

Title: Cultural Perceptions of Succession in Chinese-Australian Family Businesses

Jing Ye

School of Management and Marketing
Deakin University
221 Burwood Highway
Burwood Victoria 3125 Australia
Tel: +61 3 9246 8033; Fax: +61 3 9251 7083
Email: jingye@deakin.edu.au

Dr Melissa A. Parris

School of Management and Marketing
Deakin University
221 Burwood Highway
Burwood Victoria 3125 Australia
Tel: +61 3 9244 6276; Fax: +61 3 9251 7083
Email: melissa.parris@deakin.edu.au

Associate Professor Dianne Waddell

School of Management and Marketing
Deakin University
221 Burwood Highway
Burwood Victoria 3125 Australia
Tel: +61 3 9244 6265; Fax: +61 3 9251 7083
Email: dianne.waddell@deakin.edu.au

Abstract

This paper explores the impact of cultural values on the decision-making of succession in founder-driven Chinese-Australian family firms. Findings indicate decisions about succession are substantially influenced by the business owners' attitudes towards Australian cultural perceptions. The sense of traditional Chinese cultural values decreased significantly. Individualistic-oriented beliefs were found to encourage independence and autonomy among the next generation. Therefore, the paternalistic approach to succession would be less likely to take place in Chinese-Australian business-owning families. In addition, the succession has been considered as a strategic decision to cultivate business that can grow and create business development. It is interesting to note that a business-first orientation is underlying the decision-making of succession. In conclusion, we advocate a need to understand the cultural factors and its effects on succession, regardless of motives and abilities.

Introduction

As Chinese immigrants are becoming an important part of the immigration population in Australia (Ho & Coughlan, 1997), the businesses established by these Chinese entrepreneurs have contributed to a significant part of the Australian economy (Collins, 2002). Family business is a prominent form of organisation among ethnic Chinese expatriate business families (El Kahal & Publishing, 2001). Operating in family teams, the mobilisation of kinship networks in the pursuit of economic goals is a

commercial strategy that may be a widespread business practice. It is no exception for Chinese family firms in Australia.

The majority of cross-cultural research with family businesses has comprised international comparisons or national culture studies in Anglo regions, Southern Asia and Confucian Asia (Gupta, Levenburg, Moore, Motwani, & Schwarz, 2009). This is noteworthy to examine family businesses within the cultural contexts and their diversity. Researchers have measured a set of cultural dimensions such as individualism vs. collectivism, short- vs. long-time orientation, gender role egalitarianisms, and vertical and horizontal interpersonal relationships (Hofstede, 2003).

In family business research, family-specific patterns have been recognized that are associated with the manner and extent to which the cultural context influences the family firms (e.g. values, assumptions, norms and belief system) (Altinay, 2008; Danes, Lee, Stafford, & Heck, 2008; Vallejo, 2008). Although there are research studies of a culture-based explanation for Chinese family businesses (e.g. Gomez, 2007; Yan & Sorenson, 2004), the literature on Chinese-Australian family business has been scant. A consideration of potential effects of family characteristics has included measures of cultural dimensions in the succession research (Yan & Sorenson, 2006), but there is a lack of empirical evidence. To fill the void in the literature on family business and the impact of cultural effects on succession, this paper presents a qualitative study linking cultural dimensions to perceptions of succession in Chinese-Australian family businesses. It explores how the cultural values influence on the founders' viewing of succession and decisions on the succession outcomes.

An understanding of the family firm owners is necessary because the family firms tend to be overly dependent on their owners (Birley, 2001; Winter, Danes, Koh, Fredericks, & Paul, 2004). Especially for the founder-centered firms, the founders have been viewed as a particularly salient influence on both the family and business. There is a variety of reasons that family firms continue beyond the lifespan of founders, including a long-term planning on family ownership and management (Pardodel-Val, 2009), shared goals congruency between the firm and family (Miller, Steier, & Breton-Miller, 2006), a leadership transition across generations (Brun de Pontet, Wrosch, & Gagne, 2007) as well as the lasting relationship among family members (Davis & Harveston, 1998). The decision on the family firm succession has been largely influenced by the founder, because they preserve the power in predicting succession outcomes in both the family and business, and thus have an enduring impact on decision-making (Davis & Harveston, 1999). In this paper, we discuss succession from the founders' perspective. We seek to illustrate how a business owner affects the choice of succession within their Chinese-Australian family firms.

This paper is structured as follows. First, we review the family business literature as it relates to family influence on succession, that is, to change in a business's leadership. Then, we expand this discussion and outline the potential effects of culture in studying management succession. The distinctive features of Chinese-Australian family businesses are reviewed in order to highlight the dualistic cultural influence on the identification of the family and nonfamily successor during succession. Second, we present the qualitative findings, regarding the domains of attitudes towards Australian cultural perception, attitudes towards Chinese cultural perception, and family vs. business orientation. We also analyse these attitudes with the aim to explore the cultural effects on the viewing of succession in these Chinese-Australian family businesses. Finally, we conclude with implications for theory, limitations and indicate paths for further research.

Literature Review

Family influence on succession

The study of succession has constantly been central within the field of family business research (Dunemann & Barrett, 2004). Although succession issues are universal, the transition mode and

strategic choice adopted vary as each family firm has its own circumstances (Brun de Pontet et al., 2007). Family firms are heterogeneous and different in a variety of ways, including their ownership concentration, intergenerational involvement and stage of business development (Miller et al., 2006). The extent to which family businesses differ from each other are attributed to the unique interactions among the family, the business and individuals. Much has been researched to predict a successful succession, including 'the actions, events, and organisational mechanisms by which leadership at the top of the firm, and often ownership are transferred' (Le Breton-Miller, Miller, & Steier, 2004, p. 305).

Generally, it is assumed that there is a strong preference to keep the leadership and ownership in the family (Dyer, 1986; Lansberg, 1999; Lea, 1991; Luo & Chung, 2005). Succession is far more complex in family business, where there is often a small pool of talent from which to appoint leadership candidates, complicating emotional factors in the interpersonal relationships and emotional ties with the family (Gersick, Davis, Hampton, & Lansberg, 1997; Gordon & Nicholson, 2008; Miller et al., 2006).

