

Dynasting Across Cultures:
A Grounded Theory of Malaysian Chinese Family Firms

A DISSERTATION
SUBMITTED TO THE FACULTY OF THE GRADUATE SCHOOL
OF THE UNIVERSITY OF MINNESOTA
BY

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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

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June, 2010

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Acknowledgements

My first appreciation goes to my current adviser, Dr. Kathryn Rettig, and my past adviser, Dr. Sharon Danes. Sharon gave me rigorous grounding in quantitative research methodology within the context of family business research and Kathy helped me to transition this same rigor over to qualitative research that is well informed by a quantitative background. While Sharon's clear directions provided the necessary guidance for me as a novice researcher, Kathy's encouragements provided an open field for me to discover my research voice. I am indebted to both of them for the unique and important roles they have played in my doctoral studies.

I am also grateful to my internal committee members, Dr. Elizabeth Wieling, and Dr. Catherine Solheim, as well as my external committee member, Dr. Shaker Zahra. In addition to their obvious contribution towards the reading and advising of this project from proposal to completion, Liz provided me with the inspiration to take on challenges over and above common expectations; Catherine's Southeast Asian spirit provided the cultural lifeline that connected my Malaysian study with my Minnesota doctoral program; and Shaker's expertise in theorizing strategy, entrepreneurship, and family business provided me with the input to ensure that my work would be more interdisciplinary.

Special thanks to my family: my mother Mdm. Ling Lee Hung and my eldest brother Dato' Loy Teik Ngan who provided the financial assistance for me complete this study, as well as my late father Tan Sri Dato' Loy Hean Heong and late second elder brother Loy Teik Hok who once cheered me on towards doing a Ph.D. A warm, loving appreciation goes to my wife Mariah and my children Naomi and Joseph for having endured many periods of absence and the less-than-one-hundred per cent presence of a husband and father through the duration of my doctoral studies.

This dissertation would not have been possible without the willing involvement of the Malaysian Chinese family business members who participated in this study as well as the people who helped me to recruit them. A special thanks also to Dr. Barney Glaser and fellows of the Grounded Theory Institute, notably Dr. Judith Holton and Dr. Andy Lowe, for their methodological guidance.

It is not possible to acknowledge all the people who have contributed to this culminating piece of my doctoral studies. Looking back, it becomes clear that my entire life has been leading towards this direction: the study of Asian Chinese family firms. Thus, I am grateful for all the people who have had an impact in the shaping of my life in small or large ways.

Dedication

To my Father in Heaven who called me to this work

and

to the millions of Chinese family businesses all over the world.

Abstract

The purpose of this study was to develop a substantive grounded theory of Malaysian Chinese family firms. Using classic grounded theory methodology, this study sought to identify the emergent main concern of the participants as well as the latent pattern underlying their behavior in working to resolve or address the main concern. Through constant comparative analysis of data gathered from interviews, participant observations, informal conversations, and relevant literature, I discovered the emergent main concern for Malaysian Chinese family businesses to be *dynasting* and the pattern of behavior for resolving that concern to be *dynasting across cultures*. Malaysian Chinese family businesses are theorized as mainly concerned with dynastying, that is, building, maintaining, and growing the power and resources of the business within the family lineage. In their substantive context, traditional Malaysian Chinese founders and westernized successors are hypothesized to be engaged in basic social structural and psychological processes of dynastying across cultures, where they struggle to transition from traditional Chinese to hybrid cultural and modernized forms of family business from one generation to the next. An analysis of extant literature revealed that the emergent theory contributes to family business theorizing in a novel way, and the study itself addresses the lack of literature on rigorous and scholarly theorizing about family businesses outside Western contexts. Implications of the theory and the study for research and practice are discussed.

TABLE OF CONTENTS

List of Tables	vii
List of Figures	viii
CHAPTER 1. INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background to the Study.....	2
1.3 Purpose of the Study	3
1.4 Research Questions	4
1.5 Nature of the Study	4
1.6 Assumptions and Limitations	5
1.7 Outline of the Remainder of the Paper	6
CHAPTER 2. RELEVANT BACKGROUND LITERATURE	8
2.1 Introduction.....	8
2.2 Overview of Family Business Research	8
2.2.1 <i>Theory Building</i>	8
2.2.2 <i>Family Business Across Generations</i>	10
2.2.3 <i>Family Business: Fundamental Motivations</i>	12
2.3 Research on Chinese Family Business	16
2.3.1 <i>The Overseas Chinese</i>	16
2.3.2 <i>The Malaysian Context</i>	18
2.3.3 <i>Comparative Analysis of Chinese Family Businesses Research</i>	19
2.4 Summary	23
CHAPTER 3. METHODOLOGY	25
3.1 Introduction.....	25
3.2 Philosophical Position.....	25
3.3 Origins of Classic Grounded Theory Methodology.....	27
3.4 The Methodology.....	30
3.5 Using Extant Literature.....	33
3.6 Data Sources	35
3.7 Data Collection	36
3.8 Ethical Considerations	39
3.9 A Note on the Perspective of the Researcher.....	42
3.10 Use of Computer-Assisted Software.....	43
3.11 Summary	44

CHAPTER 4. THE CONCEPTUAL DEVELOPMENT PROCESS	46
4.1 Introduction.....	46
4.2 Comparison, Memoing, Emergence, and Integration.....	46
4.3 The Conceptual Emergence of Dynasting Across Cultures.....	48
4.3.1 <i>April 3, 2009: Patriarching</i>	48
4.3.2 <i>June 17, 2009: Successioning</i>	49
4.3.3 <i>December 15, 2009: My First Real Memo?</i>	50
4.3.4 <i>December 28, 2009: Building The Family Dynasty</i>	52
4.3.5 <i>January 01, 2010: Animals Also Dynasty</i>	54
4.3.6 <i>January 15, 2010: Chinese Family Businesses Are Like Dynasties</i>	54
4.3.7 <i>January 23-25, 2010: Dynasting</i>	56
4.3.8 <i>February 01, 2010: Dynasting Across Cultures</i>	58
4.3.9 <i>February, 2010: Receiving Feedback on Theory and Methodology</i>	61
4.3.10 <i>February-March, 2010: Emergent Theoretical Codes</i>	63
4.3.11 <i>March, 2010: Time To Write Up</i>	64
4.4 Summary	64
CHAPTER 5. THE THEORY: DYNASTING ACROSS CULTURES.....	65
5.1 Introduction.....	65
5.2 Dynasting	66
5.2.1 <i>Motivation to Dynasty</i>	66
5.3 Traditional Chinese Familial-Cultural Values	67
5.3.1 <i>Familial-Cultural Values In Practice</i>	68
5.4 Pyramidal Role-based Authority Structure.....	72
5.4.1 <i>Confucian-Influence</i>	72
5.4.2 <i>Founder-Authority</i>	73
5.4.3 <i>Founder-Entourage</i>	73
5.4.4 <i>Succession-Pacing</i>	74
5.4.5 <i>Successor-Choice</i>	75
5.4.6 <i>Patriarchy-Call</i>	76
5.4.7 <i>Structuring for Conflict Minimization</i>	77
5.5 Dynasting Trajectories	77
5.6 Algorithm For Dynasting.....	79
5.7 Dynasting Across Cultures	79
5.7.1 <i>An Autopoietic Phenomenon</i>	80
5.7.2 <i>Overlapping Four-Phase Developmental Trajectory</i>	81
5.7.3 <i>Phase One: Founders Build—Successors Indoctrinated</i>	81

5.7.4 <i>Phase Two: Founders Test and Mold—Successors Adapt and Prove</i>	83
5.7.5 <i>Phase Three: Founders Protect—Successors Influence</i>	85
5.7.6 <i>Phase Four: Founders Venerated—Successors Hybridize</i>	88
5.8 Summary	90
CHAPTER 6. CONCLUSIONS	91
6.1 Introduction.....	91
6.2 Discussion of the Emergent Theory.....	91
6.3 Credibility of the Theory	94
6.4 Limitations	96
6.5 Contributions to Knowledge	97
6.6 Implications.....	99
6.6.1 <i>Implications for Future Research</i>	99
6.6.2 <i>Implications for Family Business Practice</i>	100
BIBLIOGRAPHY	103
APPENDIX A: Example of Transcription & Field Notes	112
APPENDIX B: Sample Consent Form	114
APPENDIX C: All Codes	116
APPENDIX D: Sample Conceptual Memos.....	124
APPENDIX E: Higher Level Conceptual Codes	126
APPENDIX F: Sample Diagrams & Pictures	128

LIST OF TABLES

TABLE 2.1: Comparative Analysis by Research Area	130
TABLE 2.2: Comparative Analysis by Country & Methods.....	132
TABLE 3.1: Grounded Theory Analysis Progression	133

LIST OF FIGURES

FIGURE 1: Illustration of Dynasting Trajectories.....	134
FIGURE 2: Overlapping Four-Phase Trajectory	135

CHAPTER 1. INTRODUCTION

1.1 Introduction

Family businesses have been in existence for thousands of years and continue to be the dominant form of business around the world (La Porta, Lopez-de-Silanes, & Shleifer, 1999). In the U.S., family businesses represent a major portion of the economy (Heck & Stafford, 2001; Olson, Zuiker, Danes, Stafford, Heck, & Duncan, 2003; Shanker & Astrachan, 1996; Winter, Fitzgerald, Heck, Haynes, & Danes, 1998) and contribute about half of both the U.S. GDP as well as total wages (Astrachan & Shanker, 2003; Heck & Trent, 1999). Globally, family businesses represent an estimated 80-98% of all businesses in the world's free economy, 37% of Fortune 500 firms are family-owned, and family firms generate more than 75% of the GDP of most countries outside the U.S. (Poza, 2010, p. 3). According to Yeung (2004), Chinese family firms dominate the market capitalization of Southeast Asian nations: Thailand (90%), Singapore (81%), Indonesia (73%), Malaysia (60%), and the Philippines (50%). While no prevalence studies are known to have been done in Malaysia, one popular business periodical in Malaysia reported that likely up to 80% of Malaysian businesses is family-owned (Drain, 2001).

Despite the prevalence and importance of family businesses, more than half of family business start-ups fail during the first five years (Goldberg, 1991; Ryan, Deane, & Ellington, 2001). Furthermore, it is often cited that only a third of all family businesses survive into the second generation, and only a third of these carry over into the third generation (Ward, 1987). While scholarly research and understanding of

family business is emerging in Western countries (Sharma, 2004), comparatively little work has been done in emerging economies such as East and Southeast Asia.

In the following sections of this introductory chapter, I begin by providing a brief background to this study, identifying the need to engage in research on Malaysian Chinese family businesses (section 1.2). In the section after that (1.3), I articulate the purpose of this research study and a definition of family business used in this study. The following section (1.4) identifies the research questions for this study. The nature of the study, that is, the methodology employed, is also briefly discussed (1.5), and the assumptions and limitations highlighted (1.6). The last section (1.7) of this introductory chapter provides an outline of the remainder of this paper.

1.2 Background to the Study

The emerging field of family business has led to a recent call for the need to develop theories to guide family businesses research (Sharma, 2004; Zahra, Klein, Astrachan, 2006). Family business research has tended to utilize a systems framework, which conceptualizes the family business as an overlap of different systems—often the family system and the business system (Stafford, Duncan, Danes, & Winter, 1999). Some scholars have also included ownership as an important overlapping system (Tagiuri & Davis, 1982; Gersick, Davis, Hampton, & Lansberg, 1997). Other scholars have criticized the use of systems theory as lacking a dependent variable enabling theory testing and prediction (Chua, Chrisman, & Steier, 2003). To this extent, management researchers have begun to employ theories used in management research, such as agency theory and the resource-based view, to study the business side of family

firms (Chrisman, Chua, & Sharma, 2005). However, given the importance of the reciprocal influence of the family and business systems, a systems approach to studying family businesses continues to be advocated (Zahra et al., 2006).

Calls have been made for the use of rigorous qualitative and grounded theory methodologies to generate theories on family business outside of a Western context (Brockhaus, 2004; Le Breton-Miller, Miller, & Steier, 2004; Nordqvist, Hall, & Melin, 2008). As some have argued: “grounded theory building research should play an important role in the indigenous research agenda because many phenomena are substantially new or different in ways that are not clear from earlier research” (Meyer, 2006, p. 124). A review of relevant literature on Chinese family firms demonstrated that little scholarly theorizing has been done on Chinese family firms (see chapter 2, section 2.3). In addition, an exhaustive search on Chinese family business research articles revealed less than a handful of scholarly research on Malaysian Chinese family businesses, and none that utilized a rigorous grounded theory methodology to generate theory.

1.3 Purpose of the Study

The purpose of the study was to develop a substantive theory of Malaysian Chinese family businesses utilizing classic grounded theory methodology. Rather than to identify a pre-existing theory for testing or to develop theoretical postulates deductively, this study sought to develop a theory of Malaysian Chinese family businesses inductively from field data.

For this study, a business was defined as a family business “to the extent that its ownership and management are concentrated within a family unit, and to the extent its members strive to achieve, maintain, and/or increase intraorganizational family-based relatedness” (Litz, 1995, p. 78). Further elaboration on the definition is offered in chapter 3 (section 3.6).

1.4 Research Questions

In accordance with classic grounded theory methodology, the two main research questions guiding this study were: (1) What is the main concern of Malaysian Chinese family firms? (2) How do Malaysian Chinese business-owning families go about addressing or resolving this main concern? (Glaser, 2004). The abstracted and conceptualized latent pattern underlying the behavior of participants in addressing or resolving their main concern forms the theory of the substantive area.

1.5 Nature of the Study

This study employed the rigorous methodological procedures of classic grounded theory—the simultaneous and iterative process of data collection, coding, and constant comparative analysis—to generate a theory. The procedures of the methodology enable the researcher to stay close to the data such that the resultant theory would have *emerged* from the data, and it would have “grab, fit, and relevance” (Glaser, 1978) to study participants.

The majority of data for this study was gathered from interviews with participants obtained through a convenience sampling method. Interview participants included Malaysian Chinese family business founders, successors, family members not

involved in the business, and non-family business members (staff and friends) close to the family. As concepts began to emerge from constant comparative analysis, more data was gathered from participant observations and informal conversations through opportunistic sampling, as well as from relevant literature.

To stay close to the methodology, I attended two classic grounded theory seminars and consulted with fellows of the Grounded Theory Institute for their methodological assistance through the duration of this study.

1.6 Assumptions and Limitations

This study is positioned within a critical realist ontology that aligns with a constructivist epistemology. While I believe that there is a social reality outside of oneself that can be known, I also believe that what can be known about that social reality is necessarily socially constructed. Thus, while the theory developed in this study reflects a relevant and important theory of Malaysian Chinese family firms, it was developed through interactions between actors with different social lenses. The lenses with which the theory was developed included my lenses, the lenses of the participants, and also, the lenses of classic grounded theory methodology.

