successor is able to make the business continue to grow.

6.1.3 Successor incumbent fit and succession success

Person-supervisor fit (PS) fit refers to the perceived match between employee and supervisor characteristics. Employees whose values match with those of their supervisors are

more satisfied with their job (Kristof-Brown, Zimmerman, & Johnson, 2005), and more committed to the organization (Astakhova, 2016; Van Vianen, Shen, & Chuang, 2011). Individuals prefer relationships and situations that are consistent with their personal values and identities (Tajfel & Turner, 2004). The congruence of personal values in dyadic relationships helps to create reliable interactions, as the interactors feel psychologically secure and see the relationship as predictable, and in turn leads to better individual task performance (Milton, 1999). The success of family business succession largely depends on the cooperation between incumbents and successors (Breton-Miller, Miller, & Steier, 2004). And the cooperation would be strengthened if each party in the relationship identifies with the other's values. In the family firm, incumbents and successors are tightly related in their personal and family values due to the kinship. However, the dynamic interactions during the succession process might create challenges to the mutual understanding and support between incumbents and successors. Therefore, to the extent that the successors fit with the incumbents' values, successors' understanding and respect to the incumbents would increase, and in turn enhances the cooperation during succession, which is beneficial for succession success.

Hypothesis 1a: successors' fit with incumbents will be positively related to succession success.

6.1.4 Successor organization fit and succession success

Person-organization (PO) fit is conceptualized as the match between employees' values and those of their organizations. Employees' perceptions about how the organization's

values fit with their own values affect what they expect from their organizations. Job applicants prefer to choose organizations whose values fit more with their own (Saks & Ashforth, 1997). Recruiters take the fit of values between applicants and their organizations into account when making hiring decisions (Kristof-Brown, 2000). Employees whose values fit with their own organizations' value systems are higher in organizational commitment and thus are less likely to quit their organizations (Cable & DeRue, 2002; Kristof-Brown et al., 2005). In sum, individuals will join and stay in the organizations running the value systems which match with their own values. And the compatibility between individuals' values and the organizational culture and values subsequently facilitates individuals to grow in the organization. Building upon the background of PO fit, I propose that the congruence between successors' values and those of their family firms is vital for successors' attitudes towards succession. Successors whose values fit with their organization's value systems will be more confident with the prospect of the succession. Therefore, successors who fit the organization will be more likely to succeed in succession.

Hypothesis 1b: successors' fit with the organization will be positively related to succession success.

6.1.5 The mediating role of succession willingness

Of greater interest in our model is the mediating role of successors' willingness to take over the business in explaining the relations of multidimensional successor-environment fit and succession success. According to the self-determination theory (SDT), individuals whose psychological needs are satisfied are more motivated intrinsically. Different types of

fit between individuals and their environment objects have been shown to be related with the satisfaction of different types of psychological needs, such that PO fit is positively related with autonomy need satisfaction, relatedness need satisfaction, and competence need satisfaction, and PG fit helps to satisfy relatedness need (Greguras & Diefendorff, 2009). According to Handler's study (1989), successors will have more positive succession experiences if their psychosocial needs are satisfied. Similarly, Carlock and Ward (2001) suggest that successors whose personal needs are satisfied by the family business are more willing to take over the business. Hence, one could expect that the fit between successors and their environment objects is positive for enhancing successors' willingness to take over the business. In addition, empirical results (Sharma, Chrisman, & Chua, 2003; Elmarie Venter et al., 2005) have shown that the successor's willingness to take over the family business is important for successful succession. The argument is that without a successor willing to take over the family business, the succession may have to proceed with the reluctance or resistance by the successor, or failed to proceed (Sharma et al., 2003; Shepherd & Zacharakis, 2000). Therefore, the multidimensions of successor-environment fit enhances successor's willingness to take over the business, and in turn facilitates the successful transition of family business to the next generation.

Hypothesis 2a: Successor's willingness to take over the business positively mediates the relationship between successor's fit with incumbents and succession success;

Hypothesis 2b: Successor's willingness to take over the business positively mediates the relationship between successor's fit with organization and succession success.

6.1.6 The moderating role of succession stage

The existing literature offers significant insights that family business succession is a multiphase process. A group of works have proposed process models of succession, suggesting that the succession is consisted of three (Cabrera-Suárez et al., 2001), four (Churchill & Hatten, 1987), or more (Chrisman, Chua, Sharma, & Yoder, 2009) phases. In a review study, Daspit and colleagues (2016) organize the multiphase succession process models and propose a three-phase model. The main actors within the family and across the family boundary, such as incumbent, successor, key family members, nonfamily members, and shareholders, are engaged in different activities and interactions in each phase. First, three activities, including “establishing and communicating ground rules for succession, identifying potential successors and creating succession plan” (Daspit et al., 2016), start the succession process. Second, succession focuses on the development of successors by training and assessing their abilities. Last, the succession process ends by successors taking over the business and incumbents transferring the leadership and ownership. In general, the multiphase process model proposes that succession is a process categorized into multiple phases and assumes that each phase has different succession focuses.

Similarly, in the qualitative study, I identified the focuses in different succession stages. For example, succession is initiated by incumbents who create formal or informal succession plans. After identifying successors, the succession focus moves to training successors. Then successors are engaged into more diverse activities and interactions with more diverse actors when they are getting more involved in the family business, typically

when they start to work in the family firm. For details of the activities and focuses in the succession process, please refer to Table 4 and Table 5.

In the earlier stage of succession process, particularly before the successor starting to work in the family firm, the incumbent is the key leader of creating succession plans and selecting potential successors (Tatoglu et al., 2008). Therefore, the successor's perceptions and attitudes towards succession are greatly influenced by his/her interaction with the incumbent. The fit with the incumbent's values at the early stage of succession motivates the successor to build a high-quality relation with the incumbent and thus produce more positive attitudes towards the succession. In addition, in the early stage of succession, the successor has a comparatively simple social environment, majorly interacting with the incumbent and key family members. The quality of the interaction with the incumbent largely determines the quality of succession. Therefore, the effect of successors' fit with incumbents' values on successors' willingness to take over the business is stronger in the early stage of succession. However, as successors are more engaged in firm affairs at the later stage of succession, they interact with more members in the organization. The quality of the interactions with the organization is an essential motivation for successors to overcome the challenges and function to their optimal. Therefore, in the later stage of the succession process, the relation between successors' fit with organization and their willingness to take over the business becomes stronger.

Hypothesis 3: succession stage moderates the positive relations between successors' fit with incumbents and successors' fit with the organization and successors' succession

willingness, such that the relation between successors' fit with incumbents and successors' succession willingness will be stronger in the earlier stage of succession, and the relation between successors' fit with the organization and successors' succession willingness will be stronger in the later stage of succession.

For the research model, please refer to Figure 1.

Insert Figure 1 about here

6.2 Method

6.2.1 Participants and design

To test the hypotheses proposed above, I conducted a field study by recruiting a sample of family business successors in China. As the research project aims to understand how value fit affects family business succession from the perspectives of successors, participants need to satisfy the sample criteria such that participants should be successors who are engaged in the process of family business succession. The respondents could be at different stages in the succession process. One key criterion is that the respondents should be considered as a potential successor to take over family business. Given the fact that most families have single child in China since 1990s, there is often one only candidate to take over the business. When there are multiple candidates in the family, if the respondent is being considered as a potential successor, he or she will be invited into the study.

To recruit participants who satisfy the sample criteria, I first coordinated with my personal contacts in CKGSB and Tsinghua University. These two institutes have programs about family business succession which many successors join. So, I asked the managers of

these programs to help launch surveys among the program alumni. Second, I asked my contacts in associations where successors are the main members to help recruit participants. Third, I contacted some other potential participants with my personal contacts.

Participants were invited to fill surveys at two time points measuring their demographic information, like gender, age, and education, fit with incumbents, fit with the organization, succession stage, and perception of succession success. In September 2019, participants were invited to answer questions about all the variables listed above, except for the succession success. About one month later, in October 2019, participants who completed the first survey were invited again to answer questions about their perception of the succession success.

Finally, there are 95 valid responses. Among all the respondents, there are 61 men successors and 38 women successors. The average age of respondents is about 30. More than half of the respondents (54.55%) are single child in the family. The majority of the respondents have the degree of bachelor and above (97.98%), among whom 51.52% have bachelor degree and 46.46% have master degree.

Both surveys were in Chinese. The scales developed in English were translated to Chinese using back-translation.

