

Antecedents of organizational commitment in young generation with Chinese family business

background

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ABSTRACT

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This study examines the antecedents of commitment of Chinese potential successors based on organizational commitment theories and Chinese culture. The analysis of 65 later-gens from Mainland Chinese family firms indicates that individual's identity alignment and career interests alignment are positively related with their affective commitment. Loyalty to Confucian culture is associated with normative commitment. Financial cost and social cost can encourage later-gens to be committed to their family business. Finally, later-gens with the higher normative commitment or higher continuance commitment exhibit the lower intent to leave their family firms. Theoretical and practical implications are also discussed in this thesis.

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Antecedents of organizational commitment in young generation with Chinese family business background

Introduction

Family business has received more and more attentions from the researchers, theorists, investors, and practitioners today. In the past few years, the Academy of Management Journal, Organization Science and other top ranked academic journals placed their focus on family business (Walsh, 2011) because of their excellent performance as well as the consequent problems. The great contribution brings family business into the public's view. The Ford family, for example, an undoubted leader in auto producer industry, has kept its leadership for more than one hundred years. As well as Wal-Mart and Samsung, many successful global companies are hold by the big families. Over 80 % of American, Latin American, European and Asian business are family-owned or family-controlled, showing that family business is playing the important role in the free economics of the world(Walsh, 2011). Whether big or small, outstanding or common, family business encounters unique characteristics(e.g. the family component) as well as the challenges which may result in business failures (Walsh., 2011). Contrary to the long lifespan of several well-known family business, approximately 67% of family business failed to continue the business to the second generation and only about 12% successfully passed the business to the third generation (Walsh, 2011). Thus, succession becomes the crucial yet challenging theme that troubles the family firm-owners.

Realizing the low succession rate and significant performance of family business, the scholars and researchers have begun to focus on the antecedences of family business

succession (Eleni,1998;Brockhaus,2004; Sharma and Irving, 2005; Dawson, Sharma, Irving,

Marcus, & Chirico,2013) . However, most of previous studies are disordered and unbalance. For example, although Dyer and Handler (1994) categorized the determinants of successful succession into five streams, the process of succession, the role of the founder, the perspective of the next generation, multiple levels of analysis and the characteristics of effective successions, which was followed by the later researchers, each category repeatedly mentioned the relationship between old generation and next generation (Longenecker and Schoen,1978;Handler,1994). Other one-side studies only focused on the influence of owner-entrepreneurs' and the next generations' characters on successors' psychological and physical involvement in their family business. (Boswell ,2014; Sonnenfeld,1988; Friedman,1991; Swogger,1991; Handler,1994). Obviously, the previous studies consistently recognized the importance of “involvement” of next generations in the succession process, but there is a dearth of systematic research which explains the next generations' “involvement” scientifically by organizational commitment framework. Studying on organizational commitment could explore the factors that encourage later-gens to join in since research proposes that “commitment” toward the family business is the motivation of family members' involvement (Dawson, Sharma, Irving, Marcus, & Chirico,2013;Chirico, Ireland, and Sirmon,2011). For both old and young family members in the business, their commitment is a key to keep a firm survival, success, flexible to changes and even longevity (Miller and Le Breton-Miller,2006; Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). For next generation, commitment to business is an important desirable attribute when leaders chose a successor (Chrisman, Chua, and Sharma,1998; Sharma and Rao, 2000). In China, unfortunately, none previous research has revealed the antecedences of potential successors' commitment to their family business, which encourage youngsters to join the family business and significantly influence next generations' career choice. Even in western world, little research went deeply to the reasons that motivate young generation to stay along with their family business (Sharma and Irving, 2005),nevertheless as early as 1980s, the concept of organizational commitment has been figured out (Porter, Steers, Mowday, & Boulian, 1974; Meyer and Allen,1984). In 1991 Meyer and

Allen provided the well-built theoretical supports for the categories, the antecedents and consequences of organizational commitment. However until to now, only few recent studies, such as Sharma and Irving's (2005) and Dawson's et.al (2013) work, treated commitment as dimensional construct in family business studies and explained the successors' intention to stay within the family business by theories of organizational commitment and none of them did the research in eastern culture. Cross-cultural studies are necessary to ensure that theories can be widely applicable and not culturally bound (Dyer and Sánchez ,1998;Sharma and Rao,2015), because the regional differences can significantly influence the antecedents of successful succession. Clearly, there is room for both theoretical and practical research to explore more on the next generations' commitment to their family business in eastern world.

In my thesis, I go deeply to study the antecedents of commitment of Chinese potential successors based on organizational commitment theories and Chinese culture. According to 2014 Family Business Report released by Forbes China, half of Chinese public private companies are held by families. While the family-held companies performed excellently, they are facing to the problem of succession. Compared to Chinese private companies in Hong Kong and Taiwan, this problem seems to be more serious in Mainland China because of One-Child regulation and unplanned succession process. The fact that more young generations with family business are studying and living abroad leads to the generation gap with their fathers. They rarely feel that the involvement in family firms is important and their parents are too busy to interact with them about family business. Indeed, the group of Chinese people titled publicly by "Rich2", which refers to the second generation from a rich family and born with fortune, who are idled everyday and worried less about money. Followed Chinese traditions, family's fortune is normally inherited by children whether they work for the company or not. It consequently influence the succeed rates in family firms and are worthy to be well studied.

Furthermore, Compared to the western individualism, Chinese collectivism is mainly formed by Confucius culture and values family-oriented(Jia), filial piety(Xiao), harmony(Hexie) and

personal networking (Guanxi). The different culture context leads to the different perceptions of values, obligations and norms. That is why antecedents of commitment to family business can be different in western world and in China. The dearth of the systematical studies on Chinese family business and the uniqueness of Chinese culture that influences other eastern countries as well prove the necessary and worthiness of this study. Therefore, based on the western organizational commitment theories, this article considers the influences of Chinese culture and Chinese young generation's mind-set. It makes several contributions from three aspects. First, it explores the antecedents of Chinese new generations' commitment to their family business, which fills the gap that none studies and research on family succession focus on Chinese young generation with family business background. Although most of the factors have been tested in western research (Sharma and Irving ,2005; Dowson et.al.,2013), they has never been explored in Chinese family firms. The current analysis of such relations around young generation's organizational commitment to family firms can accelerate the founders' understanding of Chinese next generations and enrich the database on antecedents of organizational commitment on family business from Chinese perspectives. Furthermore, the current study contributes to reveal the different predictors of commitment between China and the West. Compared to the influences of individualistic values in the West, collectivistic culture and Confucian-based values deeply influence Chinese people psychologically and physically. Consequently, the relationships change between the same antecedents and commitments, which were tested in West. The revealed differences will remain the researchers view China as a unique context and consider seriously on cross-culture influences when conducting studies. Finally, the current study modified the existed framework to make it better applied to Chinese private companies and contribute to Chinese family succession problems. In details, this article integrates Confucian culture as a predictor which further supplements the existed model (Dawson, Sharma, Irving, Marcus, & Chirico,2013) and what is more, it explores the impacts of Chinese traditions. Deeply exploring the antecedents of organizational commitment in Chinese context saves the ignorance of HRM studies in China

and strengthens its significance. The current study implicates Chinese entrepreneur-owner the importance of structured and intentional succession plan by presenting the antecedents of later-gens' commitment and their intention to take over.

This paper is organized as follows. Chapter 2 presents descriptions of Chinese family-held private companies and the succession problems they are facing. And then it analysis the mind-sets that influencing young heirs' commitment to the firms based on interviews or reports. Next, by reviewing the literature on Confucius culture and Chinese Guanxi, the antecedences of each basis of next generations to their Chinese family business are presented. Followed is the methods and analysis part. The last section discusses limitations and implications to further studies.

Chapter 2

An overview of Chinese family business

As Chirstophe Bernard (2013) argued in the article" Family business in China", the greatest differences between family business in the East and West is business culture while family business around the world are facing succession problems. Although China has begun to experiment corporate enterprise followed the western models in recent years, Chinese private companies failed to effectively transform to full-blown corporate intuitions as supposed. Before introducing the first Company law in 1904, family-held business had already played the significant role in economic activities in imperial China, which peaked during Ming(1368-1644) and Qing(1644-1911). Most of them had long experiences and expertise on production and distribution of commercial goods such as cereal, salt and cloth. Although China experienced the war and the unstable time, family business in China was expended to light production industry and railroad industry along with the world's development. Not lag too far from Western legal corporate reforms, China's first company law was issued on January 21, 1904. This law was based on Japanese and English company laws and intended to define the terms of Chinese corporate enterprise and to

create Chinese investors a better legal environment. The new code sought to structure Chinese companies closely followed western models and accelerates the speed of privatization of Chinese companies-including requirements of transparency, separation of ownership and control, and annual auditing and reporting requirements. The modern companies in China, however, only followed the form of western corporate institutions instead of the essential structures and features.

Different from western family business, most of modern family business in China, especially in mainland China, still remain the trace of “Chinese traditions”. They can not completely get rid of the interpret from government who still has the imperial priority to control over commercial production, distribution, prices and the market regulations. Moreover, Chinese family business is strongly influenced by family members and the owners only trust their lineages when pass on both the equity and management of family business. (Goetzmann and Koll ,2005).

According to the history and reality of family business in China, the definition of Chinese family firms is not clear. Although western scholars attempted to conceptualize a definition, none is widespread accepted (Chua,Chrisman and Sharman ,1999). In 2003, Ashreachan and Shanker defined the family business from a broad, middle and narrow perspective. Bennedsen et.al(2014) mentioned four types of family firms based on the ownership and control but they emphasized that this definition is not generally applied. Instead, a more simple but restrictive definition of family firm is that the founder passes the leadership to family members. As Jiang(2013) argued that the definition of family firms should take the continuation of family leadership into account and meanwhile can be applied generally to family business community, this paper uses Astrachan and Shanker’s (2003) middle definition: the business owner plays role in running the business and intends to pass the business to his or her other family members.