The choice of family succession has been viewed as the outcome of an interaction process between generations where the family dynamic plays an important role, with aligned, continuous goals, long-term perspectives and lasting relationships (Bennedsen, Nielsen, Pérez-González, & Wolfenzon, 2007). The involvement and influence of the family on the leadership transition can be manifested by the three dimensions of power, experience and culture (Klein, Astrachan, & Smyriniotis, 2005). Power refers to the degree to which family members control a firm through ownership and/or management, acting as board members and/or members of top management team. Experience refers to the cumulative 'family wisdom' among next generations that is available to become successors. Culture describes the commitment of family members towards the business and the extent to which the values of the individuals overlap with those of the leadership candidates in the business. Different succession alternatives have been determined by the transition between the motivation and willingness of older generation to hand over the family business (e.g. Cadieux, 2007) and the interest and commitment of younger generation to take over (e.g. Sharma & Irving, 2005).

Studies have shown that a shift in generation of leadership in the firm has been traditionally initiated, planned and carried out by the founder (Carlock & Ward, 2001; Harveston, Davis, & Lyden, 1997). As the first-generation business owners, they own, control, create and manage their firm, and thus they preserve the decision-making power that impacts on the business continuity (Sonfield & Lussier, 2004). They are responsible for grooming and selecting the potential successor to take over their leadership roles (Cabrera-Suarez, 2005). Their values and beliefs, managerial styles and norms of behaviours make the foundation of meaning with regard to what the family stands for and why they are in business together (Garcia-Alvarez, Lopez-Sintas, & Saldana Gonzalvo, 2002). These values may directly or indirectly impact on the management succession, leading to different emphasis on which family or business needs are given priority in decision making (Vallejo, 2008). Therefore, it reinforces the importance of the culture dimension of family influence. In the following section, we further discuss the role culture plays in understanding the issue of succession. Especially for ethnic business studies, the family cultural character can be viewed as a key factor in predicting succession outcome since the family culture affects the decision at the firm level.

The role of culture in studying succession

In a family business, culture is a distinctive element. While factors besides culture are present, culture is likely to play a role in both the family and business. The cultural determinant of family business places strong emphasis on values (e.g. what is important in the family business?—work or family; achievement or harmony) (e.g. Hubler, 2009), attitudes and beliefs (e.g. what is succession?—an organisational continuity or a preservation of wealth) (e.g. Habbershon & Pistrui, 2002), and norms (e.g. who should be a successor, how to select him/her) (e.g. Vera & Dean, 2005). These variations

separate family firms among themselves. The impact of culture can be manifested by the interaction between the founder, family members and nonfamily employees in both business and family domains.

The cultural influence on the business practices has been considered as the main effect (Altinay, 2008). A series of comparison research studies has attributed behaviour and outcome differences to cultural variations (Hofstede, 2003). For example, the family characteristics and work cultures of family business has been viewed in different ways across Anglo, Confucian Asia and Southern Asia cultures (Gupta et al., 2009). The Anglo family businesses, such as the majority of family firms in Australia, tend to be distinguished by strong performance but weak family orientation, and strong individualism with moderate business longevity. In contrast, strong family orientation and long-term business longevity are unique characteristics in the two Asian regions (Gupta et al., 2009). Chinese family firms, as a typical type of Confucian family businesses, are characterised by strong performance and family orientation, and strong collectivism with long-term perspective (Tong, 2009).

These cultural differences have implications for how succession within a family business is viewed. This can be exemplified in terms of the cultural value dimension of individualism-collectivism. According to Hofstede's definition,

Individualism pertains to societies in which the ties between individuals are loose; everyone is expected to look after himself or herself and his or her immediate family. Collectivism as its opposite pertains to societies in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty. (Hofstede, 1991, p. 51)

In cultures that are high on individualism, business continuity is perceived to be a choice or a compromise that promotes the business reputation and organisational resiliency (Gupta, Levenburg, Moore, Motwani, & Schwarz, 2008a). The decisions are negotiable based on one's willingness and freewill. The attitude of nepotism is considered as being a 'problematic' liability, threatening the firm development and growth. In contrast, in cultures that are high on collectivism, succession within family business is perceived as a natural life event, presenting opportunities for personal development and maturation (Gupta, Levenburg, Moore, Motwani, & Schwarz, 2008b). The norm of male primogeniture is accepted. Because of their loyalty to family, individuals are likely to be encouraged to fulfill the family responsibilities, even if it interferes with their own career aspiration. Family members may feel obligated to join in the family business in order to ensure the well-being of the family.

In addition, the impact of culture on succession depends on the way in which individuals fit individually and collectively in the family firms. With individualistic cultural characteristics, individuals are motivated to be assertive and an "I" consciousness prevails (Samovar, Porter, & Stefani, 1998). A high degree of emphasis on independent and autonomy may be reflective of this cultural concern with a clear differentiation of self from others (Gilding, 2000). The degree of ambiguity and uncertainty that can be tolerated with regard to succession is relatively high. In contrast, in collectivist cultures, a personal developmental focus seems to be interdependent, and this focus stresses joining together rather than a separation of self (Yan & Sorenson, 2006). The younger generation in the family is socialized to be cooperative. There is a need for consensus, harmony and security in terms of succession decision.

The culture effects can also be regarded as a moderator factor in determining which domain is perceived to be important in the family business. Succession is expected to be strongly associated with next generation family members where family is the most important domain (Habbershon & Pistrui, 2002). With strong family orientation, the business and family domains are perceived as different but compatible domains enriching and balancing each other (Carlock & Ward, 2001). Therefore, it is more

likely to integrate the family's resources into the business, including the involvement of family members. When these two domains are perceived to be segmented, the expectations and roles in both domains are considered to be incompatible (Chrisman, Chua, Kellermanns, & Chang, 2007), leading to weak family orientation. Non-family professional managers are expected to be chosen where business is the most important domain (Scholes, Westhead, & Burrows, 2008). It often necessitates a change in organisational level to align with the business goals of firm creation and growth.