6.2.2 Procedure and materials

After signing the consent form, participants were informed that they would be taking part in a study about evaluating family business successions and were then asked to report

their experience and status as taking over a family business. Unless otherwise noted, all measures in this study used a scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Successor-incumbent value fit. To measure the value congruence between successors and incumbents, I adapted the scale used to measure the value identification between individuals by (Cheng, Chou, Wu, Huang, & Farh, 2004). Sample items include: “I very much admire my father/mother’s manner and behaviour”, “I tell my colleagues or friends about my father/mother’s merits”, “My values are becoming more similar to my father/mother’s since starting to work here”, “I identify with my father/mother in philosophy and methods for work”, “I always agree with my father/mother’s opinions”, “I think my father/mother is a person of foresight”, and “I believe my father/mother is always right in his/her decisions.”

Successor-organization value fit. The subjective successor-organization fit is adapted from the scale used in previous research about P-O fit (Cable & DeRue, 2002; Cable & Judge, 1996). Sample items include: “The things that I value in life are very similar to the things that my organization values”, “My personal values match my organization’s values and culture”, and “My organization’s values and culture provide a good fit with the things that I value in life”.

Succession willingness. To measure successors’ willingness to take over the business, I adapted and used the scale developed by Venter et al. (2005). Sample items include: “At the time of succession I had/will have a strong desire to take over the family business”, “At the time of succession I was/will be happy to work in the family business”, “At the time of

succession I was/will be willing to put in a great deal of effort beyond that normally expected in order to help the family business be successful”, “At the time of succession I was/will be proud to tell others that I was part of the family business”, and “At the time of succession I had/will have a great deal of confidence in my ability to successfully manage the family business”.

Succession stage. Past research on succession process has divided the process into different stages (Cabrera-Suárez et al., 2001; Cater & Kidwell, 2014; Chrisman et al., 2009; Churchill & Hatten, 1987). Despite the different ways of dividing the process into multiple stages, the succession process entails some major features in each stage such that the succession process starts with planning and identifying potential successors, following with successor developing and evaluating, leadership transferring to the successors, and incumbents exiting (Cater & Kidwell, 2014). In the review by Daspit et al. (2016), succession process focuses on three stages including planning, successor developing, and leadership transferring. There is no standard method of dividing the succession process into stages. But the existing literature regards the succession process as a sequential process with different focus in each stage. Following the past research, I measure succession process as a continuous variable, dividing the process into four stages by combining the stages in the literature and those discovered in the qualitative study. The interview data in Study 1 shows that succession process often starts with planning initiated by incumbents, and continues with training and developing successors, during which successors take increasingly important roles while incumbents reduce their roles in the organization.

Combining the stages in the literature and those showed in the qualitative study, I measured succession process as a continuous variable by asking the participants which stage they are in and coded the succession process from 1 (planning succession), 2 (potential successors starting to work in the organization), 3 (potential successors taking important roles in the organization), 4 (potential successors prepare to take over the business), to 5 (successors took over the business).

Succession success. Following Venter et al. (2005) and Venter and Boshoff (2006), I measured the perception of succession success from two aspects, satisfaction and continued profitability. The succession success is calculated as the average of satisfaction and continued profitability. Sample items for measuring the satisfaction with the succession process include: “I am satisfied with the succession process”, “all family members involved in the family business are satisfied with the succession process”, “the family supports the family business after the management/leadership of the business was/will be handed over to me”, “the retired owner-manager is satisfied with the succession process”, and “the relationships among family members are/will be positive after the management/leadership of the business was/will be handed over to me”. Sample items for measuring the continued profitability include: “The relationships with stakeholders (networks, suppliers, etc) are/will be intact after the management/leadership of the business was/will be handed over to me”, “the family business has performed/will perform as well or better since/ after the management/leadership of the business was/will be handed over to me”, “the family business has proved to be/will be sustainable since/ after the management/leadership of the business was/will be handed over to

me”, and “the successor improved/increased the revenues and profits of the family business since/ after the management/leadership of the business was/will be handed over to me”.

Control variables. Successors were asked to report variables that have been shown to affect family business succession: age (Chrisman et al., 1998), gender (Chrisman et al., 1998), and education (Venter et al., 2005). Age is measured by asking respondents to report their age directly. Gender is measured as male vs. female. Education is measured as a continuous variable from 1 (high school and below), 2 (bachelor), to 3 (master and above). The respondents were also asked to report whether they are the single child in the family, given birth order is related to succession (Chrisman et al., 1998) and China employs single child policy in the past years. In addition, as the industry where the business operates affects the strategic planning of family business succession (Brockhaus, 2004), I included the fixed effects for industry of the family firms. I also included the fixed effects of the location where the family firm headquarter operates to control the variations of successions in different regions in China. In this study, I report the results with and without control variables in regression tables and in text I only discuss results from models with controls included.

Table 6 contains descriptive statistics of and correlations among Study 2 variables.

Insert Table 6 about here

6.3 Results

Hypothesis 1a Test. *Successor-incumbent value fit contributes to succession*

success. I used ordinary least squares (OLS) regression analysis to test the relation between the value fit between successors and incumbents and the succession success. As displayed in

Table 7, successors who have higher fit with the incumbents' values perceive more successful succession, $b = 0.71$, $SE = 0.08$, $p < .001$. Thus, hypothesis 1a is supported.

Insert Table 7 about here

Hypothesis 1b Test. *Successor-organization value fit contributes to succession*

success. I used ordinary least squares (OLS) regression analysis to test the relation between the value fit between successors and the family firm and the succession success. As displayed in Table 8, successors who have higher fit with the organizational values perceive more successful succession, $b = 0.33$, $SE = 0.08$, $p < .001$. Thus, hypothesis 1b is supported.

Insert Table 8 about here

Hypothesis 2a and 2b Test. *The mediating role of succession willingness.* As

reported in Table 7, successors who fit with the incumbents in values are more willing to take over the business, $b = 0.76$, $SE = 0.09$, $p < .001$, without controls. The succession willingness, in turn was associated with higher perception of succession success, $b = 0.24$, $SE = 0.10$, $p = .005$, without controls. I tested the significance of indirect effect by computing bias-corrected confidence intervals of the product of the relevant paths using the bootstrap method with 5,000 bootstrap samples (Shrout & Bolger, 2002). The analysis found that successors' fit with the incumbents perceive the succession as more successful due to a higher succession willingness [.04, .32], without controls. Hypothesis 2a is therefore supported.

As displayed in Table 8, successors who fit with the family firm in values are more willing to take over the business, $b = 0.48$, $SE = 0.10$, $p < .001$. The succession willingness, in turn was associated with higher perception of succession success, $b = 0.35$, $SE = 0.09$, $p < .001$. The mediation analysis found that successors' fit with the incumbents perceive the succession as more successful due to a higher succession willingness [.11, .34], without controls. Hypothesis 2b is therefore supported.

Taken together, succession willingness explains why successors fit with the incumbents and the family firm in values perceive the succession as more successful.

Hypothesis 3. *Test of the moderating effect of succession stage.* As reported in Table 7 and Table 8, the stage where the successors are in the process of succession do not moderate the relation between successor-incumbent value fit and succession success, and the relation between succession-organization value fit and succession success. I also run the moderation analysis by calculating the succession stage as a dummy variable. I categorized stage 1 and stage 2 into the earlier stage and stage 3-5 into the later stage. Because stage 1 and stage 2 represent 56.57% of the sample. The moderation effect of succession stage is still not significant. The results hold the same for moderation effect analysis when calculating succession stage as continuous or dummy variable. Thus, hypothesis 3 is not supported.

Supplementary Analyses. To better understand the relation between successor-incumbent value fit and succession success, I analysed the relation between successor-incumbent value fit and the two aspects of succession success, satisfaction and continued profitability, respectively.

Successor-incumbent value fit contributes to succession satisfaction. As shown in Table 9, successors who have higher fit with the incumbents' values are more satisfied with the succession, $b = 0.79$, $SE = 0.10$, $p < .001$. Also, successors who fit with the incumbents in values are more willing to take over the business, $b = 0.79$, $SE = 0.10$, $p < .001$, without controls. The succession willingness, in turn was not associated with higher perception of succession success, $b = 0.19$, $SE = 0.12$, $p = .06$. The succession willingness does not mediate the relation between successor-incumbent value fit and succession satisfaction.

Insert Table 9 about here

Successor-incumbent value fit contributes to continued profitability. As shown in Table 10, successors who have higher fit with the incumbents' values are more able to maintain continued profitability, $b = 0.60$, $SE = 0.10$, $p < .001$. The relation is not mediated by succession willingness.

Insert Table 10 about here

To better understand the relation between successor-organization value fit and succession success, I analysed the relation between successor-organization value fit and the two aspects of succession success, satisfaction and continued profitability, respectively.

Successor-organization value fit contributes to succession satisfaction. As shown in Table 11, successors who have higher fit with the family firm's values are more satisfied with the succession, $b = 0.38$, $SE = 0.10$, $p < .001$. Also, successors who fit with the organization in values are more willing to take over the business, $b = 0.48$, $SE = 0.10$, $p < .001$. The

succession willingness, in turn was associated with higher satisfaction, $b = 0.37$, $SE = 0.11$, $p < .001$. The mediation analysis found that successors' fit with the organization are more satisfied with the succession due to a higher succession willingness [.09, .34], without controls.