The purpose of a grounded theory study is not to produce factual, detailed descriptions of data, but an integrated set of related concepts identifying a main concern for participants, as well as the latent pattern underlying how they continually work to resolve their main concern (Glaser, 1998). A grounded theory is not to be evaluated in terms of its accuracy in describing or predicting a phenomenon of interest. However, close adherence to the process of theoretical sampling and constant comparison would

result in an emergent theory of relevance to the participants studied (Glaser & Strauss, 1967). Thus, the theory produced in this study can be evaluated in terms of its close adherence to the methodology, its relevance to the participants, and its modifiability in light of newly uncovered data (Glaser, 1978).

The theory developed in this study came from field data collected through interviews with Malaysian Chinese family business members as well as opportunistically sampled data through participant observations and informal conversations. While the theory is not “generalizable findings” as such, it may still be used to explain what is going on for Chinese family firms both in Malaysia and abroad. To the extent that the theory can be abstracted beyond its substantive area (that is, Malaysian Chinese family firms), it can be used to inform the going-ons of participants in other substantive areas who face similar concerns as Malaysian Chinese family firms.

1.7 Outline of the Remainder of the Paper

This chapter has provided a brief introductory overview of the study. In chapter two, I provide relevant background literature on family business in which this study is situated, together with a comparative analysis of research that has been conducted on Chinese family businesses. In chapter three, I discuss the methodology employed in this study, first by clarifying classic grounded theory in light of the different versions that have proliferated over the years, and then by offering detailed explanations of the methodology used to generate the theory in this study. In chapter four, I provide a summary of the analytical process in classic grounded theory methodology and then illustrate the process through which the theory of *dynasting across cultures* emerged.

Chapter five is the theory itself. This paper concludes with chapter six where I discuss the theory in light of prevailing work on family business theorizing, the credibility and limitations of the theory, the study's contribution to knowledge, and finally, the implications of this study for future research and practice.

CHAPTER 2. RELEVANT BACKGROUND LITERATURE

2.1 Introduction

The purpose of this chapter is to locate the study within the context of relevant background literature on Chinese family business. This chapter is written in two main parts. The first part (section 2.2) provides an overview of family business research, identifying the need for family business theory building (2.2.1), outlining a summary of research on family business across generations (2.2.2), and exploring the fundamental question of *why* people desire to build and pass down their family businesses (2.2.3). In the second part (section 2.3), the chapter provides a discussion of research on Chinese family businesses, beginning with brief discussions of the overseas Chinese (2.3.1) and the Malaysian context (2.3.2), and ending with a comparative analysis of research on Chinese family businesses (2.3.3).

The majority of the background literature cited in this chapter was found after I had developed the substantive theory of Malaysian Chinese family businesses. Literature that was used as data for theory development had already been integrated into chapter 5, which delineates the theory. This approach to using extant literature after the development of a theory falls in line with the methodology of classic grounded theory (see chapter 3, section 3.5).

2.2 Overview of Family Business Research

2.2.1 Theory Building

There is a clear shortage of ‘great idea’ people and theorists. This shortage is understandable. Theory building skills are difficult to master and take years to develop (Zahra et al., 2006, p. 617).

Family business research is an emerging field and theory building within the field is becoming an increasingly important endeavor (Sharma, 2004; Zahra et al., 2006). As in the field of family social science, the idea of systems has been widely used within the field of family business research. Earlier employment of systems theory to model the family firm (Tagiuri & Davis, 1982; Gersick et al., 1997) has been challenged. In their paper evaluating the state of theory building in the family business field, Chua et al. (2003) highlighted that systems theory does not serve as a good model for theory testing and predicting because the systems framework does not contain a dependent variable:

It cannot be relied upon to examine the efficacy of family business decisions, actions, organizational structure, strategies, exploitation of resources, and so forth since such efficacy can only be evaluated in terms of achieving the goals and objectives set by the family for the firm (p.332).

Initial efforts have also been put towards the development of a strategic management theory of the family firm, focusing on the “business side” of the family business (Chrisman et al., 2005). Amongst other theories, strategic management scholars have shown increasing interest in using agency theory and the resource-based view to examine the family as a factor impacting the cost and competitiveness of the business (Chrisman et al., 2005). While such research efforts are greatly needed to better understand and advise the business side of the family business as well as to contribute to the field of management research (Zahra & Sharma, 2004), efforts aimed at building theory on the business side to the exclusion of considering family interests and goals ignore the importance of the family for family businesses. To this extent,

some scholars continue to argue for a systems approach to family business research that recognizes the multiple levels of influence and the reciprocally influencing domains of family and business (Pieper & Klein, 2007; Zahra et al., 2006).

The Sustainable Family Business (SFB) model (Stafford et al., 1999) conceptualized the family business as an overlap of two systems, the family system and the business system, that included variables enabling empirical testing. While not a pure systems approach with closed recursive loops, the SFB model allows for research that identifies “family and business resources and constraints, processes, and transactions that are most likely to lead to business and family achievement and sustainable family businesses” (Stafford et al., 1999, p. 203) in the form of “both objective measures, such as profit and goal achievement, and subjective measures, such as feelings of satisfaction and judgments on the quality of life for both the family and business” (Stafford et al., 1999, p.206).

Scholars have also argued for the use of qualitative research that is rigorous to generate theory in the field of family business (Nordqvist et al., 2008). Theories or conceptual descriptions inductively developed from qualitative research have tended to yield a broad developmental view of the family firm across generations, typically categorized as family business succession (Dyer, 1986; Handler, 1994; Wong, 1985).

2.2.2 Family Business Across Generations

Family business succession has been widely studied in the field of family business with several summaries produced on the topic over the past three decades (Brockhaus, 2004; Handler, 1994; Le Breton-Miller et al., 2004; Sharma, 2004). Key

works examining family business development broadly have regarded succession as a process, often starting from the building of the business in the first generation to at least the passing on of the business to a second-generation (Dyer, 1986; Handler, 1990; Keating & Little, 1997; Le Breton-Miller et al., 2004; Wong, 1985).

Dyer (1986) offered a four-stage life cycle of the family firm beginning with (a) the creation of the business, then (b) growth and development, followed by (c) succession by the second generation, and finally (d) public ownership and professional management. According to Dyer (1986), failure to respond well to crises in the leadership through appropriate cultural change in the family business can lead to its dissolution. Similarly, Wong (1985) also offered a four-phase development of Chinese family firms starting from (a) the emergence of the business, to (b) the centralized phase of founder control and family involvement, followed by (c) a segmented phase of next-generation control by multiple nuclear families, and finally (d) disintegration. In Wong's (1985) model, the Chinese family business may continue into subsequent generations by moving into a second phase where control is once again centralized and held by one nuclear-family offspring, and then moving to a third segmented phase and so on.

Handler (1990) discovered a four-phase succession process of mutual role adjustment between the founder and the successor. In the first phase, the founder is the sole operator of the business while the successor has either no role in the business or may be a young helper. As the business entity survives into the second phase, the founder takes on the role of monarch over the family business while the successor acts

as either a helper or a manager within the business. As the family ages, the founder becomes the overseer/delegator in the third phase while the successor transitions from manager to leader/chief decision-maker. Finally, the founder acts as the consultant at the last phase of the succession process.

Le Breton-Miller et al. (2004) proposed a very similar model for effective family business succession involving (1) ground rules and first steps, then (2) nurturing/development of successor, followed by (3) selection of successor, to finally (4) hand-off/transition process/installation as well as the transfer of capital. In addition to the four phases, Le Breton-Miller et al. (2004) maintained that strategic management of the succession process ought to also pay attention to the contexts in which family firms function: the family, the family business, the social, and the industry contexts.

Keating and Little (1997) studied New Zealand family farms and found five stages to the choosing of the successor: (1) watching for interest in the successor, (2) reducing the pool of eligible successors, (3) assessing successor commitment, (4) compensating the other children not chosen as successors, and (5) placing the successor. Keating and Little's (1997) findings were situated in family farms where the growth of the farm into a business dynasty was not a main concern for the farmers, and the eligibility of successors was limited to the small size of the farm.

2.2.3 Family Business: Fundamental Motivations

The conceptualization of the family business according to a developmental trajectory in studies using qualitative data suggests the importance of generational continuity to family firms. According to Sharma's (2004) most recent review of the

field of family business research, “a majority of family firm leaders have been found to be desirous of retaining family control past their tenure” (2004, p. 19). Despite this recognition, the field has generally not asked the question of the *why* behind the continuity of family businesses across generations. While the *merits* of continuity have been questioned (e.g. Drozdow, 1998; Kaye, 1996), the *fundamental motivation* for building and passing down a family business appears to be less questioned.

In Le Breton et al.’s (2004) summary of family business succession research, they grouped variables examined in the literature under incumbent motivation and successor motivation—variables such as the incumbents’ need to overcome the anxieties associated with letting go of the business, and factors that lead to more satisfying succession experience for the successor. However, these variables reflect an examination of motivations that presuppose an individual unit of analysis pertaining to the process of succession itself rather than the more basic and fundamental question of *why* families tend to build and then desire to retain family control down the generations. The question as I am asking it here is positioned from the perspective of the family as a whole and begs, perhaps, for a more fundamental sociological or anthropological answer. The general absence of such fundamental questioning suggests that scholars are working under the presupposition that family business building and continuity is as natural a phenomenon as, say, the formation of a family itself.

Exceptions to my above argument are Fukuyama’s (1995) treatise on trust and the more recent study by Lambrecht and Donckels (2006). Fukuyama (1995) argued that economic building is a social endeavor established upon trust between economic

actors, and where cultural and environmental factors do not facilitate high levels of common trust within the society (that is, in low-trust societies), family firms proliferate as a result of the higher levels of trust that exists between kin members for economic building. While highly compelling, Fukuyama's argument does not explain the continued prevalence of family firms in high-trust societies such as the United States (Astrachan & Shanker, 2003; Astrachan, Zahra, & Sharma, 2003; Heck & Trent, 1999).

Lambrecht and Donckels' analysis of 10 case studies revealed three reasons why families prefer to build lasting family business dynasties: (1) the fulfillment of family values, (2) the preservation of the family name and a reassuring feeling, and (3) the exploitation of the advantages of a family business (2006, p. 395). It would be interesting to further Lambrecht and Donckels' findings by comparing it to non-human studies that also find that animals have a tendency to dynasty resources within the same genetic lineage. As one scholar hypothesized in his evolutionary theory of the family through observation of animal behavior: "families that control high quality resources will be more stable . . . and resources-rich areas will support dynasties in which one genetic lineage continuously occupies the same area over many successive generations," (Emlen, 1995, p. 8094).

Although it is not the purpose of this study to develop a deductive theory on the fundamental reasons why families desire to build and strive to maintain businesses within family control, it may be illuminating to compare Fukuyama's treatise with Lambrecht and Donckels' findings within an evolutionary perspective on the family business. To this end, Kansikas and Kuhmonen's (2008) application of evolutionary

economics to the study of family business offers potential promise as an approach to theorizing about family firms, beginning with the proposition that the motivation for the building and passing-on of family firms may be driven by the fundamental “evolutionary struggle for survival . . . of this species of firm [the family firm]” (Kansikas & Kuhmonen, 2008, p. 295).

Despite the proliferation of research on family business succession, comparatively fewer of these studies have focused on succession as it applies to cultural contexts outside the Western world. To this extent, scholars have argued that “there is a cultural [i.e. Western] parochialism in much of the work on succession—even though as a social and family process it is heavily influenced by cultural norms” (Le Breton-Miller et al., 2004, p.317). Likewise, Brockhaus (2004) encouraged scholars to pay more attention to research on succession conducted in different cultures outside of North America. Along with that gap in the literature is the call for the development of a theory of succession that seeks to address the why of family business succession (Dyck, Mauws, Starke, & Mischke, 2002; Yan & Sorenson, 2006), and also for the building rather than the testing of theories in emerging Asian economies, particularly through the use of grounded theory methodology. As Meyer (2006) wrote:

In emerging economies such as China, grounded theory building research should play an important role in the indigenous research agenda because many phenomena are substantially new or different in ways that are not clear from earlier research. This contrasts with contexts that have been researched extensively over recent decades, such as the USA. Thus, one would expect a different balance between theory-building and theory-testing, with more theory-building research in places such as China compared to the USA. Premature formalization and hypothesis testing may endanger management research to emphasize rigor over

relevance, a tendency that has impaired the field of economics in recent decades (p. 124).

This study contributes to the literature by developing a substantive grounded theory on Chinese family businesses through field data gathered from Malaysian Chinese business-owning families.

2.3 Research on Chinese Family Business

2.3.1 The Overseas Chinese

The Chinese living around the world outside of China has been referred to as the Chinese Diaspora, the Overseas Chinese, and more recently the Chinese Overseas. Pan (1999), in *The Encyclopedia of the Chinese Overseas*, explained the term Chinese Overseas to have been derived from a loose translation of the Chinese term 华侨 (*Huaqiao*), where 华 (*Hua*) refers to “Hua people” or “Chinese,” and 侨 (*qiao*), which means “to stay away from home somewhere temporarily”. While consensus on the use of the term has been questioned (Pan, 1999) and in some cases criticized (Yeung, 2004), it continues to be used in scholarly circles, for instance, at *The World Confederation of Institutes and Libraries for Chinese Overseas Studies* and the *Dr. Shao You-Ban Overseas Chinese Documentation and Research Center* at Ohio University. Although both Overseas Chinese and Chinese Overseas are commonly used, for the purposes of this study, I will use the term Overseas Chinese.

Currently, the global population of overseas Chinese is estimated to be around 33 million, not including Taiwan (Shao Center, n.d.). Adding Taiwan’s 23 million Chinese (Central Intelligence Agency, 2009) would increase the estimated figure of the overseas Chinese population to around 56 million. The lingering historical, cultural, and

linguistic heritage of the Chinese around the world have led some scholars to construct the notion of a *Chinese ethnological field*, where “as long as the Chinese migrants and their descendant see themselves as Chinese, albeit differently, there is basis for comparison on issues relating to cultural reproduction, ethnicity and identity” (Tan, 2004, p. 2).

Like the overseas Chinese, scholars have also treated Chinese family businesses around the world as an ethnically and culturally bound, transnational sociological phenomenon referred to as the *Spirit of Chinese Capitalism* (Redding, 1993), the *Chinese Commonwealth* (Kao, 1993), the *Bamboo Network* (Weidenbaum & Hughes, 1996), and more recently, a *Hybrid Chinese Capitalism* (Yeung, 2004). Gordon Redding (1993) provided the following rationale for treating Chinese family businesses as a group.