The importance of the cultural influence on succession can be seen from this discussion. In particular for Chinese-Australian family businesses, the cultural characteristics of family can be viewed as a reinforcing effect on the family influence. These business owners espouse the combination of values from their own Chinese collective cultural heritage and Australian individualistic contextual features. In the following section, we briefly describe the uniqueness of family influence in Chinese-Australian family businesses.

Chinese-Australian family businesses

Studies of Chinese family businesses in Australia indicate they appear to be successful in terms of flexibility and adaptability (Collins, 2002; Lever-Tracy, Ip, Kitay, Phillips, & Tracy, 1991; Lund, Woods, Hibbins, & Barker, 2005; Pe-Pua, Mitchell, Iredale, & Castles, 1996). Although the history of Chinese communities in Australia shows a relatively hostile environment, the development of Chinese communities have shown considerable staying elasticity and the ability to recover (Fitzgerald, 2007). These Chinese family businesses are characterised as flexible, responsive and eminently equipped to establish connections to resources and accumulate them in order to meet the demands of fast changing consumer markets (Lever-Tracy & Ip, 2005).

It has been shown that cultural adjustment takes place in the process of integrating into a new culture. Chinese immigrant families not only have their distinctive family cultural values, such as personalized network, shared values, trust and family reputation (Carney, 1998; Tong, 2009), but also develop specific behaviours that are appropriate in Australia's individualistic culture that have relevance for personal achievement and the firm success (Chen, 1997; Gomez, 2007). These family business owners are acquainted with the Australian commercial culture, while they are also familiar with Chinese culture that forms a catalyst for building competitive advantages in Chinese ethnic community (Lund et al., 2005). Thus, these Chinese businesses are at the interface of Eastern and Western culture (Shapiro, Gedajlovic, & Erdener, 2003).

For Chinese-Australian family businesses, decisions on succession may be complicated by cultural changes. The progressive alteration of beliefs, assumptions and values that determine the decisions on succession may be more likely to make the business owners visualise and examine their own situation to find the solution from a different perspective (Hamilton, Dana, & Benfell, 2008). We were interested to investigate if the business owners will consider the cultural changes in their decision-making of succession when growing their firm across the next generation.

Methods

This study seeks to explore the decisions of succession made by the Chinese-Australian family business owners and how cultural factors influence the decision making. This study utilised a qualitative exploratory case study design within the framework of an interpretive research paradigm, which claims that truth is relative and it is dependent on one's perspective (Creswell, 2007). The need to gain a better understanding of what happens in the decision-making of succession led to this exploratory study. There is a certain depth in this study that is required to talk to people (Babbie, 1999). To understand the experience of participant, this study seeks to understand a subjectivist world view with inductive inquiry (Hesse-Biber & Leavy, 2006). Through the narratives, the participants are able to describe their views of reality and this helps to better understand their thoughts and actions.

The scarcity or unavailability of information in business directories of Chinese family firms was an important limitation to the identification of the firms. The characteristics of the case were sought with some criteria applied. First, there was a descriptive definition of family business used to select participants in which the majority ownership or control was within a single family, and at least two family members are or were managing and/or operating in the business (Litz, 1995). Second, the population of family-owned firms was identified as small to medium size, ranging from a small business employing less than 20 people, to a medium business employing 20 or more people, but less than 200 people. This classification follows statistics published by Small Business in Australia (Trewin, 2002).

Succession literatures have all observed that the decision-making process is lengthy (Gersick et al., 1997; Handler, 1990) and the implementation may take 15-20 years (Aronoff, McClure, & Ward, 2003; Ward, 1987). Therefore, it is not possible to pinpoint the exact time at which a family firm begins or ends the succession process. To make allowance for this ambiguity, we screened the case for firms that expected the business continuity for the ensuring 5 to 10 years and those of which the leadership transition would occur within the next 5 to 10 years. Ideally speaking, it was hoped that the founder and members of next generation could be interviewed. It is speculated that the perspective of each of them might be different. In addition, diversity in business types was used for further selection.

Based on these criteria, this qualitative research recruited the initial sample of 28 member firms from the Chinese Community Association of Victoria (CAV) located throughout Melbourne (Victoria) metropolitan district. Each firm was mailed a formal letter outlining the research goals, rationale and content, and inviting them for interview. Six Chinese-Australian business owners agreed to participate, five were male and one was female. All respondents participated voluntarily and were assured of complete anonymity in interviews. It was difficult to ask members of next generation for further interview. For various reasons, the respondents had turn down the request, except for one case that granted a chance to talk with his child. As a result, we cannot completely ascertain the perspectives of family members of different generation.

In Table 1, we present the background information on each participant and their respective firms. They represent a diverse range of Chinese-Australian people, who have migrated from mainland China, Malaysia and Brunei, with the exception of one who was born in Australia. The cases also represents small- and medium- size Chinese family businesses in Australia who operate in the service-based sector, including an educational centre, furniture designer, child care, financial advice, real estate and computer retail. Half of the businesses included spouse co-owners. Another half of the businesses were sole proprietorships, with family members' assistance occasionally. The average age of the respondents was 50 years. Age of the business ranged from four to twenty years. The years that involved in business, including their self-employed business, had extended to decades experiences. The number of paid full-time employees ranged from 3 to 100. The annual profits ranged from one to ten million dollars.