Insert Table 11 about here

Successor-organization value fit contributes to continued profitability. As shown in Table 12, successors who have higher fit with the family firm's values are more able to maintain with continued profitability, $b = 0.27$, $SE = 0.09$, $p < .001$. Also, successors who fit with the organization in values are more willing to take over the business, $b = 0.48$, $SE = 0.10$, $p < .001$. The succession willingness, in turn was associated with higher continued profitability, $b = 0.33$, $SE = 0.10$, $p < .001$. The mediation analysis found that successors' fit with the organization are more satisfied with the succession due to a higher succession willingness [.14, .39], without controls.

Insert Table 12 about here

I also checked how the succession success varies across industries and companies located in different provinces in China. I found that successors from the industry of Aerospace have the lowest likelihood of succession success while those in the industry of Electricity Technology are most likely to succeed in family business succession. Also, successors from companies located in He Nan province have the lowest likelihood of

succession success while those from Hei Longjiang province are most likely to succeed.

Figure 2 shows the variations of succession success across industries and locations.

Insert Figure 2 about here

6.4 Conclusion

The Study 2 shows that the successors' value fit with the environment objects, including the incumbents and the family firm, contributes to the succession success. Specifically, successors whose values fit with their incumbents are more willing to take over the family business and therefore perceive the succession as more successful. Successors whose values fit with the family firm are more willing to take over the family business and thus perceive the succession as more successful. Also, the successors' fit with the family firm's values contributes to both succession satisfaction and continued profitability. Taken together, Study 2 provides evidence that the value fit between successors and incumbents and the family firm is essential for succession success.

7. Discussion

How can family firms successfully transfer the business to next generations? Past research has studied succession from the aspects of strategic analysis of the family business (e.g., De Massis et al., 2008; Drozdow, 1990; Sharma et al., 2001), dynamics in succession teams (e.g., Cater & Kidwell, 2014; Farrington et al., 2012; Pearson et al., 2014), mutual role adjustments of incumbents and successors during succession process (e.g., Cater & Kidwell, 2014; Churchill & Hatten, 1987; Handler, 1990), the selection and evaluation of successors (Chrisman et al., 1998; Drozdow, 1989), the training and developing of successors (e.g., Bjuggren & Sund, 2002; Brockmann et al., 2006), relationship issues among succession participants (e.g., Cabrera et al., 2001), and culture and value (e.g., Fletcher, 2012). Although successors are identified as important actors in family business succession, past research still assume incumbents as the key driver (Daspit et al., 2016; De Massis et al., 2008; Kelly et al., 2000; Royer et al., 2008). Even in research about successors selecting and training, incumbents are regarded as the main force shaping the process how successors develop in the succession process. Building on the literature examining succession as mutual role adjustments of incumbents and successors (Cater & Kidwell, 2014; Churchill & Hatten, 1987; Handler, 1990), the current research studies what and how to make successful succession from perspectives of both incumbents and successors while highlights the essential role of value fit between the two parties.

The current research starts with a qualitative study to identify the factors regarded by incumbents and successors as essential for making a successful succession. By interviewing

both incumbents and successors in family firms, I depict a preliminary roadmap for succession process and the focuses in different stages in the process. As a key takeaway, I identify how each of the factors contribute to succession success.

From the perspectives of incumbents, they are often the initiators of the succession process via planning the succession, during which incumbents first catch the awareness of handing over the business to the next generation. The intention of transferring the business between generations is later conveyed to the successors to build their awareness of joining in the succession process. Also, incumbents will legitimize the identity of successors such as confirming their role of future leader to the public. In the planning stage, incumbents take concrete approaches to transfer the business, including setting a timeline and goal. After starting the process, incumbents invest in training the successors such as helping them gain knowledge, resources, and abilities to take over the business. Social relations in the family firm are taken as important factors when incumbents help successors grow during the succession. Incumbents make strategic plans on building a succession team for the successors and managing the old team.

From the perspectives of successors, it is important to have interest in the business, feel responsible to sustain the business to the next generation, and gain the ability to take the leadership. The quality of the relation between incumbents and successors shapes greatly how successors view succession and get engaged into the process. Successors who trust their incumbents and believe in their incumbents' values are more willing to stay by the side of incumbents and cooperate in the succession process. Similarly, managing the social relations

in the family firm is an important factor affecting successors' engagement in succession.

Successors invest in building succession team and managing their relations with the old management team.

When comparing the perspectives of incumbents and successors, I found that values play an essential role in shaping the interactions between the two parties along the succession process. More importantly, the value fit between successors and incumbents and the organization supports successors to develop in the succession process. Drawing from insights in the qualitative study, Study 2 focuses on the effect of value fit on succession success and found that the value fit between successors and incumbents and the value fit between successors and organizations contribute to successful succession via enhancing successors' willingness to take over the business.

In general, adopting both qualitative and quantitative research methods, the current research generates a preliminary roadmap about how to manage family business succession process. More importantly, regarding incumbents and successors as both important actors in succession process, the current research studies how to make successful succession from the mutual interactions of the two parties and highlight the essential role of value fit in shaping the interactions and contributing to succession success.

Theoretical Implications

The current research contributes to the literature by enriching the understanding of mutual interactions between incumbents and successors. Past research on succession has found multiple factors related to incumbents and successors affecting succession success but

largely examines only one party in the interaction (Daspit et al., 2016). Research focusing on the perspectives and behaviours of incumbents assumes incumbents as the key driver of succession such that incumbents' intention determines succession success (De Massis et al., 2008; De Massis et al., 2016). Research focusing on the perspectives and behaviours of successors identifies successors as an important actor in succession such that successors' birth order (Drozdow, 1989), interest (Sharma et al., 2003), and qualities (Chrisman et al., 1998) affect succession success. Although research on succession process views succession as a dynamic process involving the interactions of incumbents and successors, it has not explicitly described how these two parties interact (Daspit et al., 2016).

By interviewing the perspectives from both incumbents and successors in the same family firm, the qualitative study captures the interactions between the two parties during succession. When interviewing informant 1 (founder and father) and 3 (successor and son) and informant 2 (founder and father) and 4 (successor and daughter), they are asked to share opinions about the same aspect of succession. In so doing, the study can gain insights about how incumbents and successors interact during succession. For instance, after the incumbents shared how they start to plan succession, successors were asked to share how they see the incumbents' intention and behaviours of succession planning. Therefore, building on the literature studying factors related to incumbents and successors in determining succession success, the current research investigates the interactions between incumbents and successors in succession process and the underlying force which value plays in shaping the interactions.

Factors and approaches as discovered in the qualitative study depict the process how incumbents and successors interact during the succession and contribute to the literature on factors making successful family business succession. For example, although the group of research about succession on the family business level focuses on the factors of business performance (Stavrou,1999), financing (Sharma et al., 2001), and succession team (Cater & Justis, 2010), we know little about the interactions between successors with critical actors in family firms. The long-term and dynamic interactions and relations between successors and their environment are critical for motivating successors to grow and take over the business. Also, on the basis of research about either the incumbents' intention to hand over the business or the successors' intention to take over the business, the qualitative research identifies the intentions of both parties as essential factors shaping the interactions. In addition, research on successor training and developing focuses on how incumbents educate the successors, while ignoring the role of successors in reacting to the trainings. Taking a more integrative view, the current research fills this gap in the literature on successor development by investigating the successors' perspectives and attitudes towards the incumbents' trainings and educating.

The theme of values emerging in the qualitative study highlights the essential role of value fit in shaping how incumbents and successors interact. To explicitly examine value fit, Study 2 builds on the theoretical background of person-environment fit and studies the effect of the value fit between successors and incumbents, successors and organization, on succession success. Considering the connections and differences between incumbents' values

and organizational values on succession success, the quantitative study separately examines the relationship between these two constructs and succession success. This clarifies the multi-dimensional features of value fit in family business firms and opens venues for future research (Vianen, 2018). Also, the current study contributes to the literature on person-environment fit by examining the value fit between successors and environment objects in family business succession. Moreover, the current study contributes to research on succession willingness by introducing the value fit as an antecedent to enhance successors' willingness to take over the business (Richards, Kammerlander, & Zellweger, 2019). Finally, the current study contributes to literature on family business succession success via examining the role of value fit and the underlying mechanism of succession willingness, which also has important implications for succession in nonfamily business firms (Brockhaus, 2004). Overall, the current research fills the void of studies on culture and value in the literature of family business succession.