[One] reason for treating them as one group, despite the variety of environments in which they operate, is that the Overseas Chinese have developed one particular form of organization—the family business—and kept to it. . . . It remains in essence a family fortress, and at the same time an instrument for the accumulation of wealth by a very specific set of people. It is guarded against incursions from outside influence, and its workings are not publicly known. Much of its effectiveness derives from intense managerial dedication, much of its efficiency from creating a work environment which matches the expectations of employees from the same culture. It is, in a very real sense, a cultural artifact. (p. 3)

Yeung (2004) explained that “through family, clan and dialect ties, they [the overseas Chinese family businesses] have virtually created a nation without borders that generates a GDP only fractionally less than that of mainland China” (p. 12).

2.3.2 The Malaysian Context

The Malaysian Chinese represent a significant segment of the overseas Chinese. According to statistics from the *Dr. Shao You-Ban Overseas Chinese Documentation and Research Center* at Ohio University (Shao Center, n.d.), Malaysian Chinese represent the third largest national group of the global overseas Chinese population preceded by Thailand (second) and Indonesia (first). According to 2008 population estimates, there were about 7.15 million Chinese in Malaysia (U.S. Department of State, 2008), the largest minority group (26%) in the country. Like many of the East and Southeast Asian nations, the Chinese in Malaysia have controlled and continue to influence a significant portion of Malaysia's economy (Gomez & Jomo, 1999; Phang, 2000).

The Chinese in Malaysia have generally kept to a distinct communal identity as a result of religious, racial-political, and economic barriers to assimilation with the majority Malays (Chin, 2000; Tan, 2004). As a result of their focus on economic advancement, the Chinese live in major urban cities of Malaysia, and many have taken up the use of the English language—a widely accepted language for trade and education following earlier British colonialization and the more recent influence of the Western culture on South-East Asia (Tan, 2004; Tong, 2005). As Carstens put it, “in general, Mandarin and English, rather than Malay, are considered the most important languages for educated Malaysian Chinese” (2005, p. 219).

Differences in structural and political characteristics of Malaysia may have created concerns for Chinese business-owning families that may not exist for those

living in other countries. For instance, it is widely perceived that many well-established Malaysian Chinese family businesses seek to expand the family business beyond the shores of ethnocentrically governed Malaysia where policies are biased in favor towards the Muslim-Malays over and above other religions and races—a situation not encountered in neighboring countries such as Singapore and Thailand. Despite national differences, the similarities in history, structure, culture, practices, as well as familial and clan linkages across the borders of East and Southeast Asian countries provide rationale for considering Malaysian Chinese family businesses as part of the broader sociological grouping of overseas Chinese family businesses (Redding, 1993; Yeung, 2004).

2.3.3 Comparative Analysis of Chinese Family Businesses Research

Unlike Western literature on family firms, the challenge in trying to do a comparative literature survey on Chinese family businesses is that a large majority of Chinese businesses are family-owned and not all literature on Chinese business separate family firms from non-family firms. For instance, Gomez's (1999) book on Chinese business in Malaysia examined eight large Chinese firms, all of which were family-owned. Yet, Gomez's study focused on a socio-economic level of analysis where the *familiness* of these firms was not of interest. Therefore, in doing a review of Chinese family business research, one would have to decide whether or not to include such works for comparison. For the purposes of a comparative analysis for this study, scholarly works on Chinese business or management that did not specifically address the issue of the familiness of Chinese family firms were not included.

To arrive at relevant works, I searched through the first 300 articles listed in Google Scholar search engine on April 4, 2010 under the word-combination of *Chinese*, *family*, and *business*. Articles that were specifically related to Chinese family business were identified and selected. To further refine my search, I conducted keyword searches on *Chinese* and *family* in journals known for publishing works on family business: Family Business Review, Journal of Business Venturing, Entrepreneurship Theory and Practice, Journal of Small Business Management, and Asia Pacific Journal of Business. A total of 42 relevant articles were identified. Only articles written in English and published in peer-reviewed journals were included. Scholarly books pertaining to Chinese family business such as Fukuyama (1995), Redding (1993), Whitley (1992), and Yeung (2004) were also reviewed for this study overall, but not included in the following comparative analyses given their broader scope.

A comparative analysis of the articles by research area was conducted. Table 2.1 provides a tabulation of the articles grouped under 11 different areas broadly

Insert Table 2.1 around here

categorized as follows: (1) business growth, (2) competitiveness, (3) family relations, (4) governance, (5) internationalization, (6) management culture, (7) modernization, (8) performance, (9) professionalization, (10) start-up, and (11) succession. Of these 42 articles, the majority of them can be considered to be primarily dealing with the “business side” of the family business, that is, those that dealt with business growth, competitiveness, governance, internationalization, modernization, performance, professionalization, and start-up. Articles that dealt with family relations, management

culture, and succession were more integrative of both the business and the family, although one could argue that articles about management culture were still more heavily business in orientation. Yet, at the same time, given the importance of the family to Chinese family businesses, it can be difficult to really separate the business from the family, and articles under the management culture category attested to this (Efferin & Hopper, 2006; Gatfield & Youseff, 2001; Thong, 1987; Wong, McReynolds, & Wong, 1992).

The 42 articles on Chinese family business were a blend of theoretical and empirical works. Many of the theoretical works were not purely deductive theorizing but provided some evidence from secondary data sources (case studies or statistics) to support their argumentation. However, I regarded these works as primarily theoretical in that they appeared to argue a point deductively, using data as supporting examples, rather than to build their argument inductively from data analysis. A total of 18 of the articles were of this theoretical type. The rest of the 24 articles were empirical in nature.

A comparative analysis of empirical articles according to country as well as methods employed was conducted. Table 2.2 provides a summary. The bulk of

Insert Table 2.2 around here

empirical scholarly works on Chinese family businesses has focused on those in East and Southeast Asia, presumably due to the overseas Chinese population being concentrated in the region. Only two of the empirical studies compared gathered data on Chinese family businesses in the US and Britain. Overall, the methods employed were mixed, with 11 qualitative studies (7 case studies, 3 using interviews, and 1 using

historical data) and 13 quantitative studies (7 using public data and 6 using surveys). It is interesting to note that the majority of articles about Taiwanese Chinese family firms have employed quantitative methods with data from public sources, and many of the studies on Singaporean Chinese family firms were case studies. As can be seen in Table 2.2, scholarly studies on Chinese family business in Malaysia are scant. Of the two articles identified, Gomez (2007) conducted a comparative analysis of Chinese family businesses in Malaysia and in Britain through analysis of public data, and Tong (2005) conducted interviews with Malaysian subsidiaries of Singaporean Chinese family companies to build his case studies of Singaporean companies.

A tension appears to exist in the literature on Chinese family business concerning the comparability of the Chinese across the “diaspora” and even with the mainland Chinese. As stated in subsection 2.3.1, many scholars have argued that Chinese family businesses are similar enough to be treated as a sociological group to be studied as a whole. For instance, articles examined above have embarked in cross-border collection and analysis of data (see articles grouped under *multinational* in Table 2.2), and certainly, the more theoretical articles tended to treat the overseas Chinese as a sociologically comparable group. However, an argumentation appears to be arising in more recent literature that suggests that such a broad-based assumption of similarity across the region may no longer be appropriate (Gomez, 1999; Yeung, 2004; Zhang & Ma, 2009). Economic, social, and national policy developments across East and Southeast Asia over the past few decades have differed from country to country. For example, Zhang and Ma (2009) explained that for mainland China, the large scale of the

market, the different institutional contexts, and the influence of communism make it “doubtful that mainland family firms will totally resemble their overseas [Chinese] counterparts” (p. 123). Such differences in national development over the decades may have resulted in enough variation between the Chinese in different countries—especially those in their third and fourth generations of nationalization outside of China—to warrant the asking of research questions aimed at ascertaining what are the changes and what are the continuities for Chinese family businesses across countries.

One continuity that seems to come through strongly in the literature is the need for traditional Chinese family firms to deal with the impact of globalization. The articles in Table 2.1 that examined the topics of growth, competitiveness, governance, internationalization, modernization, performance, and professionalization—that is, the majority of the articles—all presupposed the notion that today’s globalizing environment has an impact on Chinese family businesses. In a sense, such a presupposition is expected given that the authors are likely to have received Western education in some form since they wrote in English, and globalization is an important phenomenon to be addressed according to Western management studies. Nevertheless, the continuity remains. Chinese family businesses around the world are unlikely to be shielded from the forces of the globalizing economy, and thus are likely to be pressured to respond in some way in order to remain competitive.

2.4 Summary

This chapter has provided the background literature context to the study by exploring the important aspects of family business research broadly and also more

specifically, research on Chinese family businesses. The need for theorizing in family business has been identified in the literature with some scholars moving towards researching the business side of the family firm and others calling for a more integrative approach that addresses both the family and business systems. Qualitative studies have tended to conceive of family businesses in developmental terms, identifying stages of succession. There is a need to theorize about family business succession, and family business in general, in cultural contexts outside of the West. While there is an emerging body of research on Chinese family businesses, the bulk of the research appears to lean towards the business side, and there has been a tendency to treat the Chinese as a comparable sociological group. However, as the Chinese become more indigenized in different countries in East and Southeast Asia, the need to delineate changes from continuities becomes important. One resounding continuity in the literature for the Chinese family business is that of the impact of globalization: it calls for a need to better understand how traditional Chinese family businesses are responding. Given the dearth of research on Chinese family business in Malaysia, this study provides an important contribution to the literature, particularly in the development of a theory of the main concern for Malaysian Chinese family businesses and how they go about addressing or resolving their main concern.

CHAPTER 3. METHODOLOGY

3.1 Introduction

This chapter discusses the methodology employed in this study, classic grounded theory. I begin with a brief discussion of the ontological and epistemological assumptions in which this study is positioned (3.2). In the next section, I trace the origins of grounded theory to Barney Glaser who was the creator of the methodology, and argue that subsequent variants of grounded theory do not possess the theoretical rigor of the original approach (3.3). The following sections describe details of classic grounded theory methodology (3.4), the use of extant literature in a classic grounded theory study (3.5), and the sources of data for this study (3.6). The rest of the sections describe my data collection process (3.7), the ethical considerations made for this study (3.8), a note on my perspective to the research given that I am also a member of a Malaysian Chinese family business (3.9), and finally the use of computer-assisted software (3.10).

3.2 Philosophical Position

A clear articulation of one's philosophical position helps to ensure greater philosophical coherence to one's study (Crotty, 1998). This study is positioned within a critical realist ontology that aligns with a constructivist epistemology.

Guba and Lincoln (1994) argued that realism in ontology is necessarily linked to an objectivist rather than a constructivist epistemology. However, Crotty (1998) argued that such a link is not a logical necessity. Realism in ontology and constructivism in epistemology are compatible. Realism asserts that reality can exist outside of the mind,

in contrast to idealism, which maintains that reality exists only in the mind (Crotty, 1998). Constructivism posits that “all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context” (Crotty, 1998, p. 42). A realist ontology that is consistent with a constructivist epistemology aligns with critical realism as articulated by N. T. Wright (1992):

This is a way of describing the process of "knowing" that acknowledges the reality of the thing known, as something other than the knower (hence "realism"), while fully acknowledging that the only access we have to this reality lies along the spiraling path of appropriate dialogue or conversation between the knower and the thing known (hence "critical")... Knowledge, in other words, although in principle concerning realities independent of the knower, is never itself independent of the knower. (p. 35)

Attempts have been made to classify classic grounded theory as objectivist.

Charmaz (2006) in particular offered a reformulation of grounded theory along a constructivist paradigm, criticizing classic grounded theory as leaning towards more objectivist tendencies. In my initial exposure to the different versions of grounded theory in the literature, it seemed that classic grounded theory did espouse a more objectivist voice. However, in personal conversations with other scholars (e.g. J. Gilgun, personal communication, January 30, 2009) as well as subsequent exposure to classic grounded theory seminars held by the Grounded Theory Institute led by Barney Glaser and other fellows of the Grounded Theory Institute, the trans-epistemological nature of the methodology became evident. The development of classic grounded theory was influenced by constructionist thought, as Glaser wrote: “Through Anselm [Strauss],

I started learning the social construction of realities by symbolic interaction making meanings through self indications to self and others. I learned that man [*sic*] was a meaning making animal” (1998, p. 32).

Classic grounded theory methodology can be adopted in its full-package (that is, without “constructivist reformulations”) whether a researcher holds to objectivist or constructivist epistemologies (B. Glaser, personal communication, March 17, 2009; J. Holton, personal communication, March 18, 2009). While a researcher with objectivist leanings may propose a theory as a “truth” behind the data, a researcher working within a constructivist paradigm need only to acknowledge that a theory has been socially constructed and that it represents one theoretical lens through which to explain the data, albeit a rigorously generated and defensible theoretical lens. Moreover, the emphases of classic grounded theory methodology on careful attention to the emergence of theory from data and the subsequent modifiability of the theory through further data gathering are both consistent with a constructivist epistemology.

3.3 Origins of Classic Grounded Theory Methodology

Since the publication of the initial grounded theory methodology book, *The Discovery of Grounded Theory* (Glaser & Strauss, 1967), multiple versions of grounded theory now exist that it becomes necessary to provide an explanation of the origins of the methodology. Bryant and Charmaz (2007) identified three main schools that claim the mantle of grounded theory methodology: the classic or Glaserian school (Glaser, 1978; Glaser & Strauss, 1967), the Strauss and Corbin school (Corbin & Strauss, 2008; Strauss & Corbin 1990), and the constructivist school (Charmaz, 2006). While the

popularity of the Strauss and Corbin as well as constructivist schools have blossomed, the origins of grounded theory methodology were rooted in the work of Barney Glaser (Glaser, 1992; Holton, 2006).

Prior to meeting Anselm Strauss, Barney Glaser had been working on developing grounded theory methodology in his doctoral work at Columbia University where he was influenced strongly by the work of Paul F. Lazarsfeld (Glaser, 1992). In his subsequent collaboration with Anselm Strauss on their book *Awareness of Dying* (Glaser & Strauss, 1965), Glaser explained that he was the methodologist behind the coding, analysis, and theoretical conceptualization of data (Glaser, 1998, p. 32). Glaser further clarified that he was also the key author of *Discovery*:

The 'Discovery' book was written by me as a response to constant queries about how we [Glaser and Strauss] did the 'Awareness' book. . . . I wrote 90% of the book while he [Strauss] was in Europe and gave it to him as a surprise present when he returned. In true collaborative fashion, he reviewed my eight chapters, added here and there, and then wrote three more chapters himself: an introduction, one on libraries as cachets of data, and one on insight. (1998, pp. 21-22)

With the publication of the first book of the Strauss and Corbin school, *Basics of Qualitative Research* (Strauss & Corbin, 1990), came the departure in methodology between Glaser and Strauss. Soon after Strauss and Corbin's publication, Glaser responded:

Anselm [Strauss]'s methodology is one of full conceptual description and mine is grounded theory . . . It is a new conceptual method, uniquely suited to qualitative research, that simply uses the grounded theory name, with the author having no realization of what grounded theory was in the first place—what it was in goals, methodology, freedom, level of abstraction, constant comparison, naturalism, emergence, trust and care about what the participants perceive and what their problems are (Glaser 1992, pp. 122-124).