Table 1: Cases Description

Cases	Case1	Case2	Case3	Case4	Case5	Case6
Gender	Male	Male	Male	Male	Female	Male
Birthplace	Malaysia	Australia	Malaysia	Brunei	China	China
Age	51-60	51-60	41-50	41-50	51-60	41-50
Business type	Education Program Franchisee	Furniture customized Design and retail	Childcare	Financial Planning	Real Estate	Computer retail
Age of business	20	18	4	13	4	14
Years in business	20	Near 30	15	13	20 more	14

Ownership	Sole proprietor	Sole proprietor	Husband & Wife	Sole proprietor	Husband & Wife	Husband & Wife
Family involvement	Children used to involve in events in Education Centre	Wife as bookkeeper Daughter occasionally help out	Wife as Operation Director	Wife as Office Assistant	Husband as Office Manager	Wife as Financial Controller
Paid employees (non-family)	Less 20	3	100 plus	4	15	32
Annual revenue	1-10 million	1-10 million	1-10 million	1-10 million	1-10 million	1-10 million

A series of semi-structured interviews were conducted with participants. The interviews were guided by open-ended questions and the respondents were encouraged to say as much as they wanted, with few restrictions. They talked about their personal motivation and willingness in starting their business and their family support throughout the process. They also shared with their skill in dealing with people and offered experience about hiring individuals for appropriate jobs. One of them shared with his story about his experiences in his parents' family firm as well as its impact on his own firm. This are valuable information that enriched the understanding of their views of succession.

The interviews were conducted at the workplaces of the participants. Each interview session lasted an average of 30 to 40 minutes. The interviews was recorded, transcribed and analysed using Nvivo 8. The interviews were conducted in English, except for one participant in Chinese. The reason for selecting English or Chinese language is because the interviewees had responded with researchers' invitation either in English or in Chinese through emails and initial introduction. It reflects that they had adjusted to the English-speaking environment after having resided in Australia an average of 20 years.

Participants' interview transcripts were analysed using a series of qualitative analysis and content analysis (Miles & Huberman, 1994; Scholz & Tietje, 2002). The analysis procedures examined text and categorised the stream of words into meaningful categories. Its aim was to determine patterns of meaning that extracted valuable cultural insights. First, we identified the quotes of the participants in order to organise the data. Second, the quotes were categorised and labelled into core themes, which provide meaning to fragments of ideas that could be seen as relevant and validated constructs. Then, we defined concepts and patterns in the responses, including topics, meanings and feelings contained within the expressions. The final stage of analysis involved integrating the literature to add a richer understanding and justify the themes identified. In the following section, we have incorporated selected quotations from the participants to illustrate and clarify the themes.

Research Findings

A combination of individual, family and business factors were found to contribute to the decisions around succession. There were three attitudes towards succession that the participants perceived as key factors in predicting in their decisions, in terms of individualistic cultural perception, collectivist cultural perception and business-first orientation. Selected excerpts from the interview transcripts are provided to support each theme.

Perceptions of Individualism

The participants were aware of relatively Western culture in Australia. They appeared to share the perceptions that they have some degree of identification with Australian cultural values, placing emphasis on independent and autonomy orientations. It was noted that these business owners were able to adjust their perceptions to fit with Australian business culture. Incidentally, business type, that is, services-based businesses that targeted the mainstream market, had certain influence on adjusting their business dealings to suit their customers' culture orientation. Individualistic-oriented beliefs were found to positively influence the founders' viewing of succession, which to a large extent is a matter of personal choice. This belief seems to refer to different kinds of choices, in particular, to align with change decisions and ideas emerging during a decision-making process. Considering whether or not he would be asking his children to join in the firm, Case 1 business owner offered his experience about teaching his children to be independent decision-makers and allowing them to determine and pursue their own interests in this way:

'I always let them to choose. I never impose my ideal on them. Some parents want them to be doctors or whatever. I always tell my children "you do whatever you want to do". I always provide them all opportunities for my children to make their decisions. For example, musically, they want to learn music, whatever they want to learn, instruments are over there for them and tutors there for them. They wanted to learn piano, then I bought a piano, after 10 lessons, they quit. They wanted to play drum, then I bought a drum, after 1 lesson, they quit. Then they play violin, so I bought violin for them, then they didn't continue. In the end, they wanted to tubular. They were stick on the tubular in a quite long. So whatever they want, I don't query them. I don't have a standard that they must to achieve to make me happy. Simply whatever they want, the opportunity is there. The final decision is theirs.'

The perceptions of uncertainty avoidance, that is, the tendency to plan and avoid risk, had no significant influence on succession. As a factor in decision-making, the direction of the business can be more flexible to accommodate the interests and preparation level of the next generation members. The following opinion from the Case 3 business owner represents that the degree of ambiguity and uncertainty can be tolerated. The business owner explained there was no need for clearly defined goals in terms of job security, because the decision depended on individual initiative.

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

To differentiate individuals from family expectations is a perception of almost all the interviewees. It emerges as a kind of certainty when creating one's own identity and as something instinctive. It also seems to refer to the personal potential of applying willingness, which can be considered as an individual motivation. The Case 1 business owner explains his opinion that relying on the parental

expectation was unlikely to keep the business continuing as it used to be, because he believes that the young generation needs to have space to grow and develop their own creation as follows:

‘Everyone has its own interests. Nobody would be willing to take on their parents’ business to become us, when [parents] pass away. They are going to sell it, and going on to something else. So everyone must to have an opportunity to do what they wish to do in what they are good at, then have varieties, have opportunities to experience different things. So at some points of time, they are interested in what you are doing, just come in and do a part of it, for experiences and move on’

To sum up, the findings reveal that the perceptions of individualism might significantly impact on the founder’s viewing of succession during the decision-making. The business owners perceived succession mainly as individual choices. Low uncertainty avoidance and high individual willingness were exemplified in the above comments.

Perceptions of Collectivism

The participants described their understanding of collectivism in terms of family orientation, but emphasised variations among cases. Cases composed of Chinese immigrants from Malaysia and Australian-born Chinese placed more emphasis on the negative side of family orientation, such as nepotism and favouritism, than the business owners from mainland China. A possible explanation for this difference is that the former’s exposure to Western ideologies.