Practical Implications

More importantly, the current research generates important practical implications for family business succession, particularly for family firms in China. While value is identified as an important factor for family firms and family business succession (Denison, 2004; Fletcher, 2012), there are few studies examining how values affect the interactions between generations in the family and the succession performance. One possible reason for lack of studies on values in family business succession is perhaps that the role of values in western family firms is not as salient as that in the Chinese context. Most studies on family business

succession have been done in the western context due to the prominence of the phenomenon that family firms transfer to the next generations. Family firms have a shorter history in China and recently face the challenges of succession. As revealed in the qualitative study, incumbents in Chinese family firms regard the succession of values, including individual, family, and organizational values, as critical for succession. In the meanwhile, successors in Chinese family firms hold their identification with the incumbents' and organizational values as important factors in shaping their development in the succession process. To achieve the transfer of values between the two generations, incumbents and successors adopt multiple approaches, such as "creating the common understanding of values", "integrating values in the education of successors", and "practicing values in common experiences", etc. Therefore, the current research not only presents concrete factors and approaches to provide actionable insights for incumbents and successors in Chinese family firms, but also heightens the salience of values in Chinese family business succession. This guides Chinese family firms to pay attention on values when practicing succession.

The factors and approaches as identified in the qualitative study and the essential role of values and value fit as examined in the quantitative study also have important implications for succession in nonfamily business firms. Family business succession majorly happens within the family and between incumbents and successors. Due to the close relation between family and family business firm, the interaction between incumbents and successors starts earlier and is closer in family business succession than in nonfamily business succession. This closeness of interaction implies a high-quality cooperation between incumbents and

successors, which provides some actionable insights for nonfamily business succession. Perhaps the nonfamily business firms can adopt and adapt the successful factors and approaches in family business firms about how to proceed the succession and how to engage incumbents and successors into the succession. One of the most important insight which nonfamily business firms can take is to view succession as a process rather than an event (Berns & Klarner, 2017). Also, nonfamily business firms can adopt the multiple stages as discovered in family business firms to manage the succession process and guide how incumbents and successors should interact during the process (Handler, 1990). In so doing, organizations will go through a smooth and conducive succession.

Limitations and Future Research

Heightening values in family business succession also elicits a limitation of the current study, i.e., the boundary conditions of value succession. First, assuming that values are more salient in Chinese family business succession, the findings on values and value fit in the current research may provide limited implications for family firms in western context. Future study could examine the role of values in western family firms and even conduct comparisons between family firms in western and Chinese contexts. This will deepen our understanding of the role of values in family business succession.

The current study is also limited in terms of the contingency of value congruence in making successful succession. When will value congruence not contribute to succession success? It happens that value congruence may inhibit the continued development of family business to the next generations. For example, when the family business demands changes,

the values created by the last generation will need to be changed. As shared by informant 8, “the old way of how my father does business does not work in my days. I need to make selections, to keep what was right and to revise what does not fit.” Therefore, future research could conduct longitudinal studies on the dynamics of value fit and examine the contingencies of the positive effect of value fit on succession success. Moreover, future research could study the failures of value fit such that how the congruence of values between generations inhibits the development of family business in the next generations.

Future research can also further investigate the reciprocal relationship between value fit and succession success. As shown in the survey study, successors who have a higher value fit with incumbents and organization are more willing to take over the business and hence more likely to succeed in succession. It is possible that the success of succession makes successors fit with incumbents and the organization and more willing to take over the business. Given the data in the survey study are collected at one point in time, I try to study the reversal causality by re-running the model with succession success as antecedent and value fit as the outcome. The analyses find that succession success can predict value fit such that succession success is significantly related to the value fit between successors and incumbents, $b = 0.75$, $SE = 0.09$, $p < .001$, and succession success is significantly related to the value fit between successors and organization, $b = 0.62$, $SE = 0.15$, $p < .001$. The mediation effect is also significant such that the willingness to take over business mediates the positive relationship between successors’ value fit with incumbents and succession success

[.12, .46] and mediates the positive relationship between successors' value fit with organization and succession success [.13, .65].

The analyses about the reverse causality indicate that value fit and succession success may affect each other reciprocally such that value fit leads to a higher likelihood of successful succession and the successful succession experience enhances value fit. According to the person-environment fit theory, individuals who fit with their supervisors and the organization have more positive experiences, such as higher commitment and satisfaction, and lower stress and turnover at workplace (Giauque et al., 2014; Le, Robbins, & Westrick, 2014; Yu, 2009). Thus, successors who have a higher value fit with their incumbents and the organization are more likely to succeed in family business succession as they can develop better relations and gain social supports during the succession process. Past research has shown that positive reinforcement in which one's behavior is strengthened based on consequences have positive influence on individuals' performance in organizations (Wei & Yazdanifard, 2014). The experience of success during the succession process as a consequence of value fit functions as the positive reinforcement for succession such that successors who have positive experiences during succession will fit more with their incumbents and the organization. Positive reinforcement also enhances the motivation to achieve (Cameron & Pierce, 1994; Wiegand & Geller, 2005). Thus, the positive reinforcement of successful success experiences enhances the value fit via increasing the successors' motivation to take over the business such that successors who experience success during the succession process are more willing to proceed with the succession and in turn

become more fit with their incumbents and the organization. Despite the possibility of reverse causality, theoretically, the model is more plausible and hence future research can test the reciprocal relationship between value fit and succession success and explore how such reciprocal relationship develops over time.

Another limitation of the survey study and a potential opportunity for future research is to investigate the underlying mechanisms to explain the relationship between successors' value fit with incumbents and succession success. As displayed in Table 7, the mediating effect of willingness on the relationship between successors' value fit with incumbents and succession success is not significant when adding control variables into the model. The mediation effect is significant only without control variables (Model 1). Therefore, the willingness to take over business is not a strong factor to explain why successors fit with their incumbents' values are more likely to succeed in succession. Similarly, when separating success into satisfaction (Table 9) and continued profitability (Table 10), the mediation effect of willingness is not significant. On the contrary, the mediation effect of willingness is significant with and without controls in Table 8 to explain the positive relationship between successors' fit with organizational values and succession success. The results remain the same when separating success into satisfaction (Table 11) and continued profitability (Table 12). Therefore, the willingness to take over business explains why successors with a higher value fit with the organization are more likely to succeed in success such that the succession satisfaction is higher, and the profitability is more likely to continue. Therefore, future research can investigate other potential underlying mechanisms to better understand why

successors fit with incumbents' values are more likely to succeed and if there are different explanations about why value fit with successors contributes to succession satisfaction and continued profitability.

Another direction for future research is the gender effect in value fit and succession success. As shown in Tables 7 and 8, gender significantly predicts succession willingness and success such that men successors are more willing to take over the business and more likely to succeed in succession than women successors. Past research has shown that succession is very much gender-biased and daughters are often excluded as candidates (Wang, 2010). Recent review papers on gender-related factors in family business succession categorizes the challenges resulting the gender bias into contextual, people, and process-related factors (Kubicek & Machek, 2019). Some studies also show that the lower portion of women successors may result from the low willingness of daughters to take over the business (Covadonga et al., 2017). Future work could explore more the gender effect in family business succession, such as the reasons why women are less willing to take over the business. Moreover, a gender-focused study in Chinese context may generate more insights given the prominence of single child in the family.

Moreover, future research could examine a more complete succession process than the current research. The qualitative study is limited in terms of the length of succession process it observes. In the interview sample, there has not been one informant finishing the whole succession featured by the incumbents exiting the firm and the successors taking over the leadership. Without observations in the last stages of the succession process, the current

study could not provide a holistic analysis of the whole succession process. Therefore, future research could address this limitation by studying a more diverse sample and focusing on complete succession processes.

Finally, future research could compare succession in family business firms with that in nonfamily business firms. There are many different characteristics between succession in family and nonfamily business firms (Berns & Klarner, 2017). The current research focuses on value succession and will discuss how value succession may differ in family and nonfamily business firms. Family firm is founded and dominantly controlled by family and desires to pursue the transition of ownership within the family (Chua et al., 1999). The sustainability of family largely determines the sustainability of family firms. Values can remain families sustainable and hence are essential for succession in family business firms. On the contrary, nonfamily firms may not need the transition of values to ensure a successful succession. Successors in nonfamily firms may even change the values to pursue strategic changes after succession (Shen & Cannella, 2002). Considering the essential role of values in family firms, the value fit is a major factor of successor selection and development such that family firms are more likely to select candidates who have a better value fit to take over the business and tend to fit them in. Different from nonfamily firms that are open to both inside and outside successors and aim to select the most competent successor (Zhang & Rajagopalan, 2003), family firms pursue transition within families and tend to invest in the most suitable successor. Even a family member chosen as the successor is not the most competent, family firms tend to fit the successor in to remain the business controlled and

sustained across generations in the family. Given the different characteristics of family and nonfamily business firms and the different role of values in these two types of firms, future research can compare the succession of values in family and nonfamily business firms.