One of Glaser's key criticisms of the Strauss and Corbin's approach is in their use of axial coding which forces theoretical codes onto the data rather than to rely on emergence:

In grounded theory we do not link properties and categories in a set of relationships denoting casual conditions, phenomena, context, intervening condition, action/interactional strategies and consequences [i.e. axial coding]. This would be preconception and forcing theoretical coding concepts on data . . . It teaches the analyst to force a full conceptual description on data with no questions about whether the links are relevant to any emerging theory that really explains how the participants process their main concerns. (Glaser, 1992, p. 63)

The constructivist approach to grounded theory advocated by Charmaz (2006) represents a combination of Glaser's methodology and the Strauss and Corbin approach. In emphasizing a constructivist acceptance of different ways of knowing, Charmaz rendered both axial coding as well as the generation of a core-category and theoretical codes (critical to the original method) as optional to theory generation (Charmaz, 2006). However, by relaxing the need for a core-category as well as theoretical codes with which to tie together fractured concepts, the resulting theory becomes no different from a full conceptual description arising from a thematic analysis of data (J. Holton, personal communication, April 19, 2009). As explained in section 3.2, choosing to generate a theory according to the original grounded theory methodology does not necessarily contravene constructivist epistemology; and Glaser himself acknowledged having been influenced by constructionist thinking (Glaser, 1998, p. 32). If one were to relax the use of the core-category and emergent theoretical codes to tie together fractured concepts, it would be more appropriate to report having used thematic qualitative data analysis as a methodology and call the results full conceptual

description. Glaser, with the assistance of Holton, contended that while qualitative data analysis is legitimate, it is different than grounded theory, and to call qualitative data analysis grounded theory “is to erode the conceptual power of GT [grounded theory]” (Glaser & Holton, 2004, p. 3).

Given the reformulations to the original grounded theory methodology as conceived by Glaser and the plethora of mix-and-match approaches claiming the grounded theory name, Glaser prefers the use of the term *classic* grounded theory when it becomes necessary make a differentiation (Glaser & Holton, 2004).

3.4 The Methodology

Classic grounded theory is a general methodology of analysis linked with data collection using a systematically applied set of methods for the generation of theory within a substantive area (Glaser, 1992, p. 16). Although the methodology is most popularly used with qualitative data, it can be used with qualitative or quantitative data (Glaser, 1998). The product of classic grounded theory methodology “is not findings, but rather is an integrated set of conceptual hypotheses . . . [or] probability statements about the relationship between concepts” (Glaser, 1998, p. 3).

The methodology of classic grounded theory has been widely documented in literature (e.g. Glaser, 1978, 1992, 1998, 2001, 2003, 2005; Glaser & Holton, 2004; Glaser & Strauss, 1967; Holton, 2007). The methodology begins with a researcher entering into an inquiry of interest. With no necessary prior background knowledge on the area, the researcher begins to gather data through a variety of means following the classic grounded theory dictum that all is data:

The briefest of comment to the lengthiest interview, written words in magazines, books and newspapers, documents, observations, biases of self and others, spurious variables, or whatever else may come to the researcher's way in his substantive area of research is data for grounded theory (Glaser, 1998, p. 8).

Glaser and Strauss (1967) further add that having different types of data on the same substantive area provides "a proportioned view of the evidence, since, during comparison, biases of particular people and methods tend to reconcile themselves as the analyst discovers the underlying causes of variation" (p. 68).

Grounded theory methodology employs theoretical sampling, which is the simultaneous and iterative process of data collection, coding, and constant comparative analysis, where the theoretical emergence of concepts and categories directs the researcher in terms of subsequent data collection (Glaser & Strauss, 1967). Along with theoretical sampling, grounded theory advocates the use of conceptual memo writing as an important part of analysis throughout the entire procedure. Table 3.1 provides an overview of the iterative progression of grounded theory analysis.

Insert Table 3.1 about here

There are two types of coding in grounded theory: substantive coding and theoretical coding, with the former preceding the latter. Holton summarizes the substantive coding process in this way:

In substantive coding, the researcher works with the data directly, fracturing and analyzing it, initially through *open coding* for the emergence of a core category and related concepts and then subsequently through theoretical sampling and *selective coding* of data to theoretically saturate the core and related concepts. (2007, p. 265).

The constant comparative process involves three types of comparisons: (1) incident to incident for the emergence of concepts, (2) concepts to more incidents for further theoretical elaboration, saturation, and densification of concepts, and (3) concepts to concepts for their emergent theoretical integration through theoretical coding (Glaser & Strauss, 1967; Holton, 2007). Theoretical coding occurs as the final stage “to conceptualize how the substantive codes may relate to each other as hypotheses to be integrated into the theory” (Holton, 2007, p. 283).

In *substantive coding*, the researcher begins with line-by-line *open coding* of data, engaging in *incident-to-incident* comparative analysis guided by a set of questions: “what category does this incident indicate?”, “what property of what category does this incident indicate?”, “what is the main concern faced by the participant?”, and “what accounts for the continual resolving of this concern?” (Glaser, 1998, p. 140). These questions help the researcher to rise above descriptive details and to stay at a conceptual level focusing on the patterns among incidents that yield codes (Holton, 2007, p. 275).

As more concepts are derived from data, the comparative analysis process moves from comparing *incident-to-incident* to *concept-to-incident* for the saturation of categories. By writing memos on concepts that arise through the constant comparative process, a potential *core category* begins to emerge. The core category can be any kind of theoretical code such as a process, a typology, a continuum, a range, and so forth, with the purpose of integrating the sub-core categories to explain how the main concern of participants is continually processed or resolved (Glaser, 1998; Holton, 2007).

As a potential core category emerges, theoretical sampling is *delimited* to the collection of data to elicit further properties and dimensions of the core category. At this stage, the researcher engages in *selective coding* by focusing on the core and related categories. During this stage, “subsequent data collection can go very quickly; merely minutes, with a few field notes to be captured and analyzed” (Holton, 2007, p. 280). Theoretical saturation is achieved when additional data no longer adds to the development of properties of the category (Glaser & Strauss, 1967, p. 61). Upon theoretical *saturation* of the core and related sub-core categories, the researcher’s attention shifts to *theoretical coding* where *concept-to-concept* comparisons are made to ascertain the emergent fit of potential theoretical codes to the concepts in order to enable the theoretical integration of the core and related categories. In so doing, the researcher produces a grounded theory, that is, a set of hypotheses or relationships between concepts that explain the latent pattern of social behavior aimed at resolving a main concern within a substantive area.

Further elaboration of the grounded theory methodological process engaged in this study is provided in Chapter 4.

3.5 Using Extant Literature

In classic grounded theory methodology, it is not advisable to engage in a survey of extant literature prior to engaging in the study. The purpose for not doing so is to keep the researcher “as free and as open as possible to discovery and to emergence of concepts, problems and interpretations from the data” (Glaser, 1998, p. 67). In other words, the avoidance of extant literature is to keep the researcher from preconception

before entering the study. Also, prior survey of extant literature does not fit the discovery-orientation of classic grounded theory given that the emergence of the main concern of the substantive area may differ from the literature surveyed. The use of extant literature comes in only when the grounded theory is nearly completed, where the literature search is directed by the emerging theory and subsequently “woven into the theory as more data for constant comparison” (Glaser, 1998, p. 67).

The traditions of doctoral research often require that students not only identify a research question that contributes to a gap in the literature but also demonstrate knowledge of the field prior to engaging in a study. Such was the case for me when I entered this study with the research purpose of examining founder-successor conflict in Malaysian Chinese family firms. The research purpose was based on pilot-interviews with three Malaysian-Chinese family business successors who identified founder-successor conflict as a potentially important area of study. On that basis, I conducted a broad literature search on family business conflict and discovered that while family business conflict had been studied and documented in the West, little scholarly work had been done on Chinese family business, and none specifically for the Malaysian Chinese. As the concepts and categories began to emerge through my analysis of data, it turned out that managing conflict was not as salient a concern for Chinese family business founders and successors as the building of dynasties. After the emergence of concepts and categories, I conducted a literature search pertaining to Chinese family business and family business succession, and used relevant pieces as data for further theoretical elaboration and saturation. Only after the theory had been written-up did I

engage in further literature survey in order to situate the emergent theory in extant literature. For this study, it appears that the emergent theory as conceived has not been articulated in extant literature—it is a novel way of theorizing about family businesses.

3.6 Data Sources

The definition of a family business ranges from structural considerations (e.g. where two or more family members own and operate a business) to intentionality (e.g. where a business founder intends to pass the business to child). Litz (1995) provided a more broadly conceptualized definition that identified both structure and intention towards becoming a family business. According to Litz, an entity can be considered a family business “to the extent that its ownership and management are concentrated within a family unit, and to the extent its members strive to achieve, maintain, and/or increase intraorganizational family-based relatedness” (1995, p. 78). Litz’ definition was used to guide data collection for this study.

I entered this study by gathering data from interviews where participants self-identified as a family business by agreeing that their organization met either one of the following criteria: (1) the ownership and/or management of the business is concentrated within an immediate or extended family unit; (2) there were intentions within the family to achieve, maintain, and/or increase family ownership and/or management control of the business. I defined founders as family members who started or acquired the business alone or with others (male and/or female); successors as second- or possibly third-generation members of the immediate or extended family who were tacitly or explicitly identified by the founder and/or other family members to be potential successors; family

members as people related to the founder or successor in the immediate or extended family; and significant non-family members as people who worked closely with the family business in some capacity, either as key executives, shareholders, partners, or board members of the business, either presently or in the past.

As my understanding of classic grounded theory grew through my attendance of Barney Glaser's grounded theory seminars and through consultancy advice gleaned from fellows of the Grounded Theory Institute, I followed the dictum that "all is data" and began to include data from a variety of sources whenever opportunities presented themselves. This opportunistic sampling approach allowed me "to take advantage of the serendipitous in terms of valuable yet unplanned and unanticipated opportunities in data collection" (Holton, 2006). Thus, in addition to the formal interviews, data was opportunistically collected through casual conversations, observations, and family business events held by the Family Business Network Pacific Asia in Malaysia and in Singapore. Towards the end of my study when concepts and categories had emerged, I also gathered data from scholarly literature, interviews with family business members in the media as well as books and biographies written by family business founders.

3.7 Data Collection

Participants for the formal interviews were recruited through a snowball sampling method through recommendations from my personal and family contacts. Personal recommendations were important to this study given that Chinese business families tend to prefer to keep matters private (Tong, 2005; Zheng, 2002). Personal recommendations can also increase the level of trust between a researcher and Chinese

family business participants, thereby increasing the likelihood of access. I solicited four *recommenders* to help me recruit interview participants. Ethical considerations were made to protect the anonymity of potential participants as discussed in the next section (see section 3.8).

Given my initial proposal to study founder-successor conflict, the data collection began with open questions pertaining to founder-successor conflict. A set of nine of the first formal interviews held in early March 2009 pertained to the topic of conflict and was tape-recorded. Three of these interviews were transcribed. From March 17-19, 2009, I attended my first grounded theory seminar where I received the advice from Barney Glaser (a) to avoid preconceiving my interviews with the topic of founder-successor conflict, (b) to cease the tape-recording of subsequent interviews, and (c) to make field notes rather than to transcribe recorded interviews. Several reasons for not taping and transcribing interviews are as follows: (1) the purpose of grounded theory is not descriptive completeness but theoretical conceptualization; (2) transcribed interviews can lead to data-overwhelm and derail the researcher from conceptual analysis to the descriptive reporting; (3) taping and transcribing unnecessarily forestall and delay delimiting in theoretical sampling; (4) the process numbs the researcher from employing his or her skill in the rigors of conceptual analysis as well as trusting in his or her creative pre-conscious processing for theoretical emergence (Glaser, 1998, pp. 107-113).

Despite the change in methodological direction, the initial set of data collected did not go to waste as I was advised to listen to the recorded interviews and generate

field notes for later analysis (B. Glaser, personal communication, March 18, 2009). The second set of 13 interviews held in April and May 2009 was thus conducted with more open-ended questions (e.g. “please tell me about your family business”). Field notes were either written down by hand or typed into a laptop computer during or after the interviews. As the second set of formal interviews was not tape-recorded, potentially relevant quotes were noted down during the interview conversations.

In summary, there were a total of 22 formal interviews with 25 different participants: 10 male successors (aged 20s-70s), 3 female successors (aged 30s-50s), 4 male founders (aged 60s-70s), 1 female founder (aged 60s), 3 family members no longer in the business (1 founder-wife in her 70s, 1 daughter aged 50s, 1 niece aged 40s), and 4 non-family members of the business (1 male staff aged 60s, 1 female staff aged 50s, and 1 friend of founder aged 70s). The formal interviews were conducted from March through May 2009. The interviews lasted between 30 to 90 minutes. Of all the potential participants contacted, 6 of them did not respond to my invitation to participate in the study and were not interviewed as a result. Two of the interview participants were predominantly Chinese speaking. Although I could understand and speak enough Chinese to conduct the interviews, these interviews took place with another family member present to help with interpretation. Appendix A provides a sample of excerpts from a transcription and a field note derived through two different interviews.

Through opportunistic sampling, I was able to take part in a total of 5 participant observations through formal and informal gatherings of family business events and 8

informal conversations with family and non-family business people. After each event or pertinent conversation, I made field notes pertaining to emerging concepts and categories. Some of these were recorded on paper and some were recorded on my cell-phone when I did not have access to writing material. Care was taken not to leave identifiable information on these field notes, and they were later transferred to a word processor on my computer with password protection and encryption. These opportunistic sampling events took place from November 2009 through March 2010. In addition to the participant observations and informal conversations, short follow-up phone conversations lasting no more than 10 minutes were made with participants who had been formally interviewed for further theoretical sampling as and when it was necessary. Follow-up phone conversations with formally interviewed participants took place from December 2009 through March 2010.

The businesses represented in the sample of data collected ranged from small proprietorships to large public listed companies, and represented a full range of industries including manufacturing, construction, commodities, trading, and financial and retail services. All of the businesses were owned by Malaysian Chinese founders and/or successors, and one of the smaller businesses had ceased its operations.