As regards the findings on opinions of family collectivism, the first impression was found that the paternalistic approach to succession within family would be less likely to take place in the participants’ family firms. Almost all interviewees insisted that they did not want to make their children feel that they were obligated or obliged to join the family firm. The following view from the Case 1 business owner represents this view:

‘In some degree, many people impose obligation on their children to support [them]. I think, to many degrees, you have seen stories, they are not successful. Unless, this is also their dream. If it is also their dream, another person is pursuing the same dream and reaching the same goal. If it is not their dream, you can forget it...you cannot impose on everyone in the family.’

Like perceptions, experiences of succession across generations can be affected by the hierarchical parent-child relationship within the family. From the parent’s point view, it seems to refer to seeking explanations about one’s behaviours, as if seeking for certainty under uncertain circumstances. The Case 2 business owner describes his experience about working with his father that impacted on his attitudes towards his children working with him as follows:

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

It appears that this respondent adapted to low power distance in terms of his parent-child relationship and did not remain the high power distance of his father’s traditional Chinese perspective. This finding is consistent with the immigrant literature about cultural adaptation and assimilation of different

values and behaviours for different generations (e.g. Dion & Dion, 2001; Tannenbaum & Howie, 2002). The process of moving into a new culture is gradual taking generations by embracing both their old and their new cultures' norms and values (Collins, Mondello, Breheny, & Childs, 2001). The new generation has been studied of requiring the new culture more, but the value of one's origin culture less than do their parents (Chiang & Yang, 2008). It seems that the preference for egalitarian relationship is related to the respondent's general endorsement of Australian values.

The experiences of succession concerning interaction within family also include the participants' insights into the characteristics of younger generation. It strongly determines the interviewees' behaviours based on seeing a holistic picture of this issue. The Case 3 business owner describes his understanding about his children when making decisions on succession:

'My children are modern children. [They] have their own ideas. They don't always listen to their parents. Modern children think they know a lot too. They like to explore new things, doesn't mean what their parents are doing are the exactly thing they are going to do. So that's how I see.'

It indicates that this respondent acknowledged that the younger generation was flexible and capable of engaging in varying ways to pursue their careers, instead of being related to their parents' expectation or to interdependence. In terms of succession, all the participants played more emphasis on the younger generation preparing themselves for their interests and expertise, and then tended to pursue diversification of the family business, rather than creating positions on the business for them in terms of employment.

To sum up the perception of collectivism, it can be concluded that the family orientation is dilute in the intergenerational succession process. The paternalistic attitudes towards obeying behaviours and emotions of respects seem unlikely to be related to the decision-making. The characteristics of younger generation relate to potential application of succession in the family firms. The decision of succession is also embedded in the ways they selected their education and their employment pathways.

Perceptions of business-first orientation

All participants suggested that boundaries between the family and business are perceived to be segmented. Resource exchange between the family and the business is more likely formalised. The family business is not obligated to cater to the needs for the family at the expenses of its own sources. Conversely, it may not assume the debts from the private resources of the family. The Case 2 business owner explains his opinion of separation between the family and business in the following way:

'I think it's just the changing environment and the changing times in business and modern society that make the change, not the cultural sphinx of Chinese culture that keep the family together...you talk about the culture of family businesses, especially with being the family business, it's like the pressure of marriage. You know, like these days to get divorced is quite common, and just several years ago, or just years ago at all, it wouldn't be a good thing to get divorced. And I think the family unit was broken down a lot... So breaking away from the business dealings, the business sense, break away from the family unit.'

The differences in the way our respondents understand the needs and goals of their family and those of their business suggest that the exercise of power by the family domain should be regulated. Most participants perceived that the entitlement some family members perceive may result in "free riding" and treatment of the business as a consumable resource, thereby minimizing the essential organisational efforts in firm development and growth. There was recognition of the potential risks

that arise from family involvement, which may threaten the survival and success of the firm. The Case 3 business owner emphasises the value of younger generation according to their contribution in this way:

'It all depends on how you run the business...Not just, you are going to be a member of business, because [you are] a family member of a family business. We give you a job. We give you a big title. We give you a nice car. To them, many young people, some of them may like a nice car, lots of money to spend. Lots of others, instead, say "we like our own ideas"...that's the way that why the young people would step into the business because they think they could add value...I think the main, key point [is]: the next generation must feel they can contribute and contribute in their own way, not the way I expected nor the way my wife expected.'

This view suggests that the business owners do seek to differentiate their business domain by separating from the family domain. They believe in the value of the younger generation beyond their entitlement to consume the business as an asset of the family. They highlighted the fresh and creative ideas and thoughts from these young people, so that these new sources could benefit the business to sustain its competitive advantage. At the same time, it was seen as enabling the younger generation to make their commitment to the business continuity.

Discussion

The findings showed that the Chinese-Australian business owners possessed levels of individualism, weak family orientation and low uncertainty avoidance, in particular for these Chinese immigrant families that were from Malaysia and those that was brought up in Australia. The values evident in these cases of Chinese-Australian families seems to have changed dramatically, making it inappropriate to label its culture as 'Chinese' under Hofstede's (1980, 2003) categorisation. The Australian cultural environment appears to have had a significant influence over the values within these families which in turn, affects their goals for their business and attitudes towards succession. The emphasis of independent decisions and competent assertiveness makes the business owner encourage the offspring to 'break out' from the family and the business. The point is that the younger generation has options to pursue independent careers and they are rarely obligated to join the family firm. Our finding suggests that the participants developed views and behaviours that reflect individualist-oriented beliefs. These values adopted by the business owners lead to the dilution of a set of traditional Chinese cultural values that stress conformity and obedience. It seems that these Chinese-Australian participants have negotiated to position themselves somewhere between being Chinese and being Australian. The overall insight of these findings is that Chinese-Australian business owners suggest a growing convergence of the two cultures.