With this definition, Chinese family firms have been labeled as the dominant energy in Chinese economy. According to Forbes’ report on Chinese family firms, the number of listed family firms went up rapidly in the five years spanning from 2006 to 2010, with 370 entered the stock market. The statistics showed that in 2010, 85.4% of private companies in China were controlled by family

business. At the end of 2010, 36.9% of the 762 listed private companies in China's A-share stock market were family business(Yan 2011). In 2011 family firms took up 44.6% of the listed family firm listed on Growth Enterprise Market (GEM), increased by 10% compared with 2009(35%) and 2010(33.85%). The percentage of family firms listing in China's A-share stock market kept increasing to 49% of 1394 listed companies. Followed that, the number of listed family firms raised from 711 in 2013 to 747 in 2014 with the stable percentage around 50%. These figures presented the excellent performance of Chinese family firms. Most of them are specialized in manufacturing sector and centered in east of China. Although they are significant to ensure the market supply, stimulate the investment and promote the export, Chinese family businesses are facing succession problem which is global but particularly acute and threat in China. The first batch of Chinese entrepreneurs started their business more than three decades ago after the changes of market reforms and now they approach retirement age. When it is the time to plan the succession, the statistics indicated the potential problem. Fortune Generation, a magazine affiliated with an exclusive club made up of children from the most powerful and richest families with family business, estimates that only 8% of family companies have successfully managed to pass on the baton to the next generation(Cai ,2014). In addition, the other research conducted by the All- China Federation of Industry and Commerce, Sun Yat-sen University, Zhejiang University and Lee Kun Kee(a Hong Kong-based family business) explored that more than 40% of surveyed entrepreneurs(1014) aged above 50 hoped their children to inherit the business but only 35% of next generation were willing to take over(Yan, 2011). Succession crises are not only existed in China. The research shows that only 30% of all family firms can successful continue the family business to the second generation and less can survive to third generation with only 10% to 15% (Beckhard and Dyer,1983; Grote ,2003; Handler ,1994; Ibrahim, Soufani & Lam, 2001; Lansberg ,1998). The uncertainty of future motivated scholars to focus on this topic. However, China's family business faces the similar succession crises but more complete and particular causes. As Zhuang Congsheng, vice chairman of the All-China Federation of Industry and

Commerce said, it is the time that more research should be done on family business to help China's family firms to sustain development and curtail the threat of family business dying out when the heads retire or pass away(Yan, 2011).

Why succession failed in China

Through reviewing the literature, two main causes of failed succession in most family business are unplanned succession process and the lack of committed and capable successors (Dyck, Mauws, Starke, & Mischke, 2002; Dyer, 1986; Handler, 1994; Lansberge, 1988; Hubler, 1999). It is the same in China, however, the situation is more complex. Although according to Chinese culture, it is reasonable and nature to pass the business to the son(“*Zi Cheng Fu Ye*”), succession rate is still low because of the generation gap between old and young generations, the lack of capable successor, the unplanned succession process and so on(Xu and Yu, 2006). From reports and studies on heirs, the generation gap makes the great contribution to this problem, which is caused by the culture difference between two generations. The most obvious different is the educational background. Old generation accepted different level of education from their children. Most of the entrepreneurs experienced the period the Maoist of China, when there was the shortage of everything, including the education. They started the business relied on their drive and entrepreneurship rather than the formal knowledge learned from schools. Their children, however, grew up in the family with sufficient money, at least sufficient for receiving qualified education and living comfortably. The report of Fortune Generation showed that 88% of young generation with family business background has university degrees and 52% of them have studied abroad. The high-level of education or oversea-education background together with the much better living environment, the young generation formed the different value system.(Cai, 2014) The differences firstly appear on their acceptance of western management systems. Children are willing to follow the western models. Most of them touch business by the western cases and knowledge on textbook. They tend to stick to “western magic” rather than accept the entrepreneurs' experiences. However

their fathers believe that western practices are incompatible with the reality in China. Furthermore, the interviews of young generations expressed their negative attitude towards “guanxi” with government officials, which is evil and unacceptable in western world but is the invisible rule in doing business in China. For example, Kelly Zong, the only child of the owner of the multi-billion-dollar Wahaha company and finished her high school and bachelor in California, recently figured out this social ill in China in the interview with The Gardian (*Forbes China*, 2014):

“I think we lost our soul. In the US, they have believes: Christianity and Catholicism. China has Buddhism, but I don’t think people really believe it in their heart.”

She publically announced her dislikes on business-government *guanxi* and considers to move “Wahaha” abroad. However her father , Zong Qinghou, one of the most powerful tycoons in China, pointed out her daughter’s ignorance of the current situation of China, which was caused by the significant influences of western culture.(Cai, 2014)

Besides refusing to maintain “guanxi” with government officials, young generation usually underestimate the importance of maintaining “guanxi” with elder family members or business partners. Contrary to western culture which values individualism (Meijer et.,al,2010), Chinese Confucian culture values harmony within the group, which is based on “guanxi”, a special type of relationship characterized by favor, trust and interdependence(Wong and Chan, 1999). However, the young generation, especially the 80s and 90s(born after 1980), cultivated their values on personal networking(“guanxi) influenced by different family and growing environment from their fathers. Most of 80s and 90s grew up in only-one child family and thus tended to be more individualistic and care less about others rather than follow Confucian’s rules. For example, a study found that children grew up with the affluent family prefer to be self-interest, asocial and reluctant to share with others(Li and Guo ,2011). With these attributes, young heirs are not capable and do not have confidence to maintain “guanxi” which is inherited from their fathers.

Because of the generation gap, young potential heirs refuse to accept their fathers’ expectation

and inspiration. Chinese entrepreneurs plan less about the succession process but expect that it could happen smoothly and successfully. They expected that their children could be committed to family business as themselves and are well-prepared to take the heavy responsibilities. However, most of them are disappointed by the reality. Without the need for earning money to feed themselves, rich², the young generation enjoys the family's fortune, are rarely attached themselves to their family business.

“Why me?”, a daughter of a successful business man who ranked in the top 100 richest man in China-Forbes said, “It is not my business. My job is shopping, and enjoying my life. Why I have to be attached with my father's factories?” (Heng shao ,2014)

Some of the young potential heirs realized the unchanged differences and plan their own career instead of being the successors. Natalie, a young girl from a rich Chinese family, presented herself by her own successful career. She started her business after finished studies abroad. From attracting investments, designing and managing her hotel, even to dealing with the prices of toilets, she worked as an entrepreneur rather than a potential successor (Li and Qiu ,2010).

The above factors directly lead to uncommitted potential successors and consequently decrease the succession rate of family business in China. Although the western literatures established sound framework of organizational commitment and listed groups of direct or indirect antecedents, they generally focused on employees rather than potential successors. As the author mentioned in the introduction part, even few works realized the importance of successors' commitment, none specializes the topic in China. But the motivations should be different in a new generation with the cross-culture? The rapid development of Chinese family business and the great contributions that Chinese family firms made proves the economic meaning of the current study. The low succession rate presents the importance of this study and moreover, the lack of research on new generations of potential successors makes it necessary to conduct the current research in China.

Chapter 3

Literature review

Confucianism and Chinese culture

The MNCs need to deal with the social pressures from the government, industry alliances and culture appropriately so that they can gain support and legitimacy to be successful (Oliver ,1997). Thus the local culture plays the critical role in MNCs' survival. Chinese culture owned its unique characteristics, which are different from the western countries. The most striking feature of Chinese culture is collectivism. Most western culture values individualism which focuses on achieving individual goals.(Meijer et.al., 2010, Chapter 2) Conversely, Chinese culture gives greater priority to group goal and stresses the important of harmony. Cultural factors is the basic determinant of all values and can result in various perception of obligations and normative pressures (Wiener ,1982). Meyer and Allen (1991) supported this position and argued that cultural socialization is antecedent to normative organizational commitment. Confucianism, as the base of Chinese culture, significantly influences the social, political and business values and cultural environment in China. For example, Confucius and his disciple require the child show affection and submission to his or her parents and require the younger generation show respects and courtesy to the older one (Ma and Smith,1992). Being consistent with filial piety, individuals need to honor of ancestors, obedience to and support their parents (Hofstede, 1991). Besides the submission, Confucian ethics emphasizes dedication to family, the basic unit of society (Hofstede,1991). Family's interest is always prior to any individual's and self-sacrifice is necessary when an individual is facing the conflicts between the self and his or her family. Harmony is another point that Confucian ethics stress. Family cannot stand without harmony, as well as other bigger organizations like companies and a country. These Confucian ethics help a lot to keep the strict hierarchical order in the political and business world. Ancient Chinese Emperor

found Confucianism well suited to control their relatives and property(Jacobs, Gao and Herbig, 1995). Strictly followed the young-old relations in Confucian ethics, emperors established the guidelines: rulers guide subject, fathers guide sons and husbands guide wives. These cardinal guidelines derived from *wu lun* (Hofstede, 1991), the moral obligations between five core relationships summarized by Confucius. The simplified disciplines between the five most important human relationship are 1) affection between father and son, 2) loyalty between sovereign and subject, 3) the distinction between the roles of husband and wife, 4) courtesy of the young for the old and 5) trust between friends (Park, Rehg, and Lee, 2005). Among Chinese firms, Confucian ideology significantly influences individuals' value, interpersonal relationships and managerial behaviors in business by cultivating Confucian values.(Jacobs, Gao and Herbig, 1995;Greenhalgh ,1994; Lee, 1996; Wong 1985; Fan,1995)

Confucius culture system and Chinese family business

Handler(1994) outlined that ethnicity could influence the succession rate. Confucius culture is the base of Chinese ethnicity, which provides culture foundations for norms and expectations in family business. In the literature review, the impact of Confucius values on business performance and management in Chinese overseas firms, such as Singapore, Hongkong, Taiwan Korea, Japan and other countries in eastern and southeastern Asia, has been exposed (e.g., Lee ,1996; Lee and Tan ,2001; Tan and Fock, 2001; Weidenbaum ,1996; Whitley ,1991; Wong, 1985; Wah ,2001).

Confucius(551-497 BC) is one of the most influential philosopher in China. His words and the works of his students were summarized by his students from then Han Dynasty(206BC- 220 AD), which was used as major materials in Chinese primary and secondary schools. Out of schools, parents continue to penetrate their children in Confucius values by stories and quotations. Influenced by school and family educations of Confucius culture, Chinese organizations are titled of perseverance, working hard, integrity and family-oriented (Wah, 2001; Lee ,1996; Tsang ,2001. These unique characteristics of Confucius culture is so staggering that influences over 20% of the

world's population, which is woven into the fabric of Chinese society (Wah, 2001). Confucianism is not the religions but Confucius' theories were learned and passed by generation to generation and provides the proper mode to think and behave in the family and the society(Hofstede ,1991; Tu ,1998). Although the researchers have realized the significant influence of Confucius on Chinese organizations and Chinese culture, few studies narrow the topic down to Chinese family business and young generations resistance to take over. In fact, "family" is the most important units in Confucius' quotations and he consisted that family members should concentrate and work together for the whole family. He defined the relationships between people based on five roles: father and son, ruler and ruled, husband and wife, elder and younger, and friend and friend. Among them, three roles are in a family and others may happen in a family as well. In a family. Confucius emphasized the necessary of seniority, filial, submission and harmony (Xing,,1995). Meanwhile, he urged individuals should control personal desires and emotions to adapt to the collectivity and scarify self-interests for group-interests(Kirkbride and Tang,1992). All these terms could influence the young generations' attitude towards their family business and change their choice to take over the business when they are facing conflicts between their own desires and the family's expectations.