3.8 Ethical Considerations

One of the key ethical considerations in research is to ensure that risks to participants are minimized. For the formal interviews, participants were given consent forms to help them understand of the purpose, criteria, procedures, confidentiality, risks and benefits, as well as the voluntary nature of the study to minimize risks to them. The

informed consent was read out-loud, and participants were given an opportunity to ask any questions and receive answers, and to sign on the consent forms prior to the interviews. A sample of the consent form used is provided in Appendix B.

The possibility of coercion to participate in the study was also minimized by emailing out copies of consent forms to potential participants prior to meeting with them, and giving them 24 hours before they were contacted for a second time by phone to ascertain their interest in participating. For those whom I was unable to reach by phone upon my subsequent attempt, I left a voicemail or a phone text-message. When potential participants did not reply to my subsequent attempt to contact them, and I did not pursue them further. I reminded the recommenders that participation should not be coerced or entered into out of a sense of personal obligation, and informed them that they would not be notified as to the potential participant's decision to participate. The purpose for doing so was to further minimize the possibility of coercion as well as to protect the anonymity of participants from my recommenders. All recordings of interviews were done electronically with the recordings password secured and encrypted. Transcripts and field notes were labeled with de-identified alphanumeric codes. No financial compensation was offered for participation in order to minimize coercion.

As the study progressed, data gathering took place in opportunistic situations through participant observations and casual conversations. For these, consent forms were not given. However, in all 8 of the casual conversations, those who offered information did so voluntarily after learning about my dissertation topic. In these

conversations, I limited my questions to clarifications on what the people had said rather than to solicit more personal information. For example, in a serendipitous meeting with a businessman who in a casual conversation likened Chinese family firms to dynasties, I proceeded to ask him for further clarification as to what he meant by that. The same approach to questioning was taken in participant observations although my ability to ask questions depended on the size of the group—the smaller the group, the more I was able to ask questions.

In addition to these conversations, from time to time, I would approach family members for brief feedback on emerging concepts, particularly my elder brother, who took over the leadership of our family business following the death of my father. For example, as the concept of *dynasting* emerged, I asked him what he thought about the concept, to which he replied with enthusiastic affirmation that the concept made a lot of sense to him. In another example, after the emergence of the concepts of *trust testing* and *business competency*, I casually asked my mother over dinner what she thought were the two most important characteristic of successors, to which she replied that they ought to be trustworthy and have good business foresight. I used such feedback as a partial gauge of the fit of the emerging concepts for them only after having arrived at the concepts through comparative analysis of the data.

It is important to note that grounded theory methodology does not use detailed and lengthy quotes as in more traditional qualitative descriptive methodologies. In grounded theory methodology the data is conceptualized such that it becomes “abstract of people, time and place and, as such, the strict adherence to standard ethical

considerations of informed consent and voluntary participation are not only frequently impractical but, more to the point, unnecessary” (Holton, 2006, p. 60). The logico-deductive bio-medical basis out of which research ethics review policies and guidelines have been derived are being challenged by qualitative researchers as not being congruent with the aims and purposes of inductive qualitative social research (van den Hoonaard, 2002). Nevertheless, I employed ethical procedures as much as possible, but when valuable data was serendipitously and voluntarily offered to me, I integrated them into field notes for further theoretical sampling and comparative analysis in accordance with the procedures of classic grounded theory methodology.

3.9 A Note on the Perspective of the Researcher

As a second-generation member of a Chinese business-owning family, my motivation to engage in this study arose out of a deep personal interest. Glaser maintained that choosing an area of study that is connected to one personal life can be an important source of motivation: “studying one’s own problem area provides continued energy to collect the data, analyze it, code it, write memos, sort the memos, write-up the memos for papers and publish. This source of motivation is ‘almost’ required” (Glaser, 1998, p. 48). The background of the researcher can also serve to broadly sensitize him to the substantive area (Glaser, 1978, p. 39). Where there may be a problem of being “too close” to an area of study by being continually aware of strong personal biases, staying close to the emergent in the data, and seeking to maintain a conceptual distance, the researcher can mitigate this risk. Such was the case for Glaser and Strauss in their first grounded theory study:

In our study of dying in hospitals, both Anselm and I were very sensitive to the disclosure problems of those days regarding that a patient was dying, because of personal experiences with our parents. In our data it became apparent that awareness was a main concern for everyone in the dying situation; awareness became core. So we wrote a book on awareness of dying. Keep in mind that this core category emerged. The task was to study dying in hospitals and thus study whatever we would find. (Glaser, 1998, p. 49).

My experience as a potential successor to my now deceased business-founding father was one that was particularly challenging for me, resulting in my leaving the family business to pursue a career in academia. Given my background, I am naturally biased towards looking for conflict issues between founders and successors. However, the data collected for this study suggested that the main concern for founders and successors was not so much the resolution of conflict but the building, growing, and passing on of family businesses across generations. In submitting to the emergent in the data through rigorous adherence to classic grounded theory methodological procedures, I was able to maintain a conceptual distance to develop a theory that emerged out of the data, broadly sensitized by my background rather than strongly biased by personal preconceptions.

3.10 Use of Computer-Assisted Software

I used three computer software packages for the storage, organization and presentation of this study. Interviews were recorded onto Apple GarageBand (www.apple.com/ilife/garageband) recording software. The transcriptions and field notes were typed into Microsoft Word word-processor and then imported into MaxQDA (www.maxqda.com). Open coding as well as memos were made on MaxQDA. All coded segments of the data were then printed out on paper, cut into individual strips and

treated as separate indices. These were then compared through hand sorting where interchangeable indices were collated into groups to form emerging concepts. With new concepts, a new copy of the data was made in MaxQDA where the coded segments were re-nested into higher order categories generated through hand sorting. For subsequent non-interview based data, I made field notes and memos directly into Microsoft Word without importing them into MaxQDA as the data was less verbose and easier to manage. As the analysis progressed, each emerging concept received its own titled memo in a separate Word document. As saturation of concepts and a core category emerged, all further comparisons and sorting were done by hand with printed forms as consistent with classic grounded theory methodology.

3.11 Summary

This chapter provided a discussion of the classic grounded theory methodology used in this study to come up with a substantive theory for Chinese Malaysian family businesses. The philosophical position of this study is one of critical realist ontology and social constructivist epistemology, a position that does not necessarily contradict classic grounded theory methodology as some scholars might argue. Barney Glaser is the methodologist behind grounded theory, and subsequent attempts to remodel the theory tend to lack the conceptual and theoretical rigor compared to the original approach. The chapter also provided a discussion of the analytic process in classic grounded theory from the beginning of data collection to the emergence of the theory. The chapter also provided a discussion of the role of extant literature—that is, to avoid reading it prior to entering a study. My data sources and data collection procedure was

discussed in the following sections, and the chapter ended with a discussion of ethical considerations made in the study, my perspective as the researcher given my role as a family business member, and lastly the use of computer-assisted software for this study.

CHAPTER 4. THE CONCEPTUAL DEVELOPMENT PROCESS

4.1 Introduction

In the last chapter, I provided an explanation of the methodology of classic grounded theory that was used in this study. In this chapter, I demonstrate the process of conceptual development that was undertaken to produce a theory on Malaysian Chinese family businesses. This chapter consists of two parts. The first part (4.2) provides an overview of the grounded theory analysis procedures: constant comparison, conceptual memoing, the emergence of concepts, and the integration of concepts. In the second part of the chapter (4.3), an account of the conceptual development of *dynasting across cultures* as it emerged is offered. The same process was used in the development of other concepts which together form the theory developed in this study.

4.2 Comparison, Memoing, Emergence, and Integration

Grounded theory methodology entails simultaneous, iterative, and yet progressive constant comparative analysis with memoing for the emergence and integration of concepts. The purpose of constant comparison is for the development of concepts through interchangeable indicators (indices) for the eventual reduction and integration into a coherent explanatory theory (Glaser & Strauss, 1967). While doing comparative analysis, I employed the following theoretically sensitizing questions to guide my coding process: “What is the data a study of?” “What category does this incident indicate?” “What is actually happening in the data?” “What is the main concern being faced by the participants?” “What accounts for the continual resolving of this concern?” (Glaser, 2004). Coding of interview data took place from March to June 2009

and December 2009 to January 2010. A total of 325 codes were generated, predominantly from the interview data and some from opportunistically sampled data. Appendix C provides a list of all the codes generated.

As I coded the data, I made conceptual memos of my comparative analysis as well as emerging questions and ideas. Memoing allows for the researcher to reflect theoretically upon the data and at the same time “to [further] determine the alternate ways by which it should be coded and compared” (Glaser & Strauss, 1967, p. 107). As Glaser explains, “a memo can be a sentence, a paragraph or a few pages . . . [that] exhausts the analyst’s momentary ideation based on data with perhaps a little conceptual elaboration” (Glaser, 1978, p. 84). Consistent with the methodology, a total of 170 separate memos were generated from the beginning of data collection until the writing-up of the theory. Appendix D provides a small sample of my conceptual memos.

Through further comparative analysis and memoing, the codes were combined in terms of their interchangeability resulting in a reduced set of 58 higher-level conceptual codes. Appendix E lists these higher-level conceptual codes. The larger set of initial codes were then treated as indices or properties of the second set of codes. The initial codes that did not fit into the higher-level conceptual codes were not ignored but put aside temporarily for further integration upon theory emergence if appropriate. Theoretical sampling was conducted from December 2009 through March 2010 through opportunistic sampling as well as literature data to further saturate the emerging

conceptual codes, and memos were made to conceptually integrate the emerging concepts.

When theoretical sampling with participants no longer added new insights to the concepts, I turned to literature for further theoretical sampling. I consulted literature specifically pertaining to Chinese family business, Malaysian Chinese, and family business succession, as these were the emerging concepts (e.g. Bond, 1991; Bond & Hwang, 1986; Carstens, 2005; Chrisman, Chua, Sharma, 1998; Handler, 1990; Redding, 1993; Tong, 2005; Tsao, 1993; Yan & Sorenson, 2004, 2006). Through further comparative analysis with data from literature, and through the sorting of memos, categories emerged. The higher-level conceptual codes became properties of these categories and *dynasting across cultures* emerged as a core category integrating the subcategories and concepts through theoretical codes.

4.3 The Conceptual Emergence of Dynasting Across Cultures

This subsection illustrates how I arrived at the core category of *dynasting across cultures* through a series of memos written from April 2009 to February 2010. As the full theory is elaborated in chapter 5, this section provides only an illustrative sample to outline the process that was undertaken, particularly, memos that demonstrated the emergence of ideas, concepts, and categories that were more central to the core category.

4.3.1 April 3, 2009: Patriarching

Shortly after the first set of interviews was conducted, I began coding the data and writing memos. On April 3, 2009, I wrote a memo that I entitled *Patriarching*. This

was the first memo that captured the notion of *dynasting* although the actual word did not come about until December 2009. The following are excerpts from the memo:

As I was lying in bed last night, I was thinking over the interview with P__. It occurred to me that the founders are doing something. It is like they are building a small kingdom, or a fiefdom. And the children, especially the boys, are like princes.

The more I think about this family, this traditional Chinese family, the more I think of the notion of building kingdoms in the Chinese sense of small kingdoms. The patriarchs are *patriarching* or building kingdoms through their businesses. And the children are heirs with little control until the patriarchs are gone. Also, communication is strictly “one way” unless you enter into the fold of the patriarch as a trusted member (e.g. sister, auntie, mother). The sons don’t seem to be able to enter into a private audience with the patriarch unless they are summoned to provide direct reports on the lay of the land (i.e. the business).

I am thinking that the Chinese FB in Malaysia is *Caught between Patriarchy and Democracy*, or *Between Kingdoms and Democracies*. This tension that comes from Eastern vs. Western influences reflects how they manage business and family.

4.3.2 June 17, 2009: Successioning

With more data coding and constant comparison, it dawned on me that my study was not so much about founder-successor conflict—the topic with which I had initially entered this study—but something more related to family business succession. On June 17, 2009, I wrote the following memo about *successioning*, in which I also made a progress note to myself as to how I arrived at the idea, and then stopped memoing as I remembered that I ought to remain grounded in the data rather than to develop a theory based on logical elaboration or preconception from my own experience.

My study is about succession. Family business succession. *Successioning*. That’s what ties it all together. Not conflict, per se, but successioning. Family business successioning in Malaysian Chinese family businesses?

Successioning takes many forms, and is a process. It can go well, or it can go poorly depending on a variety of criteria. How well successioning happens is further complicated by the fact that different stakeholders view it differently.

Process Note: How did I get to the above concept? I got to it when I was looking at [another classic grounded theory] dissertation, esp. at the end when he offered 4 hypotheses of what contributes to [his participant's main concern]. I thought that to be exciting and I also wanted to offer hypotheses at the end of my dissertation. Then, it immediately occurred to me what my hypotheses would be about: effectiveness of succession for Malaysian Chinese FBs. Then, I started to write the above two paragraphs but I stopped because I realized that I would be writing theory that is not well grounded in data. So I need now to go back and Open Code as much as possible. But keep in mind that I may be Selectively Coding for Successioning.

From July to October 2009, personal family issues made it necessary for me to stop working on my dissertation. A decision was made to move back to Malaysia before I completed my dissertation as it yielded certain advantages, especially the greater ease of engaging in theoretical sampling. Towards late November 2009, I started back into my dissertation with further coding and comparative analysis of the collected data. However, with the long break, I found myself reverting back to qualitative data analysis (see chapter 3, section 3.3) in my coding process and had difficulty moving forward. In December 2009, I consulted with Dr. Judith Holton and Dr. Andy Lowe, fellows of the Grounded Theory Institute, who encouraged me to remain conceptual and to keep memoing to get past my feeling of stuckness.

4.3.3 December 15, 2009: My First Real Memo?

After receiving their consultation, on December 15, 2009, I wrote a memo that I facetiously entitled *My First Real Memo?* Retrospectively, after having gained greater facility in the methodology, I discovered that this memo pertained to important

emergent concepts in the data. The following four paragraphs are excerpts from the memo for which I gave the following titles: *founder authority*, *following founder footsteps*, *founder early years*, and *business competence*. While the memo was more descriptive elaboration than conceptual elaboration, it nevertheless illustrates my process of learning classic grounded theory methodology as well as the on-going conceptual development of the theory.

Founder authority. Founders are domineering figures, especially those in big businesses. Why? I am not sure. It could be their personalities or it could be a product of their social upbringing or other factors. My own experience and education in psychology and entrepreneurship suggests a combination of factors. But I do know that it makes sense for founders and CEOs of large businesses to be domineering figures. After all, power, influence, and the ability to command are needed in such a leadership position.