These Chinese-Australian business owners maintain a heavy influence, but their influence differs, in some aspects, from the patriarchal values of traditional Chinese values. It is often assumed that Chinese immigrant families uphold the Chinese traditional value of filial piety and retain paternalistic approach to expect their children to accept their advice on various aspects of life, including making a contribution to the family firm. One direct consequence of this heavy parental influence is an increase in uncertainty avoidance, which means that 'members of a culture feel threatened by uncertain or unknown situations' (Hofstede, 1991, p. 113). Contrary to this assumption, our finding suggests that the participants were able to accept ambiguity and uncertainty. They did not intend to make the business dependent on the family in terms of succession. The culture of these Chinese-Australian families tends to move toward the direction of low uncertainty avoidance in Australia. This finding is consistent with the study of Hamilton, Dana and Benfell (2008) that demonstrated migrant

entrepreneurs tend to be more willing to adapt Western norms, with less strict expectations in which they hold in their cultural heritage.

It should be pointed out that the opinions of founder were reflecting greater caution as they focused on the long-term profitability of the firm, which in turn would lead to succession. Although each case was heterogeneous by diversity of business type, stage of the family, stage of the business, family history and social environment, there were commonalities in the experiences of the business owners in the sample. They did seek to regulate the boundaries between the family and the business. The family business may not be obligated to take care of the family members in times of their need as their entitlement, because the suitability of business is driven by its own goals, values and development. This findings confirm the family business as a separate but overlapping system (Stafford, Duncan, Danes, & Winter, 1999). The balance between business success and family cohesiveness can be achieved by valuing the contribution of younger generation. Our findings are consistent with research studies that suggest the intention of succession aims to not only cultivate the business to compete, grow and sustain (Tong, 2009), but also facilitate channeling resources to accommodate children's interest and thereby increases the likelihood of involvement of children (Gupta et al., 2008b).

Implications for Theory and Research

This study suggests the need to deal with the issues of succession within a cultural approach. First, the cultural influence on family business management needs to be addressed not only from the dominant perspective of cross-cultural research that treats culture as a constant and independent variable, but also from a relative perspective that considers culture as moderator factor that can be influenced by the environmental factors. This approach will improve our understanding of cultural adaptation and their outcomes in immigrant families. Researchers, who continue to employ a broad and static definition of Chinese cultural values, may find it difficult to explain important differences in individuals and family contexts that emerge across the heterogeneous ethnic Chinese expatriate family businesses. To effectively conduct ethnic Chinese studies in Australia, we need to be sensitive to the cultural changes.

Second, we argue for a more comprehensive approach to examine the nature of succession, its background and the processes of decision-making, and not merely the differences strategies and outcomes. Whereas previous research has often attributed succession to strategic management and socioeconomic development (Bjuggren & Sund, 2001; Mazzola, Marchisio, & Astrachan, 2008), the succession noted in this study suggests more complex individual perceptions are at play. With comparable levels of business growth and development in the family firms, the cultural values may act as much more significant roles in the decision-making. Examining succession should entail a more comprehensive approach that considers cultural values and their effects on individual perceptions.

Finally, it is necessary to understand cultural changes that have taken place in Chinese-Australian business-owning families. Experience from one family may not be applicable to other family. Without an awareness of the differences caused by family cultures and the relationship among family members, the family firm will risk family conflicts in succession management to generate effective strategies in both family and business domains.

Limitations

A major restriction of this study is its relatively small sample size, which limits the generalisability of the conclusion to the larger Chinese family business communities. Nevertheless, generalisation was not our goal here. Having voluntarily limited the number of firm studies, the exploratory nature of the study with a diverse range of business types has highlighted important issues that can be explored further. Although some of the findings shed light on the roles played by the business owner considering the possibility of succession across generation, we need further inquiry to explore the perspective from the young generation about how would they act toward taking over their parent's business. In addition, further insight into cultural aspects of family business could be gained by future research that incorporates comparison of Anglo-Australian and Chinese-Australian family businesses.

Conclusion

In this paper, we have shown that the cultural perceptions of succession in Chinese-Australian family businesses can be seen to moving toward the direction of Western individualism and involving less family collectivism. To understand the cultural tendency of these family businesses, it is important to consider the interactions of various organisational circumstances, especially the significant role of the business-first orientation and the motivation of business growth and development. By identifying the impact of cultural values and characteristics of Chinese-Australian family businesses, this research reinforces that cultural factors shape the decisions of succession. Such findings are important towards the development of a culturally appropriate model linked to succession.

References

- Altinay, L. 2008. The relationship between an entrepreneur's culture and the entrepreneurial behaviour of the firm. *Journal of Small Business and Enterprise Development*, 15(1): 111-129.
- Aronoff, C. E., McClure, S. L., & Ward, J. L. 2003. *Family Business Succession: the final test of greatness* (2nd Ed. ed.). Marietta, GA: Family Enterprise Publishers.
- Babbie, E. 1999. *The basics of social research*. Belmont: Wadsworth.
- Bennedsen, M., Nielsen, K. M., Pérez-González, F., & Wolfenzon, D. 2007. Inside the family firm: the role of families in succession decisions and performance. *The Quarterly Journal of Economics*, 122(2): 647-691.
- Birley, S. 2001. Owner-Manager Attitudes to Family and Business Issues: A 16 Country Study, *Entrepreneurship: Theory & Practice*, Vol. 26: 63-76: Wiley-Blackwell.
- Bjuggren, P. O., & Sund, L. G. 2001. Strategic decision-making in intergenerational successions of small- and medium-size family-owned businesses. *Family Business Review*, 14(1): 11-23.
- Brun de Pontet, S., Wrosch, C., & Gagne, M. 2007. An exploration of the generational differences in levels of control held among family businesses approaching succession. *Family Business Review*, 20(4): 337-354.
- Cabrera-Suarez, K. 2005. Leadership transfer and the successor's development in the family firm. *Leadership Quarterly*, 16(1): 71-96.
- Cadieux, L. 2007. Succession in small and medium-sized family businesses: toward a typology of predecessor roles during and after instatement of the successor. *Family Business Review*, XX(2): 95-109.
- Carlock, R. S., & Ward, J. L. 2001. *Strategic planning for the family business: parallel planning to unify the family and business*. Houndsmill NY:: Palgrave.
- Carney, M. 1998. A management capacity constraint? obstacles to the development of the overseas Chinese family business. *Asia Pacific Journal of Management*, 15: 137-162.
- Chen, S. 1997. Migration, cultural identity and assimilation effects on entrepreneurship for the overseas Chinese in Britain. *Asia Pacific Journal of Management*, 3(4): 211-222.
- Chiang, L. H. N., & Yang, C. H. S. 2008. Learning to be Australian: Adaptation and Identity Formation of Young Taiwanese-Chinese Immigrants in Melbourne, Australia. *Pacific Affairs*, 81(2): 241-258.
- Chrisman, J. J., Chua, J. H., Kellermans, F. W., & Chang, E. P. C. 2007. Are family managers agents or stewards? An exploratory study in privately held family firms. *Journal of Business Research*, 60(10): 1030-1038.
- Collins, J. 2002. Chinese entrepreneurs: the Chinese Diaspora in Australia. *International Journal of Entrepreneurial Behaviour & Research*, 8(1/2): 113-133.
- Collins, J., Mondello, L., Breheney, J., & Childs, T. 2001. *Cosmopolitan Melbourne: Explore the world in one city*. Sydney: Big Box Publishing Pty Limited.
- Creswell, J. W. 2007. *Qualitative inquiry & research design: choosing among five approaches* (2nd ed.). Thousand Oaks: Sage.
- Danes, S. M., Lee, J., Stafford, K., & Heck, R. K. Z. 2008. The effects of ethnicity, families and culture on entrepreneurial experience: an extension of sustainable family business theory. *Journal of Developmental Entrepreneurship*, 13(3): 229-268.