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Tables

STUDY 1

TABLE 1: Summaries of Data Collection and Analyses

	Waves and Types of Data	
	1st Wave of Interviews	2nd Wave of Interviews
Context	Founders and owners of Chinese family firms.	Successors of Chinese family firms
Number of Participants	2	5
Data Collection	Designing interview protocol for semi-structured interviews, asking questions like how incumbents become aware of transferring the business to the younger generation and engage the successors in the process.	Based on the insight in 1st wave of interviews, revising the interview protocol to elaborate on the perspectives of the successors to make them satisfied with and expect success in the family business succession.
Data Analysis	Transcribing interview recordings verbatim, reading transcripts, and listening to recordings. Frequently comparing the perspectives of the two incumbents, and grouping related codes together to identify the main themes.	Analyzing interview data via transcribing interview recordings, reading transcripts, and listening to recordings; frequently meeting with the research team to discuss emerging themes, grouping related codes to identify the subcategories of successors' perspectives.

	Identifying that successors play critical roles in the family business succession process.	Main categories and subcategories of the factors making successors expect a successful family business succession.
Research Question	"What incumbents regard as important for transferring successfully the family business to successors?"	"What makes successors succeed in taking over the family business?"
Data Source	1st Wave of interviews	1st and 2nd Wave of interviews

TABLE 2: Companies and Informants in the First Wave of Interviews

Firm	Informants	Industry	Generation	Firm Age (years)	Headquarter
1	Incumbent (father)	Shipping	1st	15	Singapore
2	Incumbent (father)	Agriculture	1st	25	China

TABLE 3: Companies and Informants in the Second Wave of Interviews

Firm	Informants	Industry	Generation	Firm Age (Year)	Headquarter
3	Successor (Eldest Son)	Shipping	2nd	15	Singapore
4	Successor (Single Daughter)	Agriculture	2nd	25	China
5	Successor (Single Daughter)	Chinese Medicine	2nd	17	China
6	Successor (Eldest Daughter)	Real Estate	2nd	22	China
7	Successor (Single Son)	Machinery	2nd	14	China
8	Successor (Eldest Daughter)	Real Estate	2nd	9	China

TABLE 4: Factors Incumbents Regard as Important for Successful Family Business Succession: Definitions and Example Quotations

What makes incumbents succeed in transferring the family business to successors?	
1. Planning Family Business Succession	
1.1. Building Succession Awareness	Example quotes
<p><i>Building the Incumbent's Awareness</i> The incumbent has the idea of handing over the family business to the next generation in the family.</p>	<p>"When I founded the firm in 2003, my son was only 15 years old. I just started the business and was not sure whether I would succeed, and whether I could build an enterprise which is worthy for my son to take over. So, I had no awareness to hand the firm to my son. Until 2013 when my son graduated from college, the company grew. We had a group of ships. Then I realized that the company is big enough and worthy of transferring it to the next generation." (#1)</p>
<p><i>Building the Successor's Awareness</i> The successor has the idea of taking over the family business.</p>	<p>"From an early age, everyone knows, including herself, that my daughter would take over my business in the future. It's just that she never said that she would take over the business in public. But I know that she has the awareness in her mind." (#2)</p>
<p><i>Building the Successor's Public Image</i> The role of successor is confirmed and recognized by the public.</p>	<p>"Her identity is different from others. In the organization, she is ranked in No.7. Although she's not working in the company now, she always sit in the 7th seat in all important organizational meetings and events." (#2)</p>
1.2. Planning Succession	Example quotes
<p><i>Setting Succession Timeline</i> Making a timeline for the succession process, with key time spots to complete the succession.</p>	<p>"I told my son, like giving him an order, that I would only be working until 60 years old. When I'm 60 years old, I won't participate to important company meetings." (#1)</p>
<p><i>Making Succession Goal</i></p>	

Setting a goal for the successor to achieve upon and after taking over the family business.

"I was kind of joking with her. But I told her that she has two goals--staying healthy and living one more year than her father; building the company to an upper level with one more 0 than mine." (#2)

2. Nurturing and Development of Successor

2.1. Cultivating Succession Willingness

Example quotes

Connecting Successor with Firm

Linking the successor with the firm to make the successor become more familiar with the business.

"From a young age, about 6 or 7 years old, she started to participate to the organizational events. In the past 10 years, she participated all the important organizational activities, like the 20th anniversary of the company. She just sits behind me." (#2)

Cultivating Successor's Interest

Enhancing successor's interest in working at the family firm.

"It was difficult in the beginning. He's not very willing to do this thing. So, I started to cultivate his interest to the business. I told him that playing video games is to gain success. Men doing shipping business is more challenging. He was playing video games every day. So, I just compared the video games and shipping business to educate him...For example, I assigned him some tasks to make him feel achievement." (#1)

Building Successor's Identity

Building and enhancing successor's identity as the successor of the family business.

"When we took photos, I asked her to stand next to me. She was about 17 or 18 years old. I wanted her to know her role and the managers know her role. She needs to know her identity as a successor. Although she's not managing any specific business in the company, everyone needs to know her role." (#2)

2.2. Trans-generational Value Succession

Example quotes

Individual Value

Educating and influencing the successor's personal ethics and beliefs.

"Only those who are positive, warmhearted, honest, and generous, can be recognized by others. If one is too mean, he can't get along with others. So, I told my son to have a positive mind. He's quite optimistic, humorous and friendly." (#1)

Family Value

Transmitting the family value to the successor, who takes the responsibility of protecting and enhancing the family value.

"We do have family instructions. I also marked our family instructions in a gold counting fame. And I made a signet, called Lei Family Instructions. Even the kids know our family instructions." (#2)

Organizational Culture

Building the successor's identification to the organizational culture and transmitting it to the next generation.

"I think the most critical factors should be culture and spirit. The successor should persist our founders' creative spirit and our values of being a person in the society. The successor should succeed our spirit and values. This is the most essential factor." (#1)

2.3. Succession Abilities

Example quotes

Individual Abilities

The abilities and characteristics of being a leader and an entrepreneur.

"Most often during the morning meetings, when we encounter problems, I would ask him how he thinks about these problems. If he is right, I would encourage him. If he has different opinions from mine, I would tell him my opinions and ask him to compare which is better." (#1)

Firm Business

The expertise of the business run by the family firm.

"I asked him to stay one month in the harbor to learn about the management in the front line. Then, I asked him to work in the shipyard, to learn how to build ships. So he stayed in the shipyard for 3 months. I asked him to become familiar with the basic things in the business." (#1)

Industry Knowledge

The knowledge of the industry and market where the family business operates in.

"Clarkson is a traditional British shipping company. My son didn't learn shipping at college. So, I wanted him to have a basic understanding about shipping company and industry, asking him to observe how other shipping companies are operated. So, he worked in Clarkson in Singapore for a while." (#1)

3. Network in the Family Firm

3.1. Succession Team

Example quotes

Selecting Potential Managers

Building a team to support the successor by selecting younger and potential managers inside the family firm.

"Last year when she came back to the company, she selected younger employees and managers born after 1985, and build a team. She is the team leader. And she trains this team. In fact, she already got her own team." (#2)

Hiring Professional Managers

Attracting professional managers to join in the management team before or after the successor taking over the family business.

"The plan is that the professional managers are a team with her. There would be ownership distributed to the managers. Maybe 10% would be given to the managers...The business would be the shared with the team." (#2)

3.2. Managing the Old Management Team

Example quotes

Connecting the successor with the old management team before succession and taking actions to manage the old managers after succession.