Following founder footsteps. Successors want to follow in the footsteps of founders. They need to, especially as firstborn sons. And to follow in the footsteps of their domineering father-CEOs, they need to learn to strut and command like their fathers. But the act of strutting and commanding is one thing; the ability to garner actual respect from staff and customers is another.

Founder early years. In many cases, the founder was born into an economically-struggling environment. The founder's father and relatives may have emigrated from China as peasant farmers, lured by the prospect of work and land ownership in Malaysia by the British colonialists, a chance for a better future than the hardships faced in Mainland China. The lot of the founder's forebears was not easy. Like pioneers in a new land with slowly emerging rule of law, it was every family for themselves. For the founders, who were the first or even second generation born in then-Malaya, life was about the struggle to survive: work hard and provide for your family.

Business Competence. One of the continuing patterns I see in those successors who have successfully taken over the leadership role in the business is that they had to demonstrate business competence. The demonstration of business competence takes place over many years. Successors feel like they have to prove themselves to their fathers (as

well as other elder members of the family who have business authority over the successor). The anxiety the successors feel can be great, coming from a position of paradoxes or dilemmas. On the one hand, the expectation for them to take over the business one day is clear, yet, they are not allowed to fully step into that role. From what I see and hear, and have experienced myself, the founders themselves don't really know what that "successor development" trajectory ought to look like. In so many ways, the business continues to grow and evolve in entrepreneurial ways, and so maybe it is difficult for founders to anticipate a clear trajectory? Coming back to the issue of business competence, it seems to me that founders really need to know that the business they had built up from scratch will be in good hands when they pass it over. Even if they really want to provide for their children, it seems to me that the more growth-oriented business owners are not going to hand their businesses over to children who are not demonstrating the ability to take care of the business well.

4.3.4 December 28, 2009: Building The Family Dynasty

The emergence of the concept of dynasting began to take place towards the end of December 2009 as I was able to code more interview data together with constant comparison and theoretical sampling from opportunistic sampling. On December 28, 2009, I wrote the following memo entitled *Building The Family Dynasty*:

Founders whom I interviewed seem to be preoccupied with one thing: building the family dynasty. At first, it was not so much about building a dynasty as much as it was about maybe just surviving, and making it through the hard times. But with each success comes successive successes, as captured by the saying, the more you build, the bigger it gets (越做越大).

There seems to be a difference between family businesses that are of small size and those that grow to prominence in some way. The ones with small sized businesses, successors are able to exceed their father's abilities, e.g. build a larger business or become a professional with a higher earning potential. The ones with large and/or growing businesses seem to have founder/successor relationships that have a lot more clout around them, and more interesting to study, more different from regular family relationships. Something about the power associated with the large business, the busyness of the founder, the influence of the founder in the family, company, and community that creates a pattern of founder-

successor dynamic that can be observed. This pattern of founder-successor relating is about the building of the family dynasty across generations.

What is a dynasty?

My MSWord dictionary defines it as: 1. Succession of hereditary rulers, 2. Prominent and powerful family.

I think this is what I am studying. More than just families doing business together, my data is about the relationship between founders and successors that are building family dynasties.

Family dynasties? Business dynasties? Family Business Dynasties?

I googled [did internet search through Google] “family dynasty” and saw right away that dynasty is not just about “business” per say. It’s about family legacy over a certain area or field of endeavor, be it music (Jackson 5), politics, business.

The Australian Broadcasting Corporation has a series called “Dynasties” covering different areas that is “An inside look at some of Australia's most powerful families” (<http://www.abc.net.au/dynasties/series1.htm>)

Data from the internet (<http://www.wealth-bulletin.com/people/content/1055346441/>):

“5 October 2009 - Tara Loader Wilkinson in Amsterdam

German family business dynasty wins Lombard Odier award

Merck Group, the German family-owned pharmaceuticals and chemical company, has taken home the annual IMD-Lombard Odier Global Family Business Award, a few weeks after its 13th generation was born.

At a conference in Amsterdam, members and representatives of the family were presented with the award, the 14th of its kind.

Dr Frank Stangenerg-Haverkamp, chairman of the board of partners and member of the 11th generation of the family, and Jon Baumhauer, chairman of the executive board and also member of the 11th generation, were both there to collect the award.

Baumhauer said: *Business comes first – the Merck family members, totalling today 217 members representing the 10th, 11th, 12th and 13th*

generations, see their role as that of trustee with a clear objective to pass the group to the next generation enriched and enlarged.”

From the above italicized quote, there is clearly an emphasis on the passing on of the business. Business comes first, yes, but for what purposes? The objective, as the quote puts it is “to pass the group to the next generation enriched and enlarged.” If that is not ensuring the continuation of a dynasty, then I don’t know what is.

4.3.5 January 01, 2010: Animals Also Dynasty

In tandem with the idea that “all is data,” on January 1, 2010, I searched Google Scholar for articles using the words “family” and “dynasty.” One particular article entitled *An Evolutionary Theory of the Family* (Emlen, 1995) combined the ecological constraints model and benefits-of-philopatry model together with empirical animal data to proffer a hypothesis pertaining to family dynasting:

Families that control high quality resources will be more stable than those with low quality resources. Some resources-rich areas will support *dynasties* [italics added] in which one genetic lineage continuously occupies the same area over many successive generations. (p. 8094)

This opportunistic find in literature data further suggested that dynasting may be an important concept to follow.

4.3.6 January 15, 2010: Chinese Family Businesses Are Like Dynasties

On January 15, 2010, I met a Malaysian Chinese businessman and had a brief conversation as we were waiting for an appointment. In the process of the conversation, he found out that I was studying Chinese family businesses and proceeded to share with me his experience. The businessman had worked as a professional banker in England and had returned to Malaysia 12 years ago to open up a financial business catering predominantly to small Chinese family businesses. Without my prompting, he likened

Chinese family businesses to dynasties. It was the first time that I had heard anyone use the word “dynasty” since I began collecting data for the project. I recorded the following field note after our conversation.

I met a businessman this afternoon whose customers are Chinese family businesses. He used the word “dynasty.” He said most Chinese family businesses are about dynasties. I listened to him more and he used the word “trust,” that Chinese family businesses are very much based on trust. I asked him to define what he meant by “dynasty” and he identified “trust,” “high control,” “authoritarian,” “family,” and “loyal staff.” He added that compared to the West where they empower a manager to think, for Chinese businesses, it’s not about that. You are the hands and feet of the founder. You don’t move until you get instructions from him.

While I was writing, sorting, and comparing memos in January 2010, I happened upon an interview I had made on May 1, 2009 with a third generation family business successor, the eldest son of his generation. In the interview, he had spoken very similarly to the businessman I met on January 15, 2010. He also spoke to the issue of Chinese family businesses as likened to dynasties, identifying the themes of trust and high centralize control. The following are excerpts of my field notes taken during the interview:

Chinese FB is very much a one-man show. Too centralized. The Western way is about systems, which decentralizes things. . . . In Asia, we still have a tendency of not trusting people. A lot of people abuse their power. Maybe we haven’t reached the maturity yet to have full power. For Asians, even 40 years-olds are not the lead yet, until the father passes it to him, then suddenly he is the leader. . . . We are brought up to not trust people. Do a lot of things ourselves. That’s why we can run a coffee shop well, but not a multinational very well. . . . They [some Chinese business founders] can run a multinational, but they are still very centralized. How can some of them do it? They have to be exceptional. In terms of efficiency, brains. Thus, out of a 100 Chinese, you may only get 1 running a multinational. For Westerners, you may get 5 out of a 100, and they don’t have to be exceptional. . . . What does that look like? They work non-stop. They have a passion for their work.

They get high from working. When you do well in business, everyone wants to be attached and linked to you, even outsiders. So the Chinese way of thinking is “have the kingdom, the financial kingdom, and everyone will want to be a part of you.”

4.3.7 January 23-25, 2010: Dynasting

On January 23, I wrote a memo entitled *Dynasting* as I felt that the concept had the potential to be an emergent core category. The following are excerpts from that memo:

The Oxford English Dictionary defined the word dynasty as “a line of hereditary rulers” or “a succession of powerful or prominent people from the same family.” Similarly, the Merriam-Webster Dictionary defined dynasty as “a succession of rulers of the same line of descent” or “a powerful group or family that maintains its position for a considerable time.”

The process of passing the leadership of a family business from the founder to the successor is simply referred to in the literature as “family business succession.” Although family business succession describes *what* is happening, the nomenclature does not capture the *why* of succession: why *do* family businesses pass down from founder to successor?

This study began by exploring founder-successor conflict processes in Malaysian Chinese family businesses. However, as I began to analyze the main concern for the participants, a core category emerged. These founders and successors were not only telling me about their relational issues between the generations, it appears that they were all similarly grappling with one main concern: dynasting, the building of family business dynasties.

In order for a family business dynasty to form, there is needed a minimum of two generations: at least one founder who developed the business, and at least one successor who takes over the leadership of the business. The process of family business succession between founder and successor is thus the establishing of a dynasty. It is a natural process seen everywhere, but not always successful.

Malaysian Chinese family businesses are in a unique situation of dynasting across cultures as founders and successors navigate complex value and practice differences between generations.

The next evening, as I was having dinner at my brother's house, I casually asked him for his opinion on the idea of dynasting. He immediately agreed with the concept. I made the following note after the conversation:

On January 24, I asked my brother: "what would you say if I told you that what is going on with Chinese Malaysian family business founders and successors is that they are dynasting?" He replied, "Yes. I would say that that is a very good way to put it. That is exactly what they are doing. They are building a dynasty." And he went on to elaborate about successors being heirs to the family business and that over time, "they are essentially trying to set up an empire."

On January 25, 2010, I wrote another memo in which I attempted to provide some propositions on the concept of *dynasting*:

Here is a list of propositions that I see in the data:

To dynasty is to propagate the ownership of wealth and power down the generations of a family.

The impetus to dynasty is common to entrepreneurs.

Dynasting in a family business begins when the successor becomes consciously involved in the dynasting process.

The more successful is the business in the first generation, the more likely it is that the family business will dynasty into the next generation.

The ability of the successor to competently manage the business is a crucial factor for successful dynasting.

The more similar the cultural values between the founder and successor, the less conflictual the dynasting process.

After all the interview data had been coded and comparatively analyzed, I began sorting and comparing the memos in January and February 2010. I printed out all the memos that had been written (a total of 170 memos), cut them into separate strips of paper for hand sorting and comparison. In the process, more memos were written, some

of which contained diagrams. Appendix F provides a sample of the diagrams and pictures I made on paper as well as on computer software.

4.3.8 February 01, 2010: Dynasting Across Cultures

On February 1, 2010, I wrote an extended memo that began to more formally integrate the concepts under the core category of *dynastying across cultures*. Italicized words in the following excerpts represent emerging concepts generated through comparative analysis of coded data:

Most Chinese family businesses in Malaysia are headed by men, and most of these men exercise patriarchy. The founders that are more traditionally Chinese exercise patriarchy in greater measure compared to founders who have had exposure to western cultural influences.

Patriarchy here refers to a father who exerts power and control over both the family and the business.

So... Dynasting across cultures.

What does dynasting across cultures mean?

The Oxford English Dictionary defined the word dynasty as “a line of hereditary rulers” or “a succession of powerful or prominent people from the same family.” Similarly, the Merriam-Webster Dictionary defined dynasty as “a succession of rulers of the same line of descent” or “a powerful group or family that maintains its position for a considerable time.” Dynasting, then, is the act of establishing a dynasty. By default of its definition, a dynasty can only be established with a minimum of two generations.

Family business succession may or may not have the element of dynasting. Key in the definitions above on dynasting is the word “power.” A small farm that is handed down from one generation to another is not necessarily a dynasty. Similarly, a single sundry store that is passed down the generations is not a dynasty—not until it grows larger and begins to have a significant presence in the marketplace of stores. In American, the Wal-Mart Stores would be a good example of a very large family business dynasty spanning across at least two generations.

So... How does the dynasty begin?

Family business founders do not necessarily start their businesses by planning to establish a dynasty. The *intention to dynasty* comes when the founder has established the business to a certain size and level of success where it looks like the business can provide for the next generation of family members. Having children to whom the founder can potentially pass the business is also an important element to the intention to dynasty. Only with a certain size and level of success does a business also garner power, and its founder becomes a powerful figure in the community or society.

I did a search on successor attributes, and Chrisman, Chua & Sharma (1998) came up with integrity and commitment to business as two of the most important attributes for Canadian families. The replication study by Sharma & Rao (2000) saw the same for Indian families. However, the replication study held that “compared to Canadian family firm owners, Indian owners rate blood and family relationships higher. Canadian respondents, on the other hand, rate interpersonal skills, past performance, and experience higher.” The way I interpret this based on my data shows that what is important for Chinese family businesses is the dynasting aspect – that is the valuing of the blood and family relationships. Integrity is different from trustworthiness, which encapsulates much more – it has to do with being trustworthy to continue the business forward and to care for the family. Dynasting keeps the family and the business together with an element of continued business growth.

So... how does trustworthiness and competency relate to dynasting?

Where does patriarchy come in? And what about cultural differences?

It seems that in light of *patriarchy*, *trustworthiness* and *competency* is something that founders assess of successors. It is something that successors cannot really pass because of the patriarch's cultural background. The successor needs to balance the proof of competency with humility. The patriarch himself cannot help but not appear too humble given his *dynastic pomposity*. And the successor is trying to exert his *princeliness*, but never allowed to quite do that. He may be able to show his pomp outside of his father's presence, but not within his father's presence. The successor cannot really pass this *trustworthiness-testing* because of the father's *cultural low-trust context*. Everyone is a potential cheat and not to be fully trusted. The handing-over of the family dynasty is something that the founder has never learned to do before. Also because of *family business identity*, it becomes challenging.

Socio-cultural context difference is important. It plays into trustworthiness and competency in several ways. First of all, *trustworthiness* is understood differently between a traditional Chinese mindset of a founder who grew up in a low-trust environment and a successor who grew up in a wealthier western-educated high-trust environment. In a western context, trust is generally given until proven wrong; in the Chinese context, trustworthiness is earned and even after that, is still subject to scrutiny. So the successor wrestles with the continual mistrust of the founder, and gets frustrated.

Socio-cultural context difference also plays into competency. A traditional Chinese founder values *practical competency* whereas western ideas often deal with abstract logic and designs. The traditional Chinese founder believes in what he can see and touch, while the western-educated successor uses language to communicate *abstract business ideas*. The less formally educated and less exposed to western management theories the founder, the more he will want to see the successor prove his competency, again and again. For the Chinese founder, competency has to do with trust as well because the Chinese founder is not just thinking of competency of the successor to run a business, but to succeed and establish the dynasty (the family inheritance, leadership, legacy), the future prosperity of the family.