- Davis, P. S., & Harveston, P. D. 1998. The influence of the family on the family business succession process: a multi-generational perspective. *Entrepreneurship Theory and Practice*, 22(3): 31-53.
- Davis, P. S., & Harveston, P. D. 1999. In the founder's shadow: conflict in the family firm. *Family Business Review*, XII(4): 311-323.
- Dion, K. K., & Dion, K. L. 2001. Gender and Cultural Adaptation in Immigrant Families. *Journal of Social Issues*, 57(3): 511-521.
- Dunemann, M., & Barrett, R. 2004. Family business and succession planning: a review of literature: Family and Small Business Research Unit, Faculty of Business and Economics, Monash University.
- Dyer, W. G. 1986. *Cultural change in family firms: anticipating and managing business and family transitions*. San Francisco, California: Jossey-Bass Publishers.
- El Kahal, S., & Publishing, E. 2001. *Business in Asia pacific: Text and cases*: Oxford University Press.
- Fitzgerald, J. 2007. *Big white lie: Chinese Australians in white Australia*: UNSW Press.
- Garcia-Alvarez, E., Lopez-Sintas, J., & Saldana Gonzalvo, P. 2002. Socialisation patterns of successors in first- to second-generation family businesses. *Family Business Review*, 15(3): 189-204.
- Gersick, K. E., Davis, J. A., Hampton, M. M., & Lansberg, I. 1997. *Generation to generation: life cycles of the family business*. Boston: MA: Harvard Business School Press.
- Gilding, M. 2000. Family business and family change: individual autonomy, democratization and the new family business institutions *Family Business Review*, 13: 239-248.
- Gomez, E. T. 2007. Family firms, transnationalism and generational change: Chinese enterprise in Britain and Malaysia. *East Asia*, 24(2): 153-172.
- Gordon, G., & Nicholson, N. 2008. *Family Wars: classic conflicts in the family and how to deal with them*. London: Kogan Page.
- Gupta, V., Levenburg, N., Moore, L., Motwani, J., & Schwarz, T. 2008a. Culturally-sensitive analysis of family business in Anglo region: A compendium Using the GLOBE Paradigm. In V. Gupta, N. Levenburg, T. Schwarz, & L. Moore (Eds.), *Culturally-Sensitive Models of Family Businesses: A compendium using the GLOBE Paradigm*. Hyderabad, India: ICFAI University Press.
- Gupta, V., Levenburg, N., Moore, L., Motwani, J., & Schwarz, T. 2008b. Culturally-sensitive models of family business in Confucian Asia: A compendium using the GLOBE Paradigm. In V. Gupta, N. Levenburg, T. Schwarz, & L. Moore (Eds.), *Culturally-Sensitive Models of Family Businesses: A compendium using the GLOBE Paradigm* Hyderabad, India: ICFAI University Press.
- Gupta, V., Levenburg, N., Moore, L., Motwani, J., & Schwarz, T. 2009. Anglo vs. Asian family business: A cultural comparison and analysis. *Journal of Asia Business Studies*, 3(2): 46-55.
- Habbershon, T. G., & Pistrui, J. 2002. Enterprising Families Domain: Family-Influenced Ownership Groups in Pursuit of Transgenerational Wealth. *Family Business Review*, 15(3): 223-237.
- Hamilton, R., Dana, L.-P., & Benfell, C. 2008. Changing cultures: an international study of migrant entrepreneurs. *Journal of Enterprising Culture*, 16(1): 89-105.
- Handler, W. 1990. Succession in family firms: a mutual role adjustment between entrepreneur and next-generation family members. *Entrepreneurship Theory and Practice*, 15: 37- 51.
- Harveston, P. D., Davis, P. S., & Lyden, J. A. 1997. Succession planning in family business: the impact of owner gender. *Family Business Review*, 10(4): 373-396.
- Hesse-Biber, S. N., & Leavy, P. 2006. *The Practice of Qualitative Research*. Thousand Oaks: Sage.
- Ho, C. H., & Coughlan, J. E. 1997. The Chinese in Australia: Immigrants from the People's Republic of China, Malaysia, Singapore, Taiwan, Hong Kong and Macau. In J. E. Coughlan, & D. J. McNamara (Eds.), *Asians in Australia: Patterns of Migration and Settlement*: 120-170. Melbourne: Macmillan Education Australia Pty Ltd.
- Hofstede, G. 1980. *Cultural Consequences: International Differences in Work-Related Value*. Beverly Hills, CA: Sage.
- Hofstede, G. 1991. *Cultures and organisations*. London: McGraw-Hill.