Yan and Sorenson's work in 2006 provides the solid theoretical supports for the hypothesis that Confucian ideology which related to family values could impact heirs' resistance to succession. They based on Handler and Kram's(1988) model which outlined that resistance to succession was related to individual, family, organization and environment and then they supported several propositions by Confucian ideology which related to those four parts . Meanwhile, Yan and Sorenson compared the differences of personal values on family, relationships, method of thinking and behaving in collectivist culture and individualistic culture. Their works encouraged the researchers to explore succession in Chinese firms deeply from culture's perspective, however, all the propositions was only based on academic theories rather than tested practically. Although Yan's perspective is crucial to Chinese family succession, without confirming them in practices,

they cannot be applied for Chinese family business. In addition, this study structured the propositions based on overseas Chinese firms' values and performance rather than the mainland ones. However, the lack of studies on succession in Mainland Chinese family firms and the variations in the adherence to Confucian values make it necessary to do the similar research in Mainland Chinese context. In Chapter 4, my thesis will go details on the related antecedents of young generation's commitment.

Chinese guanxi and its changes

Human beings are living in terms of "group". It is inevitably to live by generating and relying on interpersonal relations. The concept of "social networks" has received considerable attention in psychology, economic and organizational behavior literature. The definition in the field of psychology is simple and basic: it denotes the relations between a few, usually between two people. In interpersonal networks, people feel others, think about others and then they behave and react. It exposed the nature of interpersonal networks (social relations) but remained its complexity. From the western economist's and the sociologist's perspective, social networks can be referred as "social capital", which means it can affect economic performance. Even in advanced countries, the market needs supplementation to improve the efficiency by nonmarket relations, for example the relations formed with suppliers to get the lowest price or with buyers to keep long-term selling-buying relations (Arrow, 2000). It is well explained by "exchange theory" in sociology, which holds the opinion that human relationships are based on a subjective benefit-cost analysis and the comparison of alternatives (Homans, 1958). However, this argument was not always supported. Some criticized the concept of "social capitals" that even participants may benefit from interpersonal relations, the essence of building this relations is not for economic values. (Arrow, 2000) In other words, people may get jobs through networks of friendship or acquaintance, but they do not built it for that purpose. The instinct of interpersonal networks is "trust" rather than "capital" which stands for economic values and productivity. In order to keep a strong consensus

of the definition of “social relations”, Due et. al.(1999) structured a framework of social relations with two distinctive dimensions: the formal social relations and the informal social relations. According to this study, formal social relations were due to one's position and roles in society and the latter one were based on a close personal attachment such as family relation or affection. The definitions are clear but practically, they are overlapped in most cases in China. For example, while in most western countries, formal relations can be really separated from informal ones, even for some positions they should legally be separated, in Mainland China it is hard to distinguish them conceptually and avoid the overlap.

Guanxi in China is a special type of interpersonal relationship characterized by favor, trust and interdependence, which often leads to insider-based decision making in business dealings.(Wong and Chan,1999,). The concept of guanxi was firstly summarized by the greatest philosophy, Confucius. Confucius codified the individual, family and societal ties that define a person's proper role and position in his or her environment. The well-defined relationship is essential to keep social chaos at bay. As Gold, Guthrie, & Wank (2002) said, guanxi is the critical element that ensures the success of any tasks in virtually any sphere of social life.

For Chinese firms, guanxi can be an effective tool for business performance. For example, guanxi can give private sources of information and make resources available to a select company, ranging from merely allowing smooth transport to faster collection of debts. (Barnathan et.al.,1996). Contrary to the viewpoints that guanxi is unethical such as example corruption and may diminish along with institutional environments improve (Rao, Pearce, and Xin, 2005), recent studies found that Chinese perceive guanxi was still the only efficient means to conduct business in China where business infrastructures are not yet fully functional and the main component of Chinese social structure (Luo ,2005; Tsui and Farh ,1997). For Chinese companies, the key point to create the good coordination or collaboration is to build relationships. The well-built guanxi between business organizations can accelerate the process of the necessary know-how and foster the more interaction for interchange of knowledge. From the perspective of transaction cost, the

good coordination between partners reduces the cost through more effective interaction.

Move to the Chinese entrepreneurs, particularly the founders, they are centered themselves within the business' and family's networks and manage multiple *guanxi* which are critical for the survival and prosperity of the firm. From the old generations' perspectives, who are more likely to follow the traditional Chinese collective culture, weaving interpersonal networks (*guanxi*) is the essential survival skill because it is the main or even the only source of valuable information, opportunities and help. They are used to live within their own large or small social organization, which is consisted of their "*guanxi*", and they are accustomed to establish "*guanxi*" by giving favor and seeking favor. They fully recognized the *guanxi*-connection as the life blood of the Chinese economy and business conduct (Kao,1993) ,however, their children, the new generations, hold the divergence of this important social capital. Realizing the benefits of transferring "social capital" in Chinese family firms and the generation gaps on Chinese *guanxi*, Li and Dou (2013) proposed four phases with specific tasks to introduce the formed *guanxi* to next generation. However, most young generations interviewed in this study expressed their negative attitude or overlook on Chinese *guanxi* or even refused to continue the formed *guanxi* when they were firstly touching their family business. Although new generations in this study learned the importance of keeping the formed *guanxi* after one or tow years with exposure to Chinese business context and the progressive introduction given by the old generations, ignorance or misunderstanding on Chinese *guanxi* still exit in the new generations with Chinese family background. Based on this fact, the author will examine whether social cost can significantly influence potential successors' commitment in Chinese young generation.

Organizational commitment

The existing research on next generation with family business realized the importance of understanding the young's perspectives. Both the western and eastern exploratory research explored that "commitment to business" and "integrity" are the two most desirable next generation

attributes from the viewpoint of the firm leaders (Chrisman, Chua and Sharma ,1998; Sharma and Rao ,2000). Literature and research on succession process of family business more or less mentioned attributes that might influence potential successors' commitment. In the research “ Family business succession: Managing the all-important family component” conducted by KPMG in 2011, Walsh emphasized the importance of grooming plan for potential successors, listing the attributes that assure the succession successful. However all the attributes mentioned on the template were about successor's capabilities such as the experiences, communication skills, networking skills and so on. All of these attributes may belong to a capable successor but not a committed successor. Only the committed family members will give priority to family business while making their career options, which directly increase the succession rate. Moreover, committed members are likely to exert more efforts besides their duties.(Sharma and Irving ,2005). Although several research exposed attributes that related to successors' commitment for instance, personal needs alignment, relations between owner-manager and successor and family harmony were found to influence successors' willingness to take over (Venter, Boshoff and Maas ,2005) . Meanwhile successors' autonomy, legitimation of election, family context, satisfaction and quality relationship could impact successors' commitment to family firms in succession process(Katiuska and Josefa, 2012).On the contrary, the organizational behavior research on commitment spans over four decades and remains an area of interest to both researchers and practitioners.

In management theory, the definition of “commitment” is based on but extended from the law and everyday life. The differences lie in the way that organizational commitment is not only concerned about personal relationship but also put more focus on the relationships between individuals and their organizations. Besides, it concerns more on individuals' attitude towards the organization rather than only on the unwritten interpersonal promise.

Commitment was initially defined and studied as an undimensional construct tied either to one's emotional attachment to an organization (Mowday, Steers and Porter ,1974) or the costs associated with exit (Becker ,1960). As research in this area progressed, these views of commitment

converged and a new, multidimensional framework was developed based on three distinct but related forms of commitment: affective, continuance and normative (Allen and Meyer ,1991). In the commitment research, the distinctions between an “ attitudinal” and a “behavioral” approach are frequently mentioned in many studies (Meyer and Allen,1984; Mowday, 2013; Steer ,1977). According to Mowday et.al., (2013), attitudinal commitment is built through the process that people come to think about their relationship with the organization. It is more likely to be the employees’ positive emotional attachments to the organization, which is a result of personal values and goals. From Mowday’s perspective, personal factors play an important role in perceived organizational commitment such as work experience, perceptions of the organization and personal characteristics.

Behavioral commitment, on the other hand, refers to a state or position that individuals attain through engaging in committing behaviors, which lock the employees into a certain organization (Brown ,1996). In other words, “behavioral commitment” explains commitment to a course of action. For example, some regulation of the organization such as the non-transferred retirement fund or the housing fund, which is used as some kind of “rewards” to loyal employees in many Chinese companies force employees to commit to the organization irrevocably.

However, academic researchers still remain the argument about the clearer distinction between those two approaches. Angle and Lawson (1993) made efforts to reconcile the attitudinal and behavioral approaches, but this statement has not been universally accepted. Interestingly, continuance commitment, which is recognized as a part of attitudinal commitment is also associated with the behavioral approach (Mowday ,2013).

Although there are many varied definitions of commitment, three items of attitudinal commitment, including affective, continuance, and normative commitment, are generally accepted by researchers. Within attitudinal commitment, affective commitment, or the affective attachment to one organization, refers to the strong and positive attitudes towards the organization. Kanter (1968) described it as the “cohesion commitment” and Mowday et al., (1979) described it as

individuals' "involvement" or "involvement" in a particular organization.

Employees who have continuance commitment would like to remain in the organization because of the high "switching cost". As Kanter(1968) discussed, continuance commitment occurred when employees could get the profit with continued participation but have the high switching cost for leaving. Becker (1960) utilized "side-bets" theory or investments that a person accrued over time while working for an organization such as non-transferred retirement to explain continuance commitment. In his words, "Commitments come into being when a person, by making a 'side-bet', links extraneous interest with a consistent line of activity". Based on these definitions, attitudinal approach is similar to behavioral approach in the way that both of them focus on the binding cost of switching jobs such as the non-transferred retirement. However, Meyer and Allen (1984) distinguished them from a psychological perspective. They argued that recognition of the switching costs is a conscious psychological state and has the implication to behavior. Thus continuance commitment should be a part of attitudinal commitment.

In addition to affective commitment and continuance commitment, normative commitment focus on the obligation to one organization, which means a sense of obligation binds a person to a certain course of action. Marsh and Mannari (1977) explained it in line with morality, which means employees perceived the commitment as the moral needs. Weiner (1982) defined this type as the "totality of internalized normative pressures to act in a way, which meets organizational goals and interests (p.421)". For example, teaching is perceived as a noble job in China and teacher has great responsibilities of educating and enlightening the next generations. As a result, teachers are morally loyal to their jobs regardless of the hard working conditions such as prolonged working hours and meeting the certain quota that the school set for them. However, this type of commitment is less common in western countries, but it sometimes is the main driving force that pushes employees to be loyal to their job in collectivist society.

Benefited by conceptual advances in the organizational commitment, Sharma and Irving (2005) presented a conceptual framework with four bases of successor commitment to family firm.