"The day when I asked him to be the CEO, I would turn all the old managers as consultants. I would ask him to promote the young people, or hire new professional managers." (#1)

TABLE 5: Factors Making Successors Succeed in Taking over the Family Business: Definitions and Example Quotations

What makes successors succeed in taking over the family business?	
1. Successors' aspiration to take over the business	
1.1. Interest	Example quotes
<p><i>Engagement in Firm</i></p> <p>Participations in firm activities and businesses increases the successor's interest in taking over the family business.</p>	<p>"From when I was in the preliminary school, my father asks me to participate in some organizational meetings. From then I realized that I was different from other kids. Because the other kids were playing in summer holidays, but I was brought to some important organizational meetings with my parents." (#4)</p>
<p><i>Interest in Family Business</i></p> <p>The successor's interest in the family business enhances his/her willingness to take over the business.</p>	<p>"When I am working in the company, I'm quite interested in the business...Because what we build are luxurious houses. They are beautiful buildings. I enjoy looking at the beautiful materials and designs when I travel overseas." (#6)</p>
1.2. Responsibility	Example quotes
<p><i>Family Responsibility</i></p> <p>The family responsibility enhances successors' willingness to take over the business.</p>	<p>"In the beginning days, the company was not so large as now. It was a small shipping company. We were just doing fine. But in the recent years, the company grows very fast. We have so many employees. If I don't manage the business, who else would do? So it's my responsibility to do many tasks now." (#3)</p>
<p><i>Trust Issues with Professional Managers</i></p> <p>The agency problem of professional managers produces trust issues</p>	<p>"Is it reliable to ask the outsiders to take over the business? There are so many companies handed to outsiders. They bought big house and good cars. But the companies didn't grow. In the years when the stock market grows fast, our company made no profit. The manager who was in charge of investing in the stock market, was not good." (#7)</p>

1.3. Ability	Example quotes
<p data-bbox="297 300 584 336"><i>Integrating Resources</i></p> <p data-bbox="203 357 707 464">The successors are capable of integrating and mobilizing resources to develop the business.</p>	<p data-bbox="826 323 1984 464">"When I came back to the company, I realized that the traditional trade was not a potential market. I think the origin of Chinese medicine is very important. So, I decided to build a platform on the basis of the traditional trade. I put all the origins of our company's Chinese medicine in the new platform." (#5)</p>
<p data-bbox="297 491 488 528"><i>Taking a Lead</i></p> <p data-bbox="203 544 748 616">Taking a lead to manage well the critical department or business in the firm.</p>	<p data-bbox="826 520 2024 735">"What I brought to the company is sales. We were not doing well at sales when we were in HaiNan. My daughter was just 6 months old. And I didn't quite understand the industry of real estate at that time. I only know selling houses. We invested our money to the HaiNan market. But we were exploring as beginners. We were very nervous. So, I held some marketing events in the North of China. I was in charge of marketing in the North, which was very successful. And I sold over 100 suites of houses. (#8)</p>
<p data-bbox="297 770 517 807"><i>Positive Mindset</i></p> <p data-bbox="203 823 781 927">Maintaining positive attitudes and perceptions about working in the family firm and taking over the business</p>	<p data-bbox="826 770 2029 954">"The most important thing is to adjust the mindset. The successor can't feel like the future boss of the company. The boss must be someone who is capable and open-minded. If I'm not capable and open-minded, I better not to take over the business. First, it would be very hard. Second, it is harmful for the company. Third, I would lose the face of the elder generation." (#6)</p>
<p data-bbox="1005 970 1328 1007">2. Trusting incumbent</p>	
2.1. Value Identification	Example quotes
<p data-bbox="203 1078 759 1182">Identifying the values of the incumbent enhances the successors' trust to the incumbent.</p>	<p data-bbox="826 1098 2029 1206">"Being a generous man and working hard is our family instruction. I think my father is a very generous entrepreneur. He is kind and warmhearted. I think my father is very perfect. A great man is just like my father, with responsibility and wisdom." (#4)</p>
2.2. Relational Quality	Example quotes

The quality of the relation between the incumbent and successor is the basis for family business succession.

"My father is very busy with the business. But we two have a very good relation. Because he would communicate with me, even he only has 10 minutes when driving me to school." (#4)

2.3. Common Experience

Example quotes

Working together with the incumbent enhances both the understanding and trust to the incumbent.

"When I was working together with my father, I've learned a lot from him, such as persistence and diligence. From the North to the South, all our companies are profitable. We didn't lose money. So I admire him very much. He is very persistent and strong to overcome difficulties." (#8)

3. Network in the Family Firm

3.1. Relation with the Old Management Team

Example quotes

Good relations with the old management team provide social support while poor relations create obstacles for the succession.

"I was a little resistant with the old managers. When I started to work in the company, the old managers have some negative feelings with me. But I thought that these old managers helped my father to build the company. They had contributions to the firm. So, I had great respect to the old managers. After a longer time, we treat each other kindly. And people understand my personality and kindness." (#8)

3.2. Succession Team with New Managers

Example quotes

Building the successor's own team by promoting potential managers and hiring professional managers.

"Since I took over the business, I hired many new professional managers. So, the old managers almost all left the company." (#6)

STUDY 2

TABLE 6: Variable Details^a

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. Succession Success	3.84	0.71	(.89)									
2. Succession Satisfaction	3.78	0.72	0.91	(.83)								
3. Continued Profitability	3.92	0.87	0.90	0.64	(.87)							
4. Successors' Fit with Incumbents	3.85	0.70	0.51	0.54	0.37	(.86)						
5. Successors' Fit with Organization	3.75	0.87	0.30	0.34	0.20	0.63	(.89)					
6. Successors' Succession Willingness	3.83	0.82	0.49	0.48	0.41	0.64	0.52	(.89)				
7. Succession Stage	2.71	1.69	0.31	0.29	0.28	0.14	0.08	0.41				
8. Gender ^b	0.62	0.49	0.27	0.23	0.25	0.00	-0.06	0.22	0.20			
9. Age	30.21	4.84	0.11	0.02	0.18	0.16	0.07	0.16	0.15	-0.13		
10. Single child	0.55	0.50	-0.07	-0.08	-0.05	0.09	0.05	0.07	-0.06	0.16	-0.08	
11. Education	2.44	0.54	-0.07	-0.12	-0.01	-0.14	-0.03	-0.08	0.09	-0.16	0.21	0.04

Notes: ^a Correlations of $|\geq .19|$ or higher are significant at $p < .05$. ^b Coded 1 for male and 0 for female.

TABLE 7: Regression Results of Successors' Fit with Incumbents on Succession Success

VARIABLES	(1)		(2)		(3)		(4)	
	Willingness	Succession Success	Succession Success	Succession Success	Willingness	Succession Success	Succession Success	Succession Success
Fit with Incumbents	0.76*** (0.09)	0.52*** (0.09)	0.33*** (0.12)	0.43** (0.17)	0.87*** (0.11)	0.71*** (0.08)	0.62*** (0.12)	0.73*** (0.18)
Succession Willingness			0.24** (0.10)				0.10 (0.09)	
Succession Stage				0.03 (0.20)				0.11 (0.17)
Fit with Incumbents × Succession Stage				0.02 (0.05)				-0.02 (0.05)
Gender					0.51*** (0.15)	0.36*** (0.11)	0.31** (0.12)	0.34*** (0.11)
Age					0.01 (0.02)	-0.00 (0.01)	-0.01 (0.01)	-0.01 (0.01)
Single Child					-0.09 (0.14)	-0.19* (0.11)	-0.18* (0.11)	-0.16 (0.11)
Education					0.19 (0.14)	0.25** (0.10)	0.23** (0.10)	0.23** (0.11)
Industry Fixed Effects					YES	YES	YES	YES
Location Fixed Effects					YES	YES	YES	YES
N	99	97	97	97	92	91	91	91
R ²	0.42	0.26	0.30	0.32	0.61	0.62	0.63	0.63

Notes: All models are estimated using OLS regression with robust standard errors. *** $p < .001$, ** $p < .01$, * $p < .05$

TABLE 8: Regression Results of Successors' Fit with Organization on Succession Success

VARIABLES	(1)		(2)		(3)		(4)	
	Willingness	Succession Success	Willingness	Succession Success	Willingness	Succession Success	Willingness	Succession Success
Fit with Organization	0.49*** (0.08)	0.25*** (0.08)	0.04 (0.09)	0.16 (0.14)	0.48*** (0.10)	0.33*** (0.08)	0.16* (0.09)	0.22 (0.16)
Succession Willingness			0.40*** (0.09)				0.35*** (0.09)	
Succession Stage				0.03 (0.17)				0.01 (0.18)
Fit with Organization × Succession Stage				0.02 (0.04)				0.03 (0.05)
Gender					0.45** (0.17)	0.31** (0.14)	0.15 (0.13)	0.25* (0.14)
Age					0.02 (0.02)	0.01 (0.02)	-0.00 (0.01)	0.00 (0.02)
Single Child					0.01 (0.17)	-0.11 (0.14)	-0.12 (0.12)	-0.04 (0.14)
Education					-0.07 (0.16)	0.02 (0.13)	0.04 (0.11)	-0.03 (0.13)
Industry Fixed Effects					YES	YES	YES	YES
Location Fixed Effects					YES	YES	YES	YES
N	99	97	97	97	92	91	91	91
R ²	0.27	0.09	0.24	0.17	0.45	0.36	0.48	0.42

Notes: All models are estimated using OLS regression with robust standard errors. *** $p < .001$, ** $p < .01$, * $p < .05$

TABLE 9: Regression Results of Successors' Fit with Incumbents on Succession Satisfaction