Over and again, family business members of the pre-1950 birth cohort talked about the problem of the lack of *trustworthiness* in the society. It was not uncommon for the Chinese to be suspicious of financial institutions, customers, suppliers, staff, and even family members. One participant talked of how common it was for businessmen to hide their earning inside their mattresses rather than to take it to the bank. Many participants talked about training up staff only to have the staff cheat on them and leave them.

Many of these older family business members interviewed were first or second generation immigrants from China. Some had grown up in a very tough environment. One child talked of how her father (the business founder) immigrated to Malaysia from China where he worked as an indentured teen-laborer under paltry conditions for years to pay off the shipping fare. In the evenings, he would be locked-in within his room without access to a toilet as the shop owner wanted to make sure he would not run away before he paid his dues. Others talked about having “to eat other people’s leftovers [of food].” In his autobiography, my father talked about having to cycle 10 miles in the early mornings to tap rubber at 4 years of age.

Those who had more fortunate backgrounds also talked about the difficult early years, especially where it concerned starting a business. In a developing economy with little access to information and a culture of low-trust, starting a business required a tremendous amount of resilience and hard work, and dependence of family members whom business founders would most likely be able to trust.

For Chinese family businesses, especially in the eyes of founders, the family and the business are not separate entities. The business is the family's asset and resource. It was shaped by the entrepreneur for the family. The business, when it grew, became more than just resource for survival; it turned into a potential to become a family dynasty where the family and the business become intertwined

The *Family Business Identity*. Those who are close to the founder—the patriarch—begin to identify themselves with the family business. This was the case not only for the spouse and children of founders, but siblings and relatives as well as long-time loyal staff.

4.3.9 February, 2010: Receiving Feedback on Theory and Methodology

In February 2010, I wrote a working abstract of the theory where the concepts and categories were integrated together under four overlapping phases. I entitled the write-up *Dynasting Across Cultures: Succession Dynamics in the Modernization of Chinese Family Firms*. In the abstract, I identified the main concern of Chinese family firms as *Dynasting Across Cultures*, where family firms struggle to transition from traditional Chinese to a hybrid Western forms as they succeed from one generation to the next. I also identified that the way in which Chinese family firms who are dynastying across cultures takes place over four-overlapping phases comprising *founder building*, *founder testing*, *founder protecting*, and *founder legacying*. Running somewhat in parallel to this trajectory are *successor indoctrinating*, *successor adapting*, *successor influencing*, and *successor dynasting*. I submitted the working abstract on February 19, 2010 to the 2010 Family Enterprise Research Conference (FERC) and also presented it

at another Classic Grounded Theory Seminar that I attended in Oxford, England from February 22-24, 2010. I used these venues to generate feedback on the emerging theory as well as my use of classic grounded theory methodology.

On February 24, 2010, I received an email from the 2010 FERC organizer who gave positive feedback on the emerging theory and added: “I personally found your paper relevant to many of the Chinese family firms I have known in Thailand and Singapore” (A. Carsrud, personal communication, February 24, 2010). On the way to Oxford on February 20, 2010, I happened to sit next to a third-generation Malaysian Chinese family business member on the plane. Through our conversation, I shared with him the title of my emerging theory after which he immediately exclaimed: “That’s it! You’ve nailed the problem on the head!” Such feedback provided me with additional confidence that the emerging theory had validity, or “grab, fit and relevance” (Glaser, 1978) for those who are intimately exposed to Chinese family firms.

The feedback I received from the Oxford Grounded Theory Seminar provided further methodological direction. It was felt that my working abstract could be improved further by moving from conceptual description to more abstract conceptualization by way of integrating the theory with theoretical codes. Subsequent to the seminar, I re-studied Glaser’s book on theoretical coding (Glaser, 2005), and returned to my memos for further sorting and comparing. In doing so, I was able to further refine some of the concepts. The bulk of the refinement to the theory was the integration of the concepts in a more conceptual way through emergent theoretical codes.

4.3.10 February-March, 2010: Emergent Theoretical Codes

It became clear to me that the resolution of the main concern of Chinese family firms, that is, the core category of *dynasting across cultures*, was best characterized as a basic social process involving both basic social structural processes as well as basic social psychological processes (Glaser, 1978). Therein, I began to also identify other theoretical codes that provided further abstract theoretical integration of the concepts and categories. *Pyramidal role-based authority structure* emerged as a theoretical code to tie together concepts and provide a conceptual framework to explain the basic social structural processes undertaken by Chinese family firms. *Traditional Chinese familial-cultural values* explained the basic social psychological processes that both enabled and helped to support the *pyramidal role-based authority structure* of Chinese family firms. Other theoretical codes which emerged were the structural trajectories of succession or *dynasting trajectories*, an algorithm for dynasting, and the identification of dynasting across cultures as an autopoietic phenomenon.

Consistent with grounded theory methodology where a good theory is modifiable when encountering further relevant data (Glaser, 1978), further theoretical sampling through several serendipitous opportunities in February and March 2010 gave rise to minor refinement of concepts. For instance, in the second phase of the overlapping four phase developmental trajectory, instead of *founders test* and *successors adapt*, further data gathered and comparison with previous data necessitated a change to *founders test and mold* and *successors adapt and prove*.

4.3.11 March, 2010: Time To Write Up

While it was possible to continue to gather data and further refine the theory, saturation appeared to have occurred to the point where by early March 2010, I felt it was time to write-up the study. This was in line with Glaser and Strauss' advice as follows:

When the researcher is convinced that his conceptual framework forms a systematic theory, that is a reasonably accurate statement of the matters studied, that it is couched in a form possible for others to use in studying a similar area, and that he can publish his results with confidence, then he is near the end of his research . . . The researcher can always try to mine his data further, but little value is learned when core categories are already saturated . . . The analyst also realizes that his theory as process can still be developed further, but that it is now sufficiently formulated for his current work to be closed and be published. (1967, pp. 224-225).

4.4 Summary

In this chapter, the process of grounded theory analysis procedures undertaken in this study was explained. In addition, the conceptual development process was elaborated through an example of the emergence of the concept of dynasting across cultures. The same process was used for the development and integration of other concepts in this study.

CHAPTER 5. THE THEORY: DYNASTING ACROSS CULTURES

5.1 Introduction

The purpose of classic grounded theory is to develop a theory that addresses the main concern of participants and how they continually work to resolve this concern. In writing up the theory, a summary of the pattern of behavior underlying the way in which participants work to resolve their main concern—that is, the core category—becomes the name of the theory (J. Holton, personal communication, February 24, 2010). In this study, I discovered the emergent main concern for Chinese Malaysian family businesses to be *dynasting*, and the pattern of behavior of Chinese Malaysian family business founders and successors for resolving that concern to be *dynasting across cultures*.

This chapter presents the theory of dynasting across cultures in two parts with the first part providing a theoretical backdrop for understanding the second part. In the first part (sections 5.2 through 5.6), I elaborate on a theory of the nature of Malaysian Chinese family businesses by defining dynasting (5.2), explaining the cultural (5.3) and structural (5.4) nature of Chinese family firms as well as their possible dynasting trajectories (5.5). I also propose an algorithm for dynasting (5.6). In the second part of the chapter (section 5.7), I elaborate in detail the core category of dynasting across cultures, its autopoietic nature (5.7.1), and its overlapping four-phase developmental trajectory (5.7.2 through 5.7.6).

5.2 Dynasting

The Merriam-Webster Dictionary defines dynasty as “a succession of rulers of the same line of descent” or “a powerful group or family that maintains its position for a considerable time” (Dynasty, 2010). The passing of leadership of a family business from the founder to the successor is referred to in the literature as simply “family business succession.” However, the term “family business succession” alone fails to capture the why of succession. *Dynasting*, the act of building, maintaining, and growing the power and resources of the business within the family lineage, more appropriately captures the essence of the motivation for family business succession. From the data gathered through this study, metaphors that alluded to Chinese business founders as “emperors” and successors as “princes” also point to the appropriateness of the use of the word dynasting.

Two elements are essential for a family to dynasty: the presence of a successful-enough business (which the founder built) and the presence of at least one successor in the next generation to take over the business. By definition, a dynasty begins only as the second generation assumes the business.

5.2.1 Motivation to Dynasty

The motivation to dynasty appears to be intrinsic. Founders tend to see the familial succession of their businesses as natural or universally accepted. One founder interviewed said, “you work so hard to build your business, naturally you will want to pass it to your children.” Another founder wrote, “succession is difficult . . . still, it is a universal desire of founders to pass control of their businesses along family lines”

(Tsao, 1993, p.41). The intrinsic nature of dynasting can also be found in studies of other animal species. One animal study proposed an evolutionary theory of the family which held that “families that control high quality resources will be more stable . . . and resources-rich areas will support dynasties in which one genetic lineage continuously occupies the same area over many successive generations,” (Emlen, 1995, p. 8094).

While the motivation to dynasty appears intrinsic, Confucian ideals and the Overseas Chinese context further explain the desire for dynasting. Confucianism stipulates the importance of having a strong family orientation where (a) the family is regarded as the source of economic providence, (b) filial piety is socialized into children to obey and care for parents, and (c) high achievement orientation is sanctioned (Redding, 1993; Bond & Hwang 1986). Combined with the entrepreneurial vigor in the Chinese for both ownership and control of a business, as well their historical position as refugees or resented minorities in Southeast Asian countries such as Malaysia (Bond, 1991), Confucian ideals fuel the desire in the Chinese to form family businesses. One theory from literature postulates that Confucian influenced values also positively impact succession (Yan & Sorenson, 2006). For the Malaysian Chinese, the dynasty is not just a way to ensure that the family is well provided for down the generations, the dynasty becomes the family’s identity which fuels further desire to maintain it.

5.3 Traditional Chinese Familial-Cultural Values

Traditional Chinese cultural values have been held by Chinese families over thousands of years, influenced by Confucianism. Living during of an era of political instability in the Eastern *Zhou* dynasty, Confucius (b. 551 BCE – d. 479 BCE)

developed teachings for uniting and regulating Chinese society. His philosophy has been identified as a key historical influence on the development of the Chinese culture espoused by most rulers throughout China's history tracing back to the Han dynasty two thousand years ago (Bond & Hwang, 1986). Arising out of an agrarian society where the population lived at a subsistence level, Confucian philosophy advocated a form of societal order that valued the restraining of individual desires together with the group-sharing of limited resources (Bond & Hwang, 1986). Thus, "the self-sufficiency of the family unit, based on its ability to manage its affairs well, was its only insurance against disaster, and the common budgets and common property of the *jia* (family) formed a rational collective response to the surrounding circumstances" (Redding, 1993). The emphasis on the family in traditional Chinese cultural values leads to the forming of family dynasties. One author put it this way:

Many, if not most, Chinese family firms did not start out as family businesses. More often than not, and partly because of the lack of capital, they began as partnerships with friends, co-workers, or with people with *guanxi* [mutual reciprocity trust-based] relations. However, there is always the desire to convert them into family firms. Generally, over time, family members will buy out the shares of non-family members. In this sense, Chinese family businesses are family oriented – entrepreneurs work towards the establishment of family ownership, and eventually, they aim to keep succession within the family, thus retaining ultimate control of the business. This family-orientedness characterizes the fabric of the development of Chinese firms, and it allows the family to retain complete control of the firm." (Tong, 2005, p.64).

5.3.1 Familial-Cultural Values In Practice

The traditional Chinese familial-cultural values tend to be practiced and upheld rather than talked about in philosophical or scholarly ways by families. They present as loosely connected and tacitly shared values that are pragmatically indoctrinated in the

homes and through Chinese educational institutions. For Chinese Malaysians living in a multicultural-multilingual society where they are a minority, and where founders often lack higher education and successors are Western-educated, their understanding of traditional Chinese values tend not to present as a sophisticated corpus of knowledge. Yet, when encountering practical social situations, the traditional Chinese will respond according to their traditional values. Through interviews and conversations with study participants, different aspects of traditional Chinese values were gleaned.

One participant talked about the importance of 礼仪 (*liyi*) roughly translated as etiquette. To possess *liyi* means that one knows how to behave according to the practical cultural expectations of the Chinese, for instance, to speak and act in a respectful and humble manner. Not to possess *liyi* would be considered rude in the eyes of the traditional Chinese. Broader than *liyi* is the notion of knowing how to behave as a person, 会做人 (*hui zuo ren*). More traditional Chinese participants often talked about *hui zuo ren* without necessarily being able to explain the entire corpus of what behaving as a person entails. When probed, they tended to provide a list of other values, for instance, to possess *liyi*. Another value that was expressed repeatedly was 信用 (*xinyong*) which can be translated as credit or more broadly, trustworthiness. *Xinyong* has also been defined as interpersonal trustworthiness (Redding, 1993) and the data suggests that this is one of the key elements to founder and successor dynamics in the Chinese family firm.

Other concepts that represent traditional Chinese values gleaned from participants in English words were wisdom, being educated, and elder-respect. The

traditional Chinese value wisdom, which participants also referred to as foresight, common-sense, or business acumen with respect to Chinese founders. Such wisdom is practical rather than abstract; the wisdom that is valued is evidenced through practice rather than through abstract pontification. The importance of education is evident in the Chinese. Parents would go to great lengths to sacrifice their time and resources to ensure that their children receive the best education they can afford, especially when the parents did not have the opportunity to receive formal education for themselves. One daughter of a founder related how her father had to give up his high school education in China in order to avoid having his brother be sold off to afford it. And so, she explained, “[my] father really drummed into us that the children must really study.” As in the value of being educated, elder-respect is a highly guarded traditional Chinese value. To show elder-respect, especially towards the patriarch, means to demonstrate unquestioning obedience and submission—which would require the curtailment of emotional expression. Different successors interviewed talked about their experience in learning unquestioning obedience in these ways: “The children are conditioned in a certain way so that when the father starts to speak in a certain tone, it’s time to shut up;” “Children are seen, not heard. Shut up. The cane comes out. ‘Stop crying!’” “Growing up, you sit at the table and wait for your father to eat first;” “Fear of the father . . . a lot of beatings from the father.”

One founder wrote a booklet entitled *Success and Succession: Lessons From The Chinese Cultural Tradition* (Tsao, 1993) in which he recommended eight fundamental Chinese concepts or values for business building, and five for business

leadership gleaned from his personal experience. In writing his booklet, Tsao acknowledged the editorial assistance of a Western Scholar specializing in modern Chinese history. His eight values and corresponding English translations were: 认 (*rèn*) education or knowledge; 忍 (*rěn*) patience or commitment; 银 (*yin*) capital, implying the careful handling of resources; 人 (*rén*) people or how to work with people; 慎 (*shèn*) prudence or critical thinking; 诚 (*chéng*) honest or true, which emphasizes the responsibility to family, clan, employers, and business associates rather than the rights of the individual; 勤 (*qín*) diligence or perseverance; and 俭 (*jiǎn*) thrift or frugality. His five values for business leadership were: 智 (*zhì*) wisdom; 信 (*xìn*) credibility or trustworthiness; 仁 (*rén*) compassionate concern; 勇 (*yǒng*) courage; and 严 (*yán*) discipline.