Besides affective commitment and normative commitment, which are frequently mentioned in organizational behavior literature, Sharma divided continuance commitment into calculative commitment, which is based on the perceptions of opportunity costs or financial costs, and imperative commitment, which is based on a feeling of self-doubt and uncertainty of the ability to pursue a career outside. This study explored the direct influences of antecedents in of different dimensions on next generation's commitment. Four dimensions made the framework more specific, however, the definition of continuance commitment covers both un-financial and financial costs. Dawson and her colleagues provided an empirical test of Sharma's framework but combined the calculative commitment and imperative commitment into continuance commitment (cost avoid base) (Dawson, Sharma, Irving, Marcus, & Chirico,2013). This research compared the results from Canadian and Swiss data sets but failed to find the significant differences. Although the author augured that Canada and Switzerland belong to the subcategories of "Anglo" and "Latin Europe", they are still "western culture" which is essentially different from eastern perspectives (Dawson, Sharma, Irving, Marcus, & Chirico,2013). The current article focuses on Mainland China, where is rarely influenced by western culture and breeds Confucian culture. From the society formation, economic system, culture and more, this data set is totally different from western ones and the author will propose the antecedents from Chinese perspective in the next chapter.

Chapter 4

Antecedents of organizational commitment in young generation

Affective Commitment

In family business literature, "commitment" in next generation is mentioned as "affective commitment" in organizational commitment literature, which was impacted by emotional factors such as family cohesiveness, family ties with relatives or their emotional attachment to the family

business. However, Commitment cannot only be described by willingness fully but is often developed by various motives(Meyer and Herscovitch 2002). For example, salary, role conflict and role ambiguity are found to be strongly related to affective commitment (Takeuchi, Wakabayashi and Chen 2003).; Clugston and Dorfman (2000) approved that the cultural factors, such as the power distance, uncertainty avoidance and collectivism, were positively related to continuance commitment; and the “organizational investment”, which was described as “reward in advance” and collectivism were found positively related to normative commitment. This study utilizes Meyer and Allen’s(1991) three-component model of organizational commitment measuring affective, continuance, and normative commitment. Antecedents of each dimensions in this article is mainly based on Sharma’s and Dowson’s work with additional cultural factors which as an important antecedent to organization commitment(Meyer and Allen, 1991; Wiener ,1982;Clugston, Howell and Dorfman, 2000)

Antecedents of Affective commitment

Affective commitment, or the affective attachment to one organization, refers to the strong and positive attitudes towards the organization. Kanter (1968) described it as the “cohesion commitment” and Mowday et al., (1979) described it as individuals’ “ involvement” or “ involvement” in a particular organization. Obviously, affective commitment is characterized by “desire”, strong emotional connections with an organization. In organizational literature, personal factors such as educational background and personal achievement, job-related factors for instance the job security and salary, and organizational factors for example organizational supports and personal-organizational fit can be predisposed or initiative antecedents of affective commitment. More than the systematic studies on antecedents dimension-by-dimension, studies on succession of family business, the unique organization which is assumed to involve members in advance, focused on dispersed factors which is not categorized but more significant and crucial for family business organizations. The next generation’s perspective as the main stream of research on

succession explored that young generation's personal need fulfillment including personal identity and career interest positively related to their perceived quality of succession experience(Handler, 1994). According to Sharma and Irving (2005), affective commitment of young generations, is proposed to be influenced by individual identity with the organization and their career aspirations in the current study.

Identity alignment

Human being may not only be identified by his or her unique, individuating characteristics distinguishing from others but also be involved within social groups. When people perceived themselves as a part of a social group, they have initiated “self-conception”, which is referred as social identity (Tajel and Turner, 2004; Knippenberg and Sleebos, 2006). With such social identification, individuals perceive themselves similar to other members of the group and willing to take the collective's interest (Hogg and Turner., 1987). Derived from social identification, organization identification reflects the psychological merging of an individual and an organization (Turner and Haslam, 2001; Tyler and Blader,2000). The more a person identifies the self with an organization, the more he or she identifies with this organization's values, norms and interests. Consequently, they see the collective's interests as individual's interests and are more willing to contribute to the organization than others (Ashforth and Mael ,1989; Knippenberg and Sleebos, 2006). According to Mael and Ashforth, high identity alignment remains members of the collective and reduces turnover. A research on succession intentions of students with family business background (Zellweger, Sieger & Englisch ,2012) found that when students perceived their family firms has a great deal of personal meaning of themselves, they are more willing to be emotionally committed to the firms. Such personal meaning can be viewed as the identity alignment with the organization, their family business. As previous studies defined affective commitment as “emotional attachment to , identification with and involvement in the organization”(Allen and Meyer, 1990; Mowday, Steers and Porter ,1974,) and Dawson's research(2013) approved that later-gen members aligned themselves with family business are

more likely to affectively commit with the organization, this study proposed that:

Hypothesis 1: The more identity alignment new generation with Chinese family business perceived, the more affective commitment they experienced.

Career interest alignment

Handler(1994) indicated that career interest, as a component of personal need fulfillment, positively influence the quality of successors' succession experience. Although he concluded the argument from interviews and based on succession literature, the conclusion is supported by organizational research and cases of Chinese family business. Jonovic (1982) argued that successor's lack of interest in the industry of family business will almost certainly negatively influence family succession. When individuals make job choice decisions, they are affected by internal desires and external constraints. A number of studies explored that when individuals have to make job choices for external constraints and under pressure, such as family or financial pressures, their commitment and satisfaction will be lower (Lepper and Greene ,1975; Salancik, 1977). On the other hand, if an individual chooses a job for intrinsic reasons, for example, opportunity for learning and self-preferences, their commitment to the job will increase. Different from other potential employees, potential successors have been exposed to the existed job within family business besides outside ones. They will be similarly committed to their choice and the organization when their career interest is aligned with family firms. Moreover, once potential successors identity their career aligned with family business, they are more likely to be involved in (Handler ,1989). A report on family companies located in Pearl River Delta, a domain industrial area in China, argued that more than half of the second generation refused to continue their family business and the main reason is that they have no career interests (Sina ,2012). Most of old generation's family business, not only in this area but also whole China, specialized in manufacturing industry. However the new generation is interested in emerging industry, such as E-business or venture investment. Xie Jiahui, as a second generation with overseas education

background, initiatively went back to join his father's company (Sina, 2012). In his words, his specialties in Finance can help the company to listing. Compared to overseas jobs, the environment and the future in his family business contribute more to his career success. Obviously If the potential successors find the family business intrinsically motivating and interesting, they will likely be affectively committed to family business.

Hypothesis 2: The more career interests alignment new generation with Chinese family business perceived, the more affective commitment they experienced.

Antecedents of Normative Commitment

Normative commitment focus on the obligation to one organization, which means a sense of obligation binds a person to a certain course of action. Marsh and Mannari (1977) explained it in line with morality, which means employees perceived the commitment as the moral needs. Weiner (1982) defined this type as the “totality of internalized normative pressures to act in a way, which meets organizational goals and interests (p421)”. For example, teaching is perceived as a noble job in China and teacher has great responsibilities of educating and enlightening the next generations. As a result, teachers are morally loyal to their jobs regardless of the hard working conditions such as prolonged working hours and meeting the certain quota that the school set for them. While this type of commitment is less common in western countries, it could be the main driving force that pushes employees to be loyal to their job in collectivist society. To our present knowledge, not many studies investigate the antecedents of normative commitment, and the reason may due to the natural link between affective commitment and normative commitment. Meyer and Allen (1991) mentioned that “rewards in advance” (e.g., paying college tuition) or professional training could result in normative commitment. These rewards could be summarized as “organizational investment” in the way that when jobholders received such investment in advance, they would be morally committed to their organization. However, previous study support that collectivists are more likely to form normative commitment rather than affective or continuance types of

commitment, and collectivism is positively associated with normative commitment (Clugston, Howell and Dorfman, 2000). Family firms provide the collective environment for breeding normative commitment. Indeed, strong normative values that direct our behavior generally exist within families. People describe this phenomenon as “blood is thicker than water”. People try to meet the needs of their families even they do not affectively want, because norms state that it is right. Strong normative expectation can lead to development of normative commitment to an organization, which is distinct in collective societies where the culture norms emphasize that one should do what collectivism wants him or her do (Bergman,2006). In family business, feelings of loyalty to the family (Rosenblatt, De Mik, Anderson, & Johnson, 1985) and a sense of family responsibility(Birley,1986) facilitates successful transformation from generation to generation. Compared to non-blooded employees, potential successors more likely to have the sense of obligations towards their family business, which plays a key role in their career decisions (Sharma and Irving, 2005).

Family Expectation

It is prevalent in family firms to believe that family members would be actively involved in the management of the firm (Walsh 2011;Sharma and Rao 2000). Not only can the effect of family norms influence individuals’ attitudes, values, and behaviors (Asakawa , 2001; Barling, Kelloway, and Bremerman ,1991), but also social norms in China can strongly encourage next generation’s normative commitment to family firms. The strong sense of hierarchy derives from the centralized monarchy, which dominated China for 2000 years(Jacobs, Guopei, and Herbig, 1995). This ancient immense hierarchical system strengthens the importance of succession. In Chinese social norms, it is axiomatic for sons to success the business from their fathers, which is called “ Zi(son) Cheng(successes) Fu(father’s) Ye(business). In family firms, the son (or the daughter) to continue the family business obviously become the whole family’s expectation. What is more, collective norms in China states the necessary of loyalty and obedience to superior authority in a social order (Jacobs, Guopei, and Herbig 1995). Thus normative pressures can result in feelings of obligation

to remain within an organization (Wiener1982). When young generations perceive the succession as the old generation's expectation, they will feel normally to be committed.

Hypothesis3: The more family expectation new generation with Chinese family business perceived, the more normative commitment they experienced.

Loyalty to Confucian culture

The important of cultural influences on organizational commitment has been exposed in Meyer and Allen's (1991) model, which proposes cultural socialization, is antecedent to normative organizational commitment. Cross-culture researchers realized the considerable differences between cultures (Cross and Madson,1997,; Markus and Kitayama, 1991) and emphasize the importance of proposing hypothesis within the cultural context(Clugston and Dorfman, 2000). Obligations could be various greatly across cultures and cultures view obligations differently (Bergman, 2006,). One domain classification of culture is collectivism and individualism (Triandis, Brislin & Hui, 1988; Triandis,1995). Individualist cultures experience greater dislikes (Berg, Janoff-Bulman, & Cotter, 2001) and collectivist culture more strongly encourages harmony.

Chinese culture, values and norms are consistent with Confucian ideology (Fung,1983; Tu ,1998). Confucianism, viewed as the source of inspiration and the court of behaviors (Tu, 1998), has to be studied well in order to understand Chinese family business (Bond and Wang,1983). Some of Confucian values not only influence interpersonal interaction, but also impact organizational and management behaviour in Chinese family business (Greenhalgh ,1994;Lee,1996;Weidenhaum ,1996; Tu, 1998).In this article, the author summaries Confucian ideology that are most related with succession in Chinese family business rather than view Confucianism completely.

1. Family-oriented (Jia)

Different from individualism, Confucianism emphasize that the basic of society is the family rather than the individual (Hofstede, 1991; Slote and DeVose, 1998). According to Confucianism, individual is subordinated to the family and should restrain individual desires and place the

family's interests primarily. When someone is facing the conflicts of individual interests and family's interests, Confucianism encourages self-sacrifice for the good of the community (Yan and Sorenson ,2004). When an individual is highly family oriented, he or she are more likely to be involved in family life and family business (Dawson, Sharma, Irving, Marcus, & Chirico,2013).