VARIABLES	(1)		(2)		(3)		(4)	
	Willingness	Succession Satisfaction	Willingness	Succession Satisfaction	Willingness	Succession Satisfaction	Willingness	Succession Satisfaction
Fit with Incumbents	0.76*** (0.09)	0.56*** (0.09)	0.42*** (0.12)	0.51*** (0.17)	0.87*** (0.11)	0.79*** (0.10)	0.71*** (0.14)	0.90*** (0.23)
Succession Willingness			0.19 (0.10)				0.09 (0.12)	
Succession Stage				0.07 (0.20)				0.19 (0.22)
Fit with Incumbents × Succession Stage				0.01 (0.05)				-0.04 (0.06)
Gender					0.51*** (0.15)	0.35** (0.13)	0.31** (0.15)	0.34** (0.14)
Age					0.01 (0.02)	-0.02 (0.02)	-0.02 (0.02)	-0.02 (0.02)
Single Child					-0.09 (0.14)	-0.22* (0.13)	-0.22 (0.13)	-0.21 (0.14)
Education					0.19 (0.14)	0.16 (0.13)	0.15 (0.13)	0.16 (0.14)
Industry Fixed Effects					YES	YES	YES	YES
Location Fixed Effects					YES	YES	YES	YES
N	99	97	97	97	92	91	91	91
R ²	0.42	0.29	0.32	0.34	0.61	0.55	0.56	0.57

Notes: All models are estimated using OLS regression with robust standard errors. *** $p < .001$, ** $p < .01$, * $p < .05$

TABLE 10: Regression Results of Successors' Fit with Incumbents on Continued Profitability

VARIABLES	(1)		(2)		(3)		(4)	
	Willingness	Continued Profitability	Willingness	Continued Profitability	Willingness	Continued Profitability	Willingness	Continued Profitability
Fit with Incumbents	0.76*** (0.09)	0.47*** (0.12)	0.23 (0.15)	0.32 (0.22)	0.60*** (0.10)	0.60*** (0.10)	0.51*** (0.14)	0.51** (0.22)
Succession Willingness			0.30** (0.13)				0.11 (0.11)	
Succession Stage				-0.03 (0.27)				-0.00 (0.21)
Fit with Incumbents × Succession Stage				0.04 (0.07)				0.01 (0.06)
Gender					0.37*** (0.13)	0.37*** (0.13)	0.32** (0.14)	0.33** (0.14)
Age					0.01 (0.02)	0.01 (0.02)	0.01 (0.02)	0.01 (0.02)
Single Child					-0.15 (0.13)	-0.15 (0.13)	-0.14 (0.13)	-0.11 (0.14)
Education					0.35*** (0.13)	0.35*** (0.13)	0.33** (0.13)	0.31** (0.13)
Gender					0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)
Industry Fixed Effects					YES	YES	YES	YES
Location Fixed Effects					YES	YES	YES	YES
N	99	97	97	97	91	91	91	91
R ²	0.42	0.14	0.19	0.19	0.52	0.52	0.53	0.53

Notes: All models are estimated using OLS regression with robust standard errors. *** $p < .001$, ** $p < .01$, * $p < .05$

TABLE 11: Regression Results of Successors' Fit with Organization on Succession Satisfaction

VARIABLES	(1)		(2)		(3)		(4)	
	Willingness	Succession Satisfaction	Willingness	Succession Satisfaction	Willingness	Succession Satisfaction	Willingness	Succession Satisfaction
Fit with Organization	0.49*** (0.08)	0.29*** (0.08)	0.10 (0.09)	0.24* (0.14)	0.48*** (0.10)	0.38*** (0.10)	0.20* (0.11)	0.27 (0.19)
Succession Willingness			0.36*** (0.10)				0.37*** (0.11)	
Succession Stage				0.07 (0.17)				0.01 (0.21)
Fit with Organization × Succession Stage				0.01 (0.04)				0.03 (0.06)
Gender					0.45** (0.17)	0.29* (0.17)	0.13 (0.16)	0.23 (0.17)
Age					0.02 (0.02)	-0.01 (0.02)	-0.01 (0.02)	-0.01 (0.02)
Single Child					0.01 (0.17)	-0.13 (0.16)	-0.14 (0.15)	-0.06 (0.16)
Education					-0.07 (0.16)	-0.09 (0.15)	-0.06 (0.14)	-0.14 (0.15)
Industry Fixed Effects					YES	YES	YES	YES
Location Fixed Effects					YES	YES	YES	YES
N	99	97	97	97	92	91	91	91
R ²	0.27	0.12	0.23	0.18	0.45	0.32	0.42	0.37

Notes: All models are estimated using OLS regression with robust standard errors. *** $p < .001$, ** $p < .01$, * $p < .05$

TABLE 12: Regression Results of Successors' Fit with Organization on Continued Profitability

VARIABLES	(1)		(2)		(3)		(4)	
	Willingness	Continued Profitability	Willingness	Continued Profitability	Willingness	Continued Profitability	Willingness	Continued Profitability
Fit with Organization	0.49*** (0.08)	0.20** (0.10)	-0.04 (0.11)	0.07 (0.17)	0.48*** (0.10)	0.27*** (0.09)	0.11 (0.10)	0.15 (0.18)
Succession Willingness			0.45*** (0.12)				0.33*** (0.10)	
Succession Stage				-0.02 (0.22)				0.00 (0.19)
Fit with Organization × Succession Stage				0.04 (0.06)				0.03 (0.05)
Gender					0.45** (0.17)	0.33** (0.15)	0.18 (0.15)	0.27* (0.15)
Age					0.02 (0.02)	0.02 (0.02)	0.01 (0.02)	0.02 (0.02)
Single Child					0.01 (0.17)	-0.08 (0.15)	-0.09 (0.14)	-0.02 (0.15)
Education					-0.07 (0.16)	0.15 (0.14)	0.18 (0.13)	0.11 (0.14)
Industry Fixed Effects					YES	YES	YES	YES
Location Fixed Effects					YES	YES	YES	YES
N	99	97	97	97	92	91	91	91
R ²	0.27	0.04	0.17	0.11	0.45	0.35	0.44	0.39

Notes: All models are estimated using OLS regression with robust standard errors. *** $p < .001$, ** $p < .01$, * $p < .05$

FIGURE 1: Research Model of Study 2

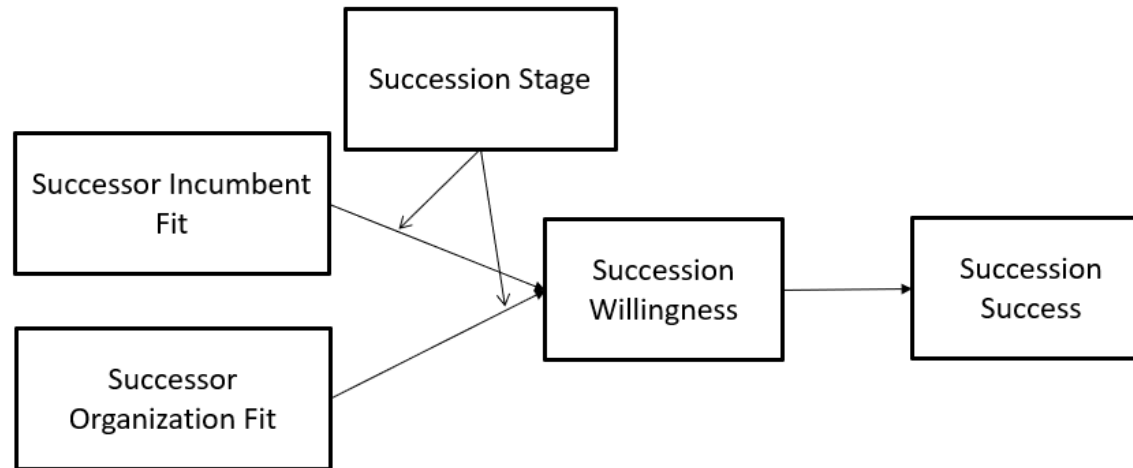
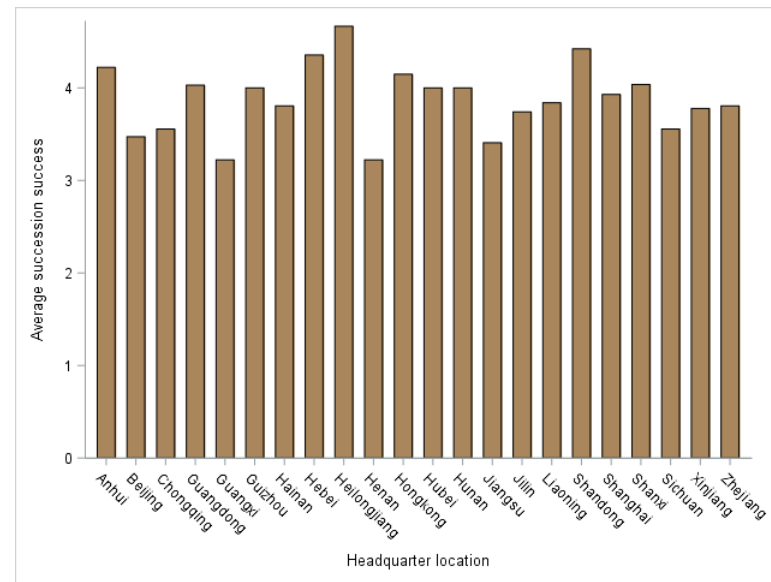
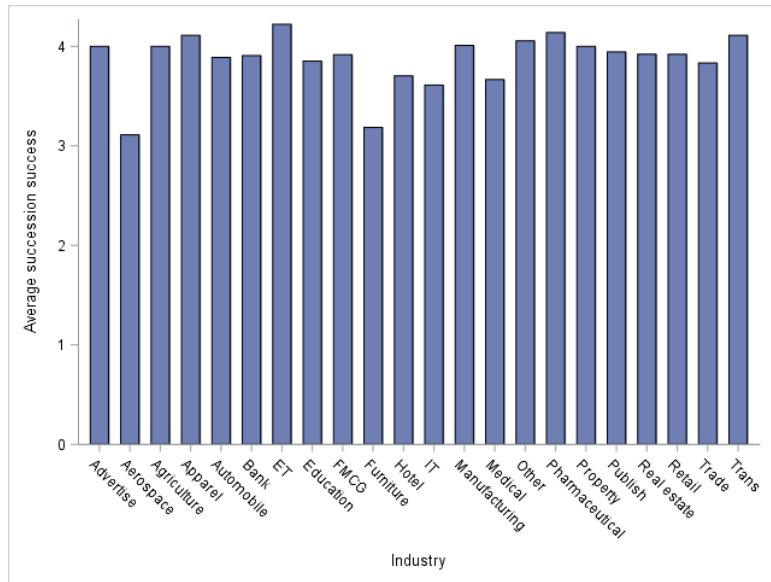