- Hofstede, G. 2003. *Culture's consequence: comparing values, behaviours, institutions and organisations across nations*. Thousand Oaks, CA: Sage Publications.
- Hubler, T. M. 2009. The soul of family business. *Family Business Review*, 22(3): 254-258.
- Klein, S. B., Astrachan, J. H., & Smyriniotis, K. X. 2005. The F-PEC scale of family influence: construction, validation, and further implication for theory. *Entrepreneurship Theory and Practice*, 29(3): 321-339.
- Lansberg, I. 1999. *Succeeding Generations: Realising the Dream of Families in Business*. Boston, MA.: Harvard Business School Press.
- Le Breton-Miller, I., Miller, D., & Steier, L. P. 2004. Toward an Integrative Model of Effective FOB Succession. *Entrepreneurship: Theory & Practice*, 28(4): 305-328.
- Lea, J. W. 1991. *Keeping it in the family: successful succession of the family business*. Brisbane: John Wiley & Sons, Inc.
- Lever-Tracy, C., & Ip, D. 2005. Diversification and extensible networks: the strategies of Chinese businesses in Australia. *International Migration*, 43(3): 73-97.
- Lever-Tracy, C., Ip, D., Kitay, J., Phillips, I., & Tracy, N. 1991. *Asian Entrepreneurs in Australia: Ethnic Small Business in the Chinese and Indian Communities in Brisbane and Sydney*. Canberra: Australian Government Publishing Service.
- Litz, R. A. 1995. The family business: toward definitional clarity. *Family Business Review*, 8(2): 71-81.
- Lund, D. W., Woods, P., Hibbins, R., & Barker, M. C. 2005. Young chinese entrepreneurs in Australia: migrant networks in a new land. *International Journal of Diversity in Organisations, Communities and Nations*, 5.
- Luo, X., & Chung, C.-N. 2005. Keeping it all in the family: the role of particularistic relationships in business group performance during institutional transition. *Administrative Science Quarterly*, 50: 404-439.
- Mazzola, P., Marchisio, G., & Astrachan, J. 2008. Strategic planning in family business: a powerful developmental tool for the next generation. *Family Business Review*, XXI(3): 239-258.
- Miles, M. B., & Huberman, A. M. 1994. *Qualitative data analysis: an expanded sourcebook*. London: Sage.
- Miller, D., Steier, L., & Breton-Miller, I. L. 2006. Lost in time: intergenerational succession, change and failure in family business. In P. Z. Poutziouris, K. X. Smyriniotis, & S. B. Klein (Eds.), *Handbook of research on family business*: 371-387. Cheltenham, UK: Edward Elgar.
- Pardo-del-Val, M. 2009. Succession in family firms from a multistaged perspective. *International Entrepreneurship and Management Journal*, 5(2): 165-179.
- Pe-Pua, R., Mitchell, C., Iredale, R., & Castles, S. 1996. *Astronaut families and parachute children: the cycle of migration between Hong Kong and Australia*. Canberra: Australian Government Publishing Service.
- Samovar, L. A., Porter, R. E., & Stefani, L. A. 1998. *Communication Between Cultures*. Belmont, CA: Wadsworth.
- Scholes, L., Westhead, P., & Burrows, A. 2008. Family firm succession: the management buy-out and buy-in routes. *Journal of Small Business and Enterprise Development*, 15(1): 8-30.
- Scholz, R., & Tietje, O. 2002. *Embedded case study methods: integrating quantitative and qualitative knowledge*. London: Sage.
- Shapiro, D. M., Gedajlovic, E., & Erdener, C. 2003. The Chinese family firm as a multinational enterprise. *International Journal of Organizational Analysis*, 11(2): 105-122.
- Sharma, P., & Irving, P. G. 2005. Four bases of family business successor commitment: antecedents and consequences. *Entrepreneurship Theory and Practice*, 29(1): 13-33.
- Sonfield, M. C., & Lussier, R. N. 2004. First-, second-, and third-generation family firms: a comparison. *Family Business Review*, 17(3): 189-202.
- Stafford, K., Duncan, K. A., Danes, S. M., & Winter, M. 1999. A research model of sustainable family business. *Family Business Review*, 12(3): 197-208.

- Tannenbaum, M., & Howie, P. 2002. The association between language maintenance and family relations: Chinese immigrant children in Australia. *Journal of Multilingual and Multicultural Development*, 23(5): 408-424.
- Tong, F. S. 2009. *Dynamics of family business: the Chinese way*. Singapore: Cengage Learning.
- Trewin, D. 2002. Small Business in Australia 2001. In A. B. o. Statistics (Ed.), *ABS catalogue no. 1321.0*: Australian Bureau of Statistics.
- Vallejo, M. C. 2008. Is the culture of family firms really different? A value-based model for its survival through generations. *Journal of Business Ethics*, 81(2): 261-279.
- Vera, C. F., & Dean, M. A. 2005. An examination of the challenges daughters face in family business succession. *Family Business Review*, XVIII(4): 321-345.
- Ward, J. L. 1987. *Keeping the Family Business Healthy: how to plan for continuing growth, profitability and family leadership*. San Francisco, CA: Jossey-Bass.
- Winter, M., Danes, S. M., Koh, S.-K., Fredericks, K., & Paul, J. J. 2004. Tracking family businesses and their owners over time: panel attrition, manager departure and business demise. *Journal of Business Venturing*, 19: 535-559.
- Yan, J., & Sorenson, R. 2004. The influence of Confucian ideology on conflict in Chinese family business. *International Journal of Cross Cultural Management*, 4(1): 5-17.
- Yan, J., & Sorenson, R. 2006. The effect of Confucian values on succession in family business. *Family Business Review*, 19(3): 235-250.