2. Harmony (Hexie)

The other important Confucian collective values are harmony and stability, the base to keep a family complete. Confucianism highlights the advantages of harmony in order to reduce individual desires and activities, which may disrupt harmonious interpersonal relationship and hierarchical social structure. Besides strengthening the primarily of community's interest, harmony meanwhile focus on the individuals' attitudes towards receiving-giving relationship and respects in interpersonal interactions. For example, Confucianism values concessions and sacrifice when people are facing conflicts. And it teaches people to give out more than receive. Moreover, people should respect others' desires, be polite and do not force others to do the things themselves do not want to do. Those courses of behaviors maintain the harmony within a community and greatly reduce the conflicts between relatives within the family business. When people believe in "harmony", they are more willing to continue the business in order to keep the stability of the family.

3. Filial piety and submission (xiao)

Filial piety is the most important virtue in Confucianism, which refers to high level of devotion, affection, respect, duty and obedience to old generations (Hsu ,1998; Tu ,1998). Children should exhibit filial piety to their parent through whole life even when they have been independent economically and have their own family. Filial piety can present every aspects of life. For example, children have to listen and follow parent's words. Contradicts and betrayal to parents are not allowed and accepted in Confucian values. In addition to filial piety to parents, a child in a Chinese family is taught to respect and obey to other senior family members (Tu, 1998). For example, younger children are expected to be respectful and submissive to older siblings (*gong*)(Yan and

Sorenson ,2004). The respects can be extended as the prior rights and duties of older siblings. When the father passes away, the oldest son assumes the family leadership position. Follow this virtue, young generation are more likely to be involved in family business as parents' inquires and more likely to actively take the duty of continuing the family business.

Above all, highly loyalty to Confucian values encourage young generation to understand that the benefit of whole family should come before the individual's benefit, to obey the founders' opinions, and to take the duties.

Hypothesis4: The more loyalty to Confucian values, more normative commitment new generation with Chinese family business experienced.

Antecedents of Continuance Commitment

Organizational literature states that employees who have continuance commitment would like to remain in the organization because of the high "switching cost". As Kanter(1968) discussed, continuance commitment occurred when employees could get the profit with continued participation but have the high switching cost for leaving. Becker (1960) utilized "side-bets" theory or investments that a person accrued over time while working for an organization such as non-transferred retirement to explain continuance commitment. In his words, "Commitments come into being when a person, by making a 'side-bet', links extraneous interest with a consistent line of activity". Losses that enhance continuance commitment can be financial and non-financial. For example, the non-transferred retirement is the valued investment that is positively related to the continuance commitment. The more money and efforts an employee invested in his retirement, the more financial cost he will experience if he leaves the job. In such condition, an employee is forced to commit to the organization (Meyer and Allen,1991). No available alternatives, on the other hand, is non-financial factors which has presented the relationships with continuance commitment as well. In family business, the costs of leaving can be financial and non-financial Base on the previous studies and Chinese context, the author in this study will retest three factors

which are frequently mentioned in western literatures. **Financial Cost**

The losses of a valued investment or specific rewards may force individuals continue a particular course of action (Meyer and Herscovitch, 2002). Literature on behavioral economics repeatedly argued that people value what they have owned (Issacharoff, 1998; Kahneman, Knetsch, and Thaler, 1990) and the perceived value will increase along with the duration of ownership (Kahneman, Knetsch, and Thaler, 1990). The next generation with family business can be viewed as born with the property rights to the family business and they value these rights more when the duration is longer. Thus researchers reasonably proposed that young generation would pursue employment in the family business under the pressure of losing their deserved financial assets (Sharma and Irving, 2005; Dowson et al., 2013). In this study, the author hypothesizes that :

Hypothesis 5: The higher financial costs young generation perceived, the more continuance commitment they experienced.

Social cost

Besides financial cost, western literature revealed that social cost could result from leaving an organization. Social capital is the valuable resource of information, resources, personal networking and access to markets and key persons (Burkart, Panunzi, & Shleifer, 2003; Sirmon and Hitt, 2003; Carney, 2005; Miller and Le Breton-Miller, 2006). As the non-financial asset of family firms, the relationships or social capital can be the factor that encourages the next generation within the family business. (Stewart, 2003; Sharma and Irving, 2005; Dowson et al., 2013). All of beneficial relationships are collectively called “guanxi” in China. Interpersonal guanxi is the basis of any Chinese organization’s networks, generation special authority, first-hand information and personal helps. However all the benefits are associated with family firms and the founder who are the main weaver of related networks. Young generation who value this social capital is consequently willing to be involved in family business and the formed business networks. Above all, the author in this study hypothesizes that :

Hypothesis 5: The higher social cost young generation perceived, the more continuance

commitment they experienced.

Perceived lack of skills

Limited of job alternatives and inquires of job security are tow intangible factors that develop continuance commitment (Meyer and Allens,1991). Family business can provide the young generation the earlier opportunities to learn the related knowledge and skills and to intern during their teenage (Sharma and Irving,2005; Mass Mutual,1995; Cannella and Shen,2001). Otherwise, young generation's choice of major in universities may more or less be influenced by their parents and family business. Consequently, next generations more likely to be interested and be good at the jobs related with their family business. On the other hand, the more security and dispositional environment in family business result in next-generation the lack of skills to deal with the fence competition outside (Blau,2001). One study of 232 employees explored that when individuals feel hard to control the external environment, they prefer to stay within the current familiar environment. Therefore, the young generation will stay in the family business if they perceive their skills are not afford for competing with others outside or cannot allow them the current working environment or earnings.

Hypothesis 7: *The more lack of skills perceived by new generation with Chinese family business, the more continuance commitment they experienced.*

Commitment and intention to stay

According to the theory of planned behavior (Ajzen,1991), the most famous attitude-behavior relation theory in social psychology(Liu, Wang, Li, Pan & Tang, ,2013), behavior intention is affected by personal attitude, subjective norm, and perceived behavioral control. Obviously, the related factors match with three dimension of organizational commitment. Affective commitment corresponds with the attitude towards action, normative commitment is closely related with the cognitive norms and continuance commitment corresponds with the control of behavior (Zellweger, Sieger, and Halter,2011). Regardless of the mind-set drives, higher organizational

commitment leads to lower intent to leave the job (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). For these commitment may develop before individuals entre an organization(O'Reilly and Caldwell,1981), the potential successors' affection to family business, conformance to the expected familial desires and social norms and threatens of leaving the business should strongly predict the succession intentions (Liu, Wang, Li, Pan, & Tang, 2013). Thus following Sharma and Irving's (2005) proposition, this study proposes:

Hypothesis 8: *Affective commitment, normative commitment, continuance commitment are positively related with next generation's intention to stay.*

Chapter 5

Methodology

Sample and Data collection

To identity the potential successors and family business in mainland China, I began the search by personal networks involving contacting local business professionals, friends and classmates with family business background who are mainly in Shandong, Zhejiang and Guangdong Province, the developed area with 1084, 4791 and 2398 private companies separately. Each sample needed to meet the following criteria: 1)the business needed to be family owned or controlled; 2) new generation has not been working in their family business or taken over the business and 3) the ages of all participants are proper to be successors, not too young to take over or too old to be evolved in a planed succession.

A total of 65 participants are involved in this project. The participants were given information on the nature of the research and then asked to answer the questions which were sent by emails. All of the participants were approached by personal relations, which encouraged them to answer the questions seriously. All the mailings produced 65 usable responses, representing a total response

rate of 100%. The participating potential successors were on average 22.18(Sd.=2.404) years old, ranging from 18 to 28; 50.8% were male and 49.2% were female. Among the respondents, 84.6% holds the bachelor degree as their highest qualification and 13.8% has a Master's degree; 53.8% do not have the oversea educational background. Additionally, 37 participants(56.9%) were from one-child family; 18(27.7%) have one brother or one sister and 75.4% of all the participants are the first child in their birth order. Most of the participants are from small and medium family business with less than 60 employees(35.4% with less than 20 employees; 27.7% with 20-40 employees; 15.4% with 40-60 employees) and 73.8% of involved families owned only one family business.

With the respect to the area of their family business, 31(47.7%) are specialized in manufacturing, including electronics, food, clothes, ceramics, and chemicals; 9(13.8%) are wholesalers and 7 (10.8) are real estate developers. The rest is focusing on transportation (6.2%), restaurant(6.2%) and other services (9.2%) such as travel agency and financial agency.

Measures

To explore the antecedents which influence next-generation's organizational commitment, this study mainly used the multiple-time scales drawn from previous studies and most of them has been retested in Dawson's research in 2013. Because of the sample in this study is the individuals who have not joined the company, neither completely working for it nor taking over. Thus the items related with "employment in the family business" or " working with the family ...now" were deleted. All the items used in this study that were new scale in the study of Dawson and her colleagues (2013) were pretested to be good fit. All variables were measured on a 5-poin scale (1= Strongly disagree, 5= Strongly agree). The details of the questionnaire is provided in the Appendix.

Organizational commitment. For three dimension of organizational commitment, this study employed the 13 items measures originally drawn from Allen and Meyer(1990) and Meyer et

al.(1993), replacing the term “organization” by “family business” (Dawson, Sharma, Irving, Marcus, & Chirico,2013

). The scale consists of three subscale measuring affective commitment, normative commitment, and continuance commitment. Specifically, four scales measure affective commitment such as “ I do not feel a sense of belonging to my family business”. In order to simplify the survey, four items which are compress from six items(Dawson, Sharma, Irving, Marcus, & Chirico,2013) are used to measure normative commitment. For example, two items indicating the influence of obligations on staying within the family business were combined into “ I would feel guilty if I do not pursue a career with my family business in the future”. Five items are used to measure continuance commitment combined from Dawson’s survey (2013), which indicate the “necessary to stay with the family business”, and the relations between “ financial cost”, “social cost” , “standard of life”, and “ leave the family business”. The items were dropped which inquired the immediate decision to stay or work. For example “at this time, pursuing...necessity” and “ too few options to consider the career.....” are not appropriate for participants in this study who need not to consider the career decision immediately. Only the items captured participants’ intentions are left.

Identity alignment and career interests. Identity alignment was measured by eight items from Dawson’s (2013) study which combined Astrachan and Shankar’s dimension on family firm’s culture and Mael and Ashforth’s organizational identification scale. A simple scale for identity alignment is “ I support the family business in discussions with friends, employees, and other family members.” Dropped the item” I really care the fate of the family business” for the reasons that it contributes less to indicate the relations about “identity alignment” and for those who have not touched deeply with the business, it is hard to consider the “fate”. Followed Chinese language habits that “praise” and “insults” usually appear together, the author combined two items as “ When some one criticizes or praises the family business, I take it as a personal insult or personal compliment.” Four items to measure career interest alignment which dropped the item that inquired the detailed feeling of the type of career in the family business “ I have long aspired by the

type of career.....”. A sample for career interest is “ Working in the family business will allow me to contribute to its success through my personal expertise”.