FIGURE 2: Variations of succession success across industries and headquarter locations



Appendix

Family Business Succession Survey 1 家族企业传承调研问卷 1

Gender 性别 _____ Age 年龄 _____ Last 4 digits of your number 手机后 4 位 _____

1. What is your highest education? 您的最高学历：
 - (1). High school and below 高中及以下
 - (2). bachelor 本科
 - (3). master and above 硕士及以上
2. Which industry is your family business in? 您的家族企业属于 _____ 行业？
3. Where is the headquarter of your family business? 您的家族企业的总部位于 _____ 省 _____ 市？
4. What is the total asset of your family business? 您的家族企业总资产是 _____ 千万人民币
5. How are you related to your family business now? 请问您现在是怎样参与家族企业的？
 - (1). Not related at all 没有任何参与；
 - (2). Participate to company events 参加公司庆典等活动；
 - (3). Participate to business 参与业务；
 - (4). Working in the company as a common employee 作为普通员工在公司工作；
 - (5). Taking important roles in the company 承担公司重要角色；
 - (6). Taking over the leadership/ownership 接管公司领导权 / 股权；
6. Please indicate what you feel about the following statements below?
(1 = Strongly Disagree, 2 = Mostly Disagree, 3 = Somewhat Disagree, 4 = Neither Agree nor Disagree i.e., Neutral, 5 = Somewhat Agree, 6 = Mostly Agree, 7 = Strongly Agree)

请您对以下陈述进行评价：1=非常不同意，2=很不同意，3=不同意，4=一般，5=同意，6=很同意，7=非常同意，请在符合您情况的数值处打勾，

比如，您“同意”第一项陈述——我非常钦佩我父/母亲的态度和行为，那么请您在 5 打勾。

(1) "I very much admire my father/mother's manner and behaviour" “我非常钦佩我父/母亲的态度和行为”	1	2	3	4	5	6	7
(2) "I tell my colleagues or friends about my father/mother's merits" “我告诉我的同事或朋友我父/母亲的优点”	1	2	3	4	5	6	7
(3) "My values are becoming more similar to my father/mother's" “我的价值观越来越像我父/母亲的价值观”	1	2	3	4	5	6	7

(4) "I identify with my father/mother in philosophy and methods for work" “我在工作的哲学和方法上是认同我父/母亲的”	1	2	3	4	5	6	7
(5) "I always agree with my father/mother's opinions" “我总是同意我父/母亲的观点”	1	2	3	4	5	6	7
(6) "I think my father/mother is a person of foresight" “我认为我的父/母亲是一个有远见的人”	1	2	3	4	5	6	7
(7) "I believe my father/mother is always right in his/her decisions." “我相信我的父/母亲的决定总是正确的”	1	2	3	4	5	6	7
(8) "My personal values match my family firm's values and culture" “我的个人价值观与我的家族企业的价值观和文化相匹配”	1	2	3	4	5	6	7
(9) "My family firm's values and culture provide a good fit with the things that I value in life" “家族企业的价值观和文化与我在生活中的价值观非常吻合”	1	2	3	4	5	6	7

7. For each question, please choose a number that best describes you in these situations.
(1 = Strongly Disagree, 2 = Mostly Disagree, 3 = Somewhat Disagree, 4 = Neither Agree nor Disagree i.e., Neutral, 5 = Somewhat Agree, 6 = Mostly Agree, 7 = Strongly Agree)

请您对以下陈述进行评价：1=非常不同意，2=很不同意，3=不同意，4=一般，5=同意，6=很同意，7=非常同意，请在符合您情况的数值处打勾。

(1) "I have a strong desire to take over the family business" “我有强烈的愿望来接管家族企业”	1	2	3	4	5	6	7
(2) "I am happy to work in the family business" “我很乐意在家族企业中工作”	1	2	3	4	5	6	7
(3) "I am willing to put in a great deal of effort beyond that normally expected in order to help the family business be successful" “我愿意付出超出正常预期的大量努力，以帮助家族企业取得成功。”	1	2	3	4	5	6	7
(4) "I am proud to tell others that I was part of the family business" “我很自豪地告诉别人我是家族企业的一部分”	1	2	3	4	5	6	7
(5) "I have a great deal of confidence in my ability to successfully manage the family business" “我对自己能够成功管理家族企业的能力充满信心”。	1	2	3	4	5	6	7

8. Which stage are you in the process of succession? 如果将家族企业传承划分为几个重要阶段，请问您目前处于传承的哪个阶段呢？

- (1). Not start to plan the succession yet; 尚未开始规划传承
- (2). planning succession; 家族开始规划传承
- (3). potential successors starting to work in the organization; 我已被选为传承候选人并开始在公司工作
- (4). potential successors taking important roles in the organization; 我已作为传承候选人在公司中担任重要角色

(5). potential successors prepare to take over the business; 我已被确定为传承候选人并准备接管公司

(6). successors took over the business; 我作为传承者已经接管公司

Family Business Succession Survey 2

家族企业传承调研问卷 2

Last 4 digits of your number 手机号码后 4 位 _____

Using the scale below, please write the appropriate number in the blank beside each item. (Where 1= Not at all True of Me, and Where 7=Very True of Me)

根据以下量表，请在每一个问题旁边的空白处写上合适的数字（1= 根本不符合我的情况，7= 非常符合我的情况）

(1) "I am satisfied with the current succession situation" “我对目前的传承情况感到满意”	1	2	3	4	5	6	7
(2) "All family members involved in the family business are satisfied with the current succession situation" “所有参与家族企业的家庭成员都对目前传承情况感到满意”	1	2	3	4	5	6	7
(3) "The family supports the family business after the management/leadership of the business is decided to hand over to me" “家族在企业的管理层/领导层决定移交给我之后支持家族企业”	1	2	3	4	5	6	7
(4) "The retired owner-manager is satisfied with current succession situation" “退休的公司股东和管理者对目前的传承情况感到满意”	1	2	3	4	5	6	7
(5) "The relationships among family members will be positive after the management/leadership of the business will be handed over to me" “家庭成员之间的关系在公司领导权传承给我之后会是良性的”	1	2	3	4	5	6	7
(6) "The relationships with stakeholders (networks, suppliers, etc) will be intact after the management/leadership of the business will be handed over to me" “与利益相关者（供应商、社会关系等）的关系在公司领导权传承给我之后会保持完整”	1	2	3	4	5	6	7
(7) "The family business will perform as well or better after the management/leadership of the business will be handed over to me" “家族企业业务在公司领导权传承给我之后会保持或变得更好”	1	2	3	4	5	6	7
(8) "The family business will be sustainable after the management/leadership of the business will be handed over to me" “在家族企业的领导权传承给我之后，家族企业会是可持续发展的”	1	2	3	4	5	6	7
(9) "I will improve the revenues and profits of the family business after the management/leadership of the business will be handed over to me" “在家族企业领导权移交给我之后，我能够增加家族企业的收入和利润”。	1	2	3	4	5	6	7