Although the participants interviewed were less articulate than Tsao (1993) as to the Chinese root-words associated with successful business practices, similar ideas were conveyed. Founders tend to be extremely hardworking, hands-on, practical, cost-conscious, profit-oriented, frugal, focused on customer satisfaction, concerned for reputation, possessing good business acumen or foresight, depending heavily on interpersonal trust or trustworthiness, and calling the shots. Founders not only possess these characteristics but expect successors and staff to emulate and demonstrate them, as can be seen in the words of founder Tsao: “The prospective heir should have the wisdom to learn from the invaluable experiences of the founder” (1993, p.45).

5.4 Pyramidal Role-based Authority Structure

5.4.1 Confucian-Influence

The Chinese family business dynasty operates through a pyramidal role-based authority structure founded upon, abetted by, and infused with traditional Chinese familial-cultural values and expectations of Confucian origin. As explained earlier, Confucian ideals were developed during a time of warring factions where the creation of order in society was a fundamental concern. As such, Confucius developed a role-based philosophy where he believed that adherence to clearly defined roles would result in societal harmony. He delineated five basic role relationships: father and son, ruler and ruled, husband and wife, elder brother and younger brother, and friend and friend (Wright, 1962). Of these, the most important was the father-son relationship, governed by the corresponding virtue of 孝 (*xiao*) or filial piety. The respect of the patriarch is not only something to be held when the patriarch is alive; the traditional Chinese practice of ancestor-worship is an extension of filial piety where the patriarch is venerated even after death.

It is important to note that Confucius also advocated a class order of scholars, peasants, artisans, and merchants, with merchants at the lowest level. As such, Confucianism should not be confused with the Confucian-influenced values held by today's traditional Chinese business founders. If founders held to classic Confucianism, they would not have aspired to be business people (i.e. merchants).

5.4.2 Founder-Authority

The pyramidal authority structure allows only one person to be at the top of the overall organization. The authority is vested in the founder, often the patriarch, with ultimate power over both the family and the business. The Confucian delineated role relationships of father-son and ruler-ruled within the traditional Chinese culture create and support the patriarchal authority of the founder at the top of the pyramid. His authority covers both the business as well as the family, which are intertwined and not easily separated. One wife of a deceased founder said, “the founders are like Chinamen and they talk like my husband—whatever they say goes.” One successor said, “most successful founders tend to be autocratic and dictatorial,” and another added, “let’s put it this way: he [the father] has final say.” The following quote from a founder perhaps best captures the notion of his authority on a pyramidal structure: “there can only be one tiger on a mountain.”

5.4.3 Founder-Entourage

In addition to the familial-cultural values, the founder’s authority and power is maintained through the founder’s controlling ownership of the business, his guarding of information, and his personal handling of important business and managerial decisions. The founder often builds for himself an entourage of trusted and loyal staff, business associates, and in some cases loyal and capable successors who enable his position of authority—the larger the business, the more powerful the entourage. However, the entourage does not hold equal power to the founder. Equally shared power tends to be perceived as an anomaly. To share power would be perceived as the founder losing

authority, rendering him to no longer be a true patriarch at the top of the pyramidal structure.

5.4.4 Succession-Pacing

Traditional Chinese founders tend not to give up their power until they are no longer able to hold on to it, as in the case of debilitating illness or death. In the words of one founder, “they [the founders] have built up their business through a lot of difficulties so they refuse to let go until they collapse.” Thus, successor assumption to the top of the pyramid is either very gradual (over many years) or sudden (i.e. founder death). In gradual assumption, successors are required to engage in action-pacing where they first adjust to the expectations of the patriarchal step-pyramidal structure, and slowly over the years, through passing many tests of both their trustworthiness and competence can they increase in exerting their influence within the structure. The paradox facing successors is one of immediate recognition by the family and staff of their unquestioned succession-status—indoctrinated from young and tacitly assumed—and yet takes time to realize in actuality. As one successor put it: “for Chinese, even 40 year-old [successors] are not in the lead yet, until the father passes [the business] to him, then suddenly he is the leader.”

The sudden demise of the founder through illness or death act as a trigger for instant succession. In such cases, assumption to the top of the pyramidal structure must also pass the test of familial-cultural expectations. Familial-cultural social sanctioning—and the gradual nature of assumption to the top—requires that instant successors demonstrate the ability to fulfill the expectations that come with the position,

for instance, providing for the family. Failing to fulfill the familial-cultural expectations would result in criticisms and negative repercussions. One instant-successor through founder illness talked about how he had to make the difficult decision to cut off unprofitable businesses within the conglomerate held by extended family members. While his action resulted in saving the business from financial collapse, the rest of the extended family ostracized him for many years.

5.4.5 Successor-Choice

The choice of the successor often goes to the one who is most trustworthy and competent, with a proven track record. While the patriarchal familial-cultural values hold that the eldest son is most suited to succeed the top position, it is not always the case that the successor is the first-born son. There are many instances of the second- or third-born son or daughter appointed as potential top successors. One female successor with professional post-graduate training recounted that although she was the youngest sibling, none of her elder brothers or sisters were interested in joining the family business in light of the fledgling economic situation of the late 1990s. Although her father would have preferred a son to take over the business, she was “the only person left.” Suffice it to say, the successor must also be interested in joining and taking-over the business.

When the business is large and there are several successors who fulfill the criteria for effective succession, the choice of top successor is often the eldest son, but founders may also enact several new pyramidal structures where each successor can

take over and head their respective businesses. This is further discussed below in subsection 5.4.7, *Structuring for Conflict Minimization*.

5.4.6 Patriarchy-Call

A patriarchy-call is another type of social sanctioning arising out of familial-cultural role expectations. It follows a pyramidal structural pathway where the eldest son is most expected to fulfill a patriarchy-call, followed by younger sons, and then daughters. For instance, as explained above, patriarchy-calls may be made on the successor (male or female) to enable economic providence for the family. Patriarchy-calls also occur between siblings where a younger sibling can evoke familial-cultural expectations on an older sibling to fulfill his or her obligations. One successor, the youngest of three brothers, expressed dissatisfaction over an elder brother's lack of performance in the family business and continually sought ways in which to motivate his brother to fulfill his rightful role. Similarly, one study on Confucian influence in the handling of family business conflict postulated, "in a family business, all family members would be expected to correct norm [read: familial-cultural value] violations of family members even though the offending person is in a higher position in the hierarchy" (Yan & Sorensen, 2004, p.12). When successors take up a patriarchy-call but are not interested or experienced enough in the business, it can lead to role burden. The youngest of three brothers interviewed above talked about the possibility of one-day taking over the business as a burdensome responsibility for him to assume.

5.4.7 Structuring for Conflict Minimization

The clear and ultimate founder authority at the top of the traditional Chinese family business pyramidal structure serves to minimize conflict. As one founder's wife put it:

There is no conflict. The father can ask the son to shut up, and the son can just walk out. No more fight already. Just cut off . . . [but] the next generation how to cut? You think the brother will go out? He will say 'this is my father's property, you alone get it? What about me? I am also his son.'

In many cases, founders structure the managerial responsibilities as well as subsidiary businesses (if the business is large enough) so that the next generation will experience less conflict. One successor talked about how her father had delineated responsibilities in their small construction business where the daughters take on more internal office roles while the son goes out to manage the sites. Another successor talked about how there was no conflict amongst her and her children because she was given a subsidiary-business to manage on her own and for which she had ownership. Although there is a wish on the part of the founders that all the siblings would be able to work harmoniously, they tend to be realistic about the inevitability of conflict in the next generation and structure to minimize it.

5.5 Dynasting Trajectories

The trajectories of dynasting across generations can follow several directions. Figure 1 provides a pictorial diagram of the trajectories. In the first trajectory, the

Insert Figure 1 about here

family business fails to dynasty either due to the lack of successors, successor departure, or for other reasons such as economic crises, or overly tight control to the point of the demise of the business. Successful dynasting, where familial-cultural ideals are maintained, requires that the founder position at the top of the pyramid is venerated. By venerating the founder, the honorability of the top position is reinforced and when succession is actualized, the successor rises to a position that is greatly honored.

In the second trajectory, the family business remains essentially as one structure where one successor is appointed to the top position, with the top patriarchal and managerial role, and/or with majority ownership of the business. In this trajectory, even if the actualized successor does not have majority ownership of the business, the actualized successor will have received familial-cultural sanctioning of the patriarchal role that has been accorded to him (and in rare occasions, her) over time. The position of the founder is pictorially depicted as having risen above the structure, representing his legacy and veneration by the family, clan, and business.

In the third trajectory, the family business is divided into separate autonomous structures with different successors at the top of their respective family businesses with corresponding controlling ownership, and the founder is venerated above. The separate structures may be linked through participating shareholdings as depicted by the dotted lines connecting the pyramids. A variant of the second trajectory combined with elements of the third trajectory is also possible where one successor takes the top position of a controlling business, and other successors head up subsidiary businesses where they hold minority shares.

In some cases, a founder starts a small business but the successor who takes over is more competent and grows a new related enterprise. In such cases, it is the successor who will be regarded as the true founder, and the dynasty is recognized to have begun through his founding even though he may venerate his father's humble beginnings.

5.6 Algorithm For Dynasting

A simple algorithm for dynasting can be articulated. When founder authority decreases and successor trustworthiness and competence increases, other things being equal (i.e. a well-functioning economy, political stability), the likelihood of dynasting increases. The necessary prerequisites for dynasting to take place are the presence of a successful-enough business as well as the availability of successors.

5.7 Dynasting Across Cultures

In the context of globalization and modernization, Chinese family businesses are engaging in dynasting across cultures: from traditional Chinese forms to hybrid modernized forms. The Overseas Chinese tend to regard the English language and Western education as the source for economic achievement in the twentieth and twenty-first centuries (Bond, 1991; Carstens, 2005). To this extent, Malaysian Chinese founders who build up their businesses with limited formal education send their children to English language schools and universities in Western countries. When successors return to join the family business, traditional Chinese founders are challenged by the cultural differences that arise from the mindset-shift that successors have made through their education and work experience in the West. Similarly, successors struggle to navigate the complexities of adjusting to traditional Chinese ways

in which the founders manage the business. Thus, in working together in the business, traditional Chinese founders and their Western-educated successors engage in a process of dynasting across cultures to create what Yeung (2004) refers to as a hybrid capitalism.

Dynasting across cultures applies to Chinese family firms where the patriarch holds to traditional Chinese values and successors are Western-trained. Less so does it apply to situations where the founder himself is Western-educated, although aspects of the process can still apply. For instance, one founder in his 80s who was educated in English retired from all business involvement in his 70s. As one of his successors recounted, he told them “not to bother him,” and that “he is the patriarch but he doesn’t do work anymore,” leaving the leadership of the dynasty for his children to run. In this case, the founder acknowledges his patriarchy over the dynasty but chooses to embrace a non-traditional stance of having completely separated himself from the business.

5.7.1 An Autopoietic Phenomenon

Dynasting across cultures is an autopoietic phenomenon. Glaser offered the following definition of autopoiesis:

Autopoiesis refers to the characteristic of living systems to continuously renew themselves and to regulate the renewal process in such a way that the integrity of their structure is maintained. Autopoiesis ensures the adaptiveness of complex systems to maintain their autonomy and resilience from outside pressures to change. It provides resistance to change or provides at least orderly change with integrity maintained” (2005, p.26).

For Chinese family businesses, the cultural, economic, and technological contexts have changed greatly across just two generations of a family. And so, for family businesses

that successfully dynasty, the familial-cultural values and the pyramidal authority structures renew themselves “in such a way that the integrity of their structure is maintained” (Glaser, 2005, p.26).

5.7.2 Overlapping Four-Phase Developmental Trajectory

The autopoietic process of dynasting across cultures happens through an overlapping four-phase developmental trajectory (see Figure 2): (a) the founder builds the business, then (b) tests and molds successors upon their entry, (c) stays on to protect the emerging dynasty, and (d) upon his final years is venerated as the founding patriarch. Running somewhat in parallel to the founder trajectory, the successors are (a) indoctrinated in their youth, then (b) upon entry into the business struggle to adapt to founder ways and to prove themselves, and (c) only over time, gradually influence change, and (d) finally hybridize the established dynasty. The result of this autopoietic process is a family business that successfully dynasties across cultures.

5.7.3 Phase One: Founders Build—Successors Indoctrinated

For founders, especially those in the early developmental years of Malaysia, building a business was arduous and fraught with challenges of lack of information, where competition was high with partners, staff, and competitors vying for their own families’ economic survival. Politically unstable and lacking in basic infrastructure, the environment offered little security for citizens or support for entrepreneurs. Founders worked extremely hard and sacrificed much to build up the business, as one founder put it: “The Chinese start their businesses from small, and work their way up. They learn

the hard way.” Another founder described the process as “the pain and hardship of founding an enterprise” (Tsao, 1993, p.42).

In building their businesses, successful founders rely on practical Chinese values of hard work, being hands-on and practical, always cost-conscious and profit-oriented, frugal. In addition, founders focus on customer satisfaction, are concerned for reputation, and depend heavily on interpersonal trust to build up an entourage of loyal and competent staff and trusted business associates. As founders have to acquire knowledge of their trade through practical hard knocks, they learn the value of exercising high control of information and make many business decisions themselves. One successor described founder control in a more positive light: “they [founders] started from nothing, a lot of them. When you come up from nothing, you treasure what you have earned.”

As founders build up their businesses, the children would be exposed to their entrepreneurial endeavors both at home and in the business, setting the stage for them to take over the business when they grew up. One daughter of a founder talks about how she was called upon to read contracts and documents in English on behalf of her father who could not read English.

The understanding that the children would become involved in the business is often tacit, as one participant put it: “It was never talked about. We always just assumed that we would join the family business one day.” The desire for children to take over the business influences the choice of education for them, often dictated by founders and supported by other family members such as mothers. More successful business founders

tend to send their children to English-speaking universities locally or in Western countries. Successors who are able attain high levels of professional qualifications becoming lawyers, accountants, and engineers—professions that would compliment the running of the business. Depending on the nature of their studies, some successors would also obtain work experience in the West.

Businesses that become successful enough usually find the children returning to join the family business, especially eldest sons who are often identified as the key successor. If the business grows larger, more children will tend to be called back to become involved in