Family expectation and Confucian values. Four items to measure family expectation were derived from Dawson(2013) et al’s work but dropped one about current job in family business “ My family feels positively about my working....”. A sample for family expectation is “My family will be disappointed if I will not pursue a career in the family business”. Involving children in early in succession process and allowing youngsters in family business in their teenage strongly express the family’s expectation and were approved to be positively related with motivation to participation (Goldberg 1996;Arnoff and Ward 1992; Bork 1986). Family business early involvement was viewed as a measurement of family expectation in study. Confucian value was measured by 9 items of Hyun’s (2001) study which reflect traditional Confucian values and related with families and authorities which may influence the succession of family business. A sample for Confucian value is “ For the sake of the family, the individual should put his or her personal interests second”.

Financial cost, social cost and perceived lack of work skills. Financial costs, social costs and perceived lack of marketable skills were measured by four established items individually from Dawson’s et al(2013) study. A sample for financial cost is “I will be less wealthy if I work somewhere else other than in our family business”. For social cost, the author uses “guanxi” referring to community relationships according to Chinese cultural context. For example “ Keeping the business in the family will ensure that the guanxi networking that has developed over year will not be lost”. A sample for perceived lack of work skills is “ I don’t believe my current skill set allows me to be successful outside the family business”.

Intention to stay. To measure student’s intention to take over their family business, this study utilized a existed gradual scale from “never” to “ realization prepared” to ask participants to what extent they had actually considered joining the family firm (Zellweger, Sieger and Englisch 2011).

Reliability of Scales

Although all of the scales used in this survey are derived from the existing models, the author re-checked the bivariate correlations and used exploratory factor analysis to examine the validity the measurements in Chinese context. Initially, the author found only measures of identity alignment were highly correlated with measures of affective commitment(e.g. 0.654;0.713), which is showed in table 1. So the author ran an initial EFA for item reductions and validity examination of measurements of identity alignment and affective commitment. Skewness for all scale items ranged between -0.680 to 1.308 (within the acceptable -2 to +2 range). In Table 1, the author list the final dimensions, items, and reliabilities for each scale. As detailed, all coefficient alpha reliabilities exceed the accepted 0.7 threshold (Cronbach,1951).

Table 1 Description of correlations

Variables	1. Identity alignment	2. Career interests	3. Family expectation	4. Confucian values	5. Financial cost	6. Social cost	7. Perceived the lack of work skills	8. Affective commitment	9. Normative commitment	10. Continuance commitment
1		.485**	.343**	.318**	0.199	.408**	0.092	.798**	.506**	0.23
2			.387**	.301*	.396**	.444**	.419**	.466**	.503**	.555**
3				.366**	.355**	.486**	0.131	0.244	.395**	.391**
4					.276*	.301*	-0.022	0.232	.623**	0.129
5						.622**	0.178	0.138	.357**	.479**
6							.267*	.265*	.350**	.532**
7								0.074	0.109	.488**
8									.500**	.261*
9										.433**
10										

*P<0.05

**P<0.01

N=65

Table 1 Coefficient

Scale	Scale Coefficient α
Identity Alignment	0.872
Career Interests	0.876
Family Expectation	0.847
Confucian Value	0.881
Financial Cost	0.815
Social Cost	0.787
Perceived the lack of work skills	0.725

Scale	Dimension Coefficient α
Affective Commitment	0.771
Normative Commitment	0.765
Continuance Commitment	0.839

*Dropped item with low correlation

Control variables

It is possible for individuals to differ in ways that could confound the results. In this study, the author controlled seven variables-age, gender, number of siblings and birth order, business size and type, and western education background that may influence the relation. The previous studies have explored that age can positively influence individuals' organizational commitment and intention to stay because personal desires and fulfillment needs of jobs vary by stage of life (Finegold, Mohrman, and Spreitzer,2002). Gender presents another issue. The traditional values cultivated by patriarchy society hold the opinions that sons are raised to be the breadwinners, whereas daughters to be housewives (Forer,1977). The modern research presented that daughters do not always have the opinion to work in family business even they are benefited financially (Lyman, Salganicoff & Hollander,1991). Some researchers proposed that firstborn and only children are more willing to join the family firms cause they may receive more expectations from family members (Alcorn,1986; Goldberg and Wooldridge,1993; Lansberg,1988) While the size of organization has the negative impact of employees' organizational commitment in non-family business (Sommer, Bae, and Luthans,1996,) , the larger size of family business could result in stronger perception of financial cost for family members. Moreover, the type of family business can reflect the difficulties of running business and the perceived future of the business, which may influence individuals' intention to stay, In this study, the author controlled for the employee number of family business using discrete categories (less than 20, 20-40,40-60, over 60). Although no study proposed that oversea background could impact individuals' commitment to organization, exposure to individualism society and values and involvement of western business values and rule could influence Chinese youngsters' attitude towards Chinese particular rules and collective traditions.

Chapter 6

Results

Table 1 presents the Coefficient α of all scales in this study. The author deleted one measure on “perceived the lack of work skills” to improve Cronbach’s α from 0.667 to 0.726, which can be the accepted threshold (Cronbach,1951). The author used liner regression to test all hypotheses. Table 2.1-Table 2.4 details the results of the dependent variables to affective commitment (testing H1, H2) , normative commitment (testing H3, H4) and continuance commitment(testing H5, H6, H7) respectively and the relation between three dimensions and intention to stay(testing H8)

Table 2.1 Effects of identity alignment and career interests on affective commitment

	Affective commitment	
	Step 1	Step 2
Control Variable		
Age	0.245	0.112
Gender	-0.111	-0.127
Number of siblings	0.052	0.061
Birth order	-0.143	-0.124
Number of employees	-0.062	-0.174
Business type	-0.032	-0.015
Western education background	0.067	0.003
Predictor Variables		
Identity alignment		0.760**
Career interests		0.447**
	Identity Alignment	Career Interests
F(Full Model)	10.501**	2.160*
R ²	0.627	0.257
Adj. R ²	0.567	0.138
ΔR ²	0.532	0.162

Note: Standardized regression coefficients are displayed in the table

*P<0.05

**P<0.001

N=65

Table 2.2 Effects of family expectation and Confucian values on normative commitment

	Normative commitment	
	Step 1	Step 2
Control Variable		
Age	0.070	
Gender	-0.158	
Number of siblings	0.013	
Birth order	0.019	
Number of employees	0.005	
Business type	-0.262	
Western education background	0.235	
Predictor Variables		
Family expectation		0.224
Confucian values		0.534**
	Family Expectation	Confucian Value
F(Full Model)	1.994	23.799**
R ²	0.242	0.462
Adj. R ²	0.121	0.375
ΔR ²	0.037	0.256

Note: Standardized regression coefficients are displayed in the table

*P<0.05

**P<0.001

N=65

Table 2.3 Effects of financial cost, social cost and perceived lack of skills on continuance commitment

	Continuance commitment		
	Step 1	Step 2	
Control Variable			
Age	-0.247		
Gender	*-0.27		
Number of siblings	-0.259		
Birth order	0.140		
Number of employees	-0.002		
Business type	-0.060		
Western education background	0.004		
Predictor Variables			
Financial cost		0.328*	
Social cost		0.407**	
Perceived the lack of work skills		0.240	
	Financial Cost	Social Cost	Perceived lack of work skills
F(Full Model)	5.788*	8.765**	3.155**
R ²	0.364	0.397	0.335
Adj. R ²	0.263	0.300	0.229
ΔR ²	0.074	0.106	0.045

Note: Standardized regression coefficients are displayed in the table

*P<0.05

**P<0.001

N=65

Table 2.4 Effects of affective commitment, normative commitment and continuance commitment

	Intention to stay		on intention to stay
	Step 1	Step 2	
Control Variable			
Age	0.090		
Gender	-0.170		
Number of siblings	0.014		
Birth order	-0.239		
Number of employees	0.063		
Business type	-0.130		
Western education background	0.019		
Predictor Variables			
Affective commitment		0.214	
Normative commitment		0.375**	
Continuance commitment		0.305*	
	AC,NC,CC		
F(Full Model)	4.244**		
R ²	0.469		
Adj. R ²	0.359		
ΔR ²	0.351		

Note: Standardized regression coefficients are displayed in the table

*P<0.05

**P<0.001

N=65

Table 2.1-Table 2.4 presents regression results for the eight hypotheses. Five hypotheses received strong supports and one was partially supported. Hypothesis 1 proposed that the higher identity alignment young generation perceived, the higher affective commitment they experienced. The result indicates a significant, positive relationship between identity alignment and affective commitment ($\beta=0.760$, $p<0.01$), thereby providing H1. The result indicates a significant , positive relationship between young generation's career interests and affective commitment ($\beta=0.447, p<0.01$). This finding provides support for Hypothesis 2. Hypothesis 3 states that more family expectation young generation perceived, more normative commitment they experienced. However, the result in table 2.2 indicates a non-significant relation ($\beta=0.224, p>0.05$), although the correlation between them is significant($r=0.395, p<0.05$), maybe owing to the shared variance by Confucian values($r=0.366, p<0.05$);thereby Hypothesis 3 is not supported. Hypothesis 4 proposed that higher loyalty to Confucian values could result in higher normative commitment. The result indicates a significant, positive relationship between the loyalty to Confucian values and perceived normative commitment ($\beta=0.534, p<0.01$), providing the support for Hypothesis 4. Hypothesis 5 proposed that financial cost could positively relate to continuance commitment. The result ($\beta=0.328$, $p<0.05$) supports this hypothesis. Hypothesis 6 states that the higher social cost young generation perceived, the higher continuance commitment they experienced. The result reveals a significant positive relationship between perceived social cost and experienced continuance commitment ($\beta=0.407, p<0.01$), supporting hypothesis 6. However the result on perceived the lack of work skills do not indicate a significant relationship to continuance commitment ($\beta=0.240$, $p>0.05$).

To determine the influences of three dimensions of organizational commitment-affective commitment, normative commitment, and continuance commitment on young generation' intention to stay, the author ran the regression of intention to stay on three dimensions. The nature of the interaction shown in Table 3 indicates that normative commitment($\beta=0$, 375 , $p<0.01$) and

continuance commitment($\beta=0.305, P<0.05$) positively relate to individuals' intention to stay; whereas, individuals with affective commitment are not approved to have intention to stay ($\beta=0.214$, $p>0.05$). Thus hypothesis 8 is partially supported.

Chapter 7

Discussion

Previous research on succession issue and organizational commitment produced fruitful results and implications separately in each area. Although the importance of focusing on organizational level and exploring the relationship between commitment and family business succession have been realized (Chrisman, Chua and Sharma,1998;; Sharma and Rao,2000) and been mentioned in several literature review research(Brockhaus,2004; Sharma,2004), limited researchers followed the suggestion to explore the impact of organizational commitment in succession process. Undoubtedly, based on the theoretical model of Sharma and Irving(2005), Dawson and her colleagues(2013) pushed the process in understanding the motivations of next-generation's organizational commitment to their family business. Their results indicated five antecedent variables- identity alignment, career interest, family expectation, financial costs, and limited exposure to alternate career paths positively related with next generation's organizational commitment and only affective commitment and normative commitment significantly related with individuals' intention to stay. Put the similar model in Chinese family business environment, the result will be similar? How the uniqueness and particularity of Chinese cultural and business context could influence the results? Considering the controlled variables, this study explored that five antecedent variables- identity alignment, career interest, Confucian values, financial cost, and social cost are significantly related with Chinese young generation's organizational commitment. Different from the significant role of affective

commitment in the west, only normative commitment and continuance commitment significantly predicted individuals' intention to stay within their family business. These findings in my current study are consistent with the three-component organizational commitment model of Meyer and Allen (1991,1997). Besides supporting some hypothesis of Sharma and Irving, this study presented the interesting difference between the west and China compared to Dawson's work (2013) and explored the influence of Chinese particular cultural environment on family succession.

Affective commitment

Chinese young generations who perceive their identification and career interests aligned with their family business are more willing to be affectively committed with their family firms. These findings reaffirm the positive influences of personal-organizational fit and career desires on affective commitment (Meyer and Allen 1991; Handle 1994). In details, when individuals perceived their identity aligned with the identity of their family business and when their emotional feelings can be influenced by their family business, they will perceive themselves as a part of this business. Such identity alignment is not only shown on view the family business as an extension of themselves and the family's name, but also take the pride and insults to the business as to themselves. The weaker emotional attachment with family business' identification will lead to the weaker affective commitment in this study. This result explained the fact that those who have been studied and lived abroad for long time and attached themselves less strongly with the family business are less likely to experience the convergence of work and family roles (Sharma and Irving 2005, 13-33; Lobel 1991). The significant of β of this relation is high (<0.001), however in table 3, the author realized the β value is so high ($\beta=0.760$, $r=0.798$) that may be overloaded with affective commitment. By EFA(Exploratory Factor Analysis), the author tried to delete the measures of identity alignment which were high loaded with items of affective commitment, but the result became worse. Although the validity of the result is not such high, this unexpected finding coincidentally catered the previous statement that affective commitment and identification

are conceptually linked with each other (Riketta and Van Dick, 2009; Dawson, Sharma, Irving, Marcus, & Chirico, 2013). Individuals with strong identity alignment with family business are more likely to view family firm's name, reputation, values, future and so on as an extension of themselves (Dyer and Whetten 2006). Although this problem of cross-loaded items did not appear in Dawson's work (2013), the stronger collectivism in Chinese context which views the family as the basic unit and encourages the high involvement within a group instead of promoting the individualism in the west can reasonably explain the large overlap between identification and affective commitment from Chinese participants' perspectives.

Career interests are found positively related with affective commitment in this study, which indicates the ignorance of young generation's interest and thoughts may result in the failed succession ($\beta=0.447, P<0.01$). It is noteworthy that when added career interests as a variable in step two, the age of participants became a significant predictor ($\beta=0.371, p<0.05$). This result indicates that along with the increase of age, individuals' career interest alignment with family business can more significantly influence their affective commitment. Moreover, the important role of career interest's alignment reflected young generation's independence on cultivating personal attachment to family business. Because of the influences of centralized bureaucracy, Chinese parents, as the centralized authority in a family, generally believe they have the rights to intervene children's career choice, care less about children's personal interest and think that the collective alignment should be reflected in every aspect. This result emphasizes the importance of personal independence and interests and presented that considering young generation's career interest do help in improving their affective commitment to family business.

Normative commitment

Previous studies believe that family plays the important role in next generation's normative commitment. Parent's expectation and encouragement strengthen children's obligation to continue the business normatively. It is not surprise that the interaction between parents and children can affect their career choices in the future (Eckrich, 1993). However in current study, family

expectation showed non-significant influence on individuals' normative commitment ($\beta=0.224, p>0.05$). This phenomenon can be explained by the nature of new generation. Research on 80's and 90's (born after 1980) stated that the new generation presented stronger individual's desire and more likely to view the achievement of personal goal as the goal of life. Although they still keep the sense of collectivism and priority of collectives, young generation value more on challenging the mainstream and showing individual's differences (Wang, 2009). Moreover in this study, the author controlled the variable-western educational background, which may influence the result. The oversea life and study experience could separate the later-gens from their parents' life. They have fewer opportunities to learn their parent expectation and the whole family's obligations. Thus it is reasonable for them to care less about following family's expectation.

It is worthy to mention that Confucian value significantly influence young generation's normative commitment. Traditional culture which promotes the collective's interest, obedience of senior generation and maintain the harmony relations in family business still keep the crucial influences on young generation and can push them positively take the responsibility to continue the business and priority the family's interest to the personal ones. Less previous literature linked Chinese cultural factors together with the succession issues, however, the uniqueness and crucial role of Chinese cultural context are explored by this study, which make a great contribution to future Chinese family business studies (Li and Dou, 2013).

Continuance commitment

Financial cost and social cost are found significantly related with young generation's continuance commitment. This findings consistence with Sharma and Irving's hypotheses (2005) and presented the difference from Dawson's work (2013) in the west where the social cost was non-significantly related to continuance commitment. The importance of economic lost maintained its significant role in influencing young's continuance commitment, however, social cost is viewed as a critical factor as well in the current study. The long history and the significance of guanxi in China laid the function of the high values on social relation and social capital. Chinese

researcher (Liang,1987; He,1996) described Chinese society as a “guanxi-natured society” and “guanxi capitalism”, where the personal and organizational success are based guanxi networks(Li and Dou,2013). The continuance of guanxi seems to be crucial for family business in the succession process. The consequences of loses of social capital can be much worse in China which may be the lose of significant status in a company or even indicates the great damage of an organization’s social fabric. Understanding deeply about the crucial impacts of social costs, it is reasonable that social cost is a significant factor to continuance commitment. The same as the study in the west, the perceived lack of work skills do not significantly predict individual’s continuance commitment ($\beta=0.240$, $P>0.05$). However, the result of step 2 in Table 3 indicates that western educational background ($\beta=0.349$, $P<0.05$) can significantly predict continuance commitment by adding perceived lack of work skills as a variable. This can be explained by the high financial cost of oversea studies.

Intention to stay

The current study indicates that only normative commitment and continuance commitment have a strong positive relation with individuals’ intention to stay. Different from Dawson’s result(2013) that western next generation is willing to stay within family business because of affective commitment and continuance commitment only, the crucial role of normative commitment on Chinese young generation is consistent with the collectivist nature in Chinese society. The loyalty to organization and the norm to share the responsibilities of the collectives are cultivate by Chinese culture result in the significant role of normative commitment. However affective commitment did not show its significant power. This finding can be explained by Tan and Akhtar(1998) who studied the organizational commitment from Chinese cultural respective: affective commitment may be less salient within a Confucian-oriented Chinese organization compared to normative commitment. In their study, the surveyed employees made the choice to stay within an organization relied on their obligation and norms even they did not feel the emotional attachment to the firms. This finding in current study presents that traditional Confucian-based values still

keep its strong influences on cultivating Chinese next generation's attitudes.

Strengths, limitations and future research

There two main strengths in this study. Firstly, the personal approach to participants increased the validity of online survey greatly. Along with the popular of online survey, it brings some problems especially in terms of validity (Wiersma,2013). One thing could be a threat to external validity is the low response-rates for online surveys. As reported, generally the response-rates for mail-surveys are between 40% to 70% (Wiersma,2013). What's more, researchers can hardly encourage participants to finish the online surveys, which may increase the non-response rates. The other problem with E-mail surveys is the low perceived anonymity, which decrease the reponse-rates and increase social desirability biases (Best and Krueger,2008; Sax, Gilmartin, & Bryant, 2003; Wiersma,2013). People may feel insecurity because their identities(email addresses) are stored (Best and Krueger,2008). In my study, all the participants are approached by personal contacts. 100% response-rate showed that acquaintance is more reliable than strangers, which contributes to the high response-rate and improves the validity of this study. The second strength of this study is that the participants come from different regions (three provinces) with different educational background (involving oversea students from Canada and England and mainland students; graduates and bachelors e.t). The diversification of the respondents' living and educational background increase the generalizability of this study.

However, this study comes with limitations as well. First of all, it is possible that the results in this study could be influenced by common method biases because the measures were accessed by the same sauce at the same time (Richardson, Simmering, & Sturman, 2009). However the correlations between IV and DV in this study are strong but between different IVs and DVs are generally low and the author tried to avoid it by using several reversed items, the author believes that common method biases do not strongly influence the results. Secondly, the cross-loaded items between identity alignment and affective commitment impacted the validity of result. However the

cross-loading can be explained by Chinese strong collectivism culture and importance of “mianzi” (dignity and prestige) in China. Clugston and Dorfman(2000) fully supported that collectivism positively related to affective commitment. In Chinese culture, it is nature to protect the good name of the business, the family and individual self-image (Wah,2001). Thus in order to save “mianzi”, people will not say anything bad to others which result in the positive answers to the questions such as whether “be proud of family business”, “support family business” and “ positive influences of family business”. Both high positive response-rate may result in the cross-loading. Furthermore, the cross-loading coincidentally catered the previous statement that affective commitment and identification are conceptually linked with each other (Riketta and Van Dick, 2009; Dawson, Sharma, Irving, Marcus, & Chirico,2013). Thus the future research needs to pay more attention on Chinese unique psychology cultivated by local culture. Moreover, the scales used in this survey were derived from western research, which may not measure Chinese as good as westerners. For example, some questions which asked participants their family business’s reputation in personal network or their attitude toward their family business usually have the positive answers because Chinese value dignity and used to protect their family in public. Thus the author recommended further research on Chinese topics generated new scales which remove more interference based on Chinese culture.

Contributions and implications

Firstly it examines the three-component model of next generation’s organizational commitment in Chinese context and presents Chinese uniqueness which is unexplored in western studies. It contributes to the better understanding of Chinese young generation with family business background from Chinese cultural perspectives. Secondly, contrary to the proposed antecedence of organizational commitment in the western studies, this study unprecedentedly explored the significant influence of Confucian-based culture on Chinese young generation’s commitment and intention.

This article strengthens the importance of normative commitment and continuance commitment in successful succession process of Chinese family firms. The results present the role of Confucian values and enlighten both business entrepreneurs and researchers to focus on the cultural factors on business succession. Practically, Confucian ideology is approved helpful for keeping smooth succession. Although the trend among Chinese rich is to educated next-generation in western environment or by western values, the core value of Confucius cannot be dropped or abandoned. Moreover for western researchers or business educators who focus on Chinese family business field need to do studies considering the cultural environment. This article also helps better understanding of succession in other Asian countries which shared the similar values such as Korean and Japan. Under the shock of western culture and values, eastern business should keep their traditional values and pass them to next-generations. Meanwhile firm-owners should pay attention to give more or less financial pressure to children and encourage next-generation to join in social activities. Actually Chinese rich tend to create the affluent environment for their children and protect them away from financial pressure do nothing helpful for succession. Moreover, family owners should encourage young generation to join in social activities and social networks. The role of financial cost and social cost in succession should not be ignored by family business-owners and business educators in China.

Otherwise, succession planners should do more than involve the later-gens in order to keep them in long-term. Although this study revealed the norms and the forces that cultivate later-gens' commitment and intention to stay, intention is only "intention" because all the participants in this study do not work for their family business. However, the employees attitude and their intention to stay are influenced through interaction with other people within the context of the work environment (Salanich and Pfeffer,1978; Naumann,1993). For example, Chen (2001) in his study on Chinese companies found that employees' loyalty to supervisor can influence their intention to stay. Moreover, job demographic characteristics and work environment are believed to influence employees' job satisfaction and their turnover intent (Cranny, Smith and Stone,1992; Eric, Nancy

and Shannon,2001). Thus the family firm-related working experience do also influence the later-gens final decision of their career. Considering the low succession rate in China and participants' situation in current study, the succession planners should notice that the integrated plan is necessary which includes the cultivation of the commitment to join in the business and the commitment to jobs in family firms.

Chapter 8

Conclusion

In conclusion, the current study presented antecedents of Chinese young generation from Chinese perspectives. It revealed the significant influences of Confucian culture and the important role of norms on young generations' decision-making process. Although most later-gens encounter the influence of western culture, Chinese traditional norms still encourage them to be a member of family business. This result also remains the firm-owners and succession planners pay more attention to instill Confucian values to young generation. Moreover, the current study presents the differences between the West and China. Individuals' affective commitment can significantly influence their intention to stay, which reflects the importance of individual emotion and goal in individualistic society. However, Chinese later-gens choose to stay in order to follow the norms and to avoid the cost. Furthermore, this study approves the importance of Chinese guanxi in young generation and presents the significant role of social cost in individuals' continuance commitment and intention to stay. The West usually distinguishes personal networks from business relationship, however the more complex and complicated definition of "guanxi" greatly increased the value of social capital. Furthermore, compared to individualistic society, collectivistic society valued more on group's interests and loyalty and shared norms and values. Individual emotions keep salience when the power of norm is strong. However, next generation speaks out their personal interest on career making which positively influence their affective commitment. Although such emotional

attachment is non-significant to individuals' intention to stay, the alignment of young's career interests and family business can as well result in the pleasant succession process. Succession is a process rather a decision. The firm-owners should make a plan to instill both family norms and cultural norms step by step meanwhile allow the later-gens learn more about the business and join in its networking smoothly. The author also suggests the firm-owners carefully manage the later steps when later-gens enter the firms. Above all, the current study laid a foundation for further studies on Chinese family succession and provided the better understanding of Chinese young generation with family business.

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Appendix 1 Ethic Approval



CERTIFICATION OF ETHICAL ACCEPTABILITY FOR RESEARCH INVOLVING HUMAN SUBJECTS

Name of Applicant: Wang Yanan
Department: John Molson School of Business\ Management
Agency: N/A
Title of Project: Organizational Commitment in New Generation
with Chinese Family Business Background

Certification Number: 30004147

Valid From: February 13, 2015 to: February 12, 2016

The members of the University Human Research Ethics Committee have examined the application for a grant to support the above-named project, and consider the experimental procedures, as outlined by the applicant, to be acceptable on ethical grounds for research involving human subjects.

A handwritten signature in black ink, appearing to be "J. Pfaus".

Dr. James Pfaus, Chair, University Human Research Ethics Committee

Appendix 2 Questionnaire

Organizational commitment in Young generation with family business background

ORGANIZATIONAL COMMITMENT SURVEY

Page 1 - Heading

This is for a research project titled 'Organizational commitment in new generation with family business background' conducted by Wang Yanan for her graduate degree. The real and patient response is crucial to the quality and validity of this research.

We assure you of complete confidentiality - no one other than the researchers and data collectors will ever see your responses. For more information about the study or study procedures, contact Wang Yanan at ca.evawang@gmail.com or her thesis supervisor, Dr. Yu-ping Chen at yu-ping.chen@concordia.ca. We appreciate your time and participation in this survey.

The following questions ask for your opinions about various aspects of your feelings to your family business. Please answer all questions openly and honestly.

Page 1 - Question 1

Please indicate the extent to which you agree with each of the following statements by selecting the number (1-5) that best expresses your opinion about your family business.

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
	1	2	3	4	5
1. I support the family business in discussions with friends and other family members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I find that my values are compatible with those of the family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. When be identified me with my family business, I feel proud.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Be involved with the family business will have a positive influence on my life.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The family business is an important center of our family activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Our family has been associated with the business for a long time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 2 - Question 2

Please indicate the extend to which you agree with each of the following statements by selecting the number(1-5) that best express your opinion about your family business.

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
	1	2	3	4	5
1. When I mention the family business, I usually use “we” not “they”.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. When some one praises or criticizes the family business, I take it as a personal compliment or insult.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Working in the family business will allow me to contribute to its success through my personal expertise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Pursing a career in our family business is all I have ever considered.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I have been long aspired to the type of career that is available in my family’s business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. My family business can offer the chance to do what I want to do.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 2 - Question 3

Please indicate the extent to which you agree with each of the following statements by selecting the number (1-5) that best expresses your opinion about your family business.

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
	1	2	3	4	5
1. My family encourages me to work in our family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. My family will be disappointed if I will not pursue a career in the family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. My family wants me to play a significant role in the family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I was intentionally introduced to the family business when I was young.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 2 - Question 4

Please indicate the extent to which you agree with each of the following statements by selecting the number (1-5) that best expresses your opinion.

	STRONGLY DISAGREE	GENERALLY DISAGREE	N U E R E A L	GENERALLY AGREE	STRONGLY AGREE
	1	2	3	4	5
1. For the sake of the family, the individual should put his or her personal interests second.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. When there is a quarrel, we should ask an elder to resolve the dispute.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The best way to resolve conflict with neighbor was to "accommodate the other person".	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Worshiping deceased ancestors is important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Obedience to the ruler is one of the people's basic duties.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. People should have respect for anyone older than they are.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The authority of a father as head of a family should be respected.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. As a head of a family, the father should shoulder most of the responsibility for assuring the family's well-being.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Parent's devotion to and sacrifice for their children is parental obligation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 3 - Question 5

Please indicate the extend to which you agree with each of the following statements by selecting the number(1-5) that best express your opinion to your family business.

	STRONGLY DISAGREE	GENERALLY DISAGREE	N U E T R A L	GENERALLY AGREE	STRONGLY AGREE
	1	2	3	4	5
1. I will be less wealthy working somewhere other than in our family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Working for the family business will provide me with greater financial security.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Selling the business to an outsider will not get us that this business is really worth.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. My family has invested too much money and works in our business to hand it over to an outsider.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 3 - Question 6

Please indicate the extent to which you agree with each of the following statements by selecting the number (1-5) that best expresses your opinions about your family business.

	STRONGLY DISAGREE	GENERALLY DISAGREE	N U E T R A L	GENERALLY AGREE	STRONGLY AGREE
	1	2	3	4	5
1. My guanxi networking is defined by my family's business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Keeping the business in the family will ensure that the guanxi networking that has developed over year will not be lost.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The family business has built a great reputation in my guanxi networking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. We have a certain status in the gaunxi networking, which must be upheld through the family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 3 - Question 7

Please indicate the extent to which you agree with each of the following statements by selecting the number (1-5) that best expresses your opinions about your family business.

	STRONGLY DISAGREE	GENERALLY DISAGREE	N U E T R A L	GENERALLY AGREE	STRONGLY AGREE
	1	2	3	4	5
1. I don't believe my current skill set allows me to be successful outside the family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I feel that I have skills that are marketable outside the family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. If I had some other skills, maybe I could be successful outside the family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. My current skill set will allow me to succeed in many work setting outside the family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 4-Question 8

Please indicate the extent to which you agree with each of the following statements by selecting the number (1-5) that best expresses your opinions about your family business.

	STRONGLY DISAGREE	GENERALLY DISAGREE	N U E R E A L	GENERALLY AGREE	STRONGLY AGREE
	1	2	3	4	5
1. I do not feel a sense of belonging to my family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I will be very happy to spend my career with my family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I do not feel emotionally attached to my family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. My family business has great personal meaning for me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	STRONGLY DISAGREE	GENERALLY DISAGREE	N U E T R A L	GENERALLY AGREE	STRONGLY AGREE
	1	2	3	4	5
1. I do not feel any obligation to pursue a career with my family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Even if it were to my advantage, I do not feel it would be right to leave my family business now.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. My family business deserves my loyalty.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I will feel guilty if I did not pursue a career with my family business now.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	STRONGLY DISAGREE	GENERALLY DISAGREE	N U E T R A L	GENERALLY AGREE	STRONGLY AGREE
	1	2	3	4	5
1. Pursuing a career in my family business in the future is a matter of necessity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Too much of my life will be disrupted if I decided I do not want to pursue a career with my family business in the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. It will be costly for me to leave my family business in the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. One of the few negative consequences of leaving my family business will be the scarcity of available resources.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. It will be very hard for me to leave my family business, even If I want to.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Page 5- Question 9- Options

To what extent you had actually considered to take over your parents' firms in the future (One answer)
<input type="checkbox"/> Never
<input type="checkbox"/> Sketchily
<input type="checkbox"/> Repeatedly
<input type="checkbox"/> Relatively concrete
<input type="checkbox"/> Explicit decision made
<input type="checkbox"/> Concrete steps defined
<input type="checkbox"/> Realization started

Page 5 – Half-opened Options-One Answer-Business's information

Choose the best description of your business, please answer without asking your parents	
Number of employees in your family business	Number of owned firms
<input type="checkbox"/> Less than 20	<input type="checkbox"/> 1
<input type="checkbox"/> 20-40	<input type="checkbox"/> 2
<input type="checkbox"/> 40-60	<input type="checkbox"/> 3
More:	More:
<input type="checkbox"/> I don't know	<input type="checkbox"/> I don't know

Page-5-Question 10- Opened ended-One line

Your family business is specialized in which industry?

Gender

- ☐ Male
- ☐ Female

Please enter your age

What is your highest educational degree?

- ☐ High school
- ☐ Professional certificate
- ☐ Bachelor degree
- ☐ Graduate degree
- ☐ PHD degree

Which degrees you got in western countries ?

- ☐ None

-
- ☐ High school
 - ☐ Professional certificate
 - ☐ Bachelor degree
 - ☐ Graduate degree
 - ☐ PHD degree

Page 6 - Question 12 –Siblings-Open ended- Family information

How many brothers and sisters you have in your family?

Your older brothers:

.....

Your elder sisters:

.....

Your younger brothers:

.....

Your younger sisters:

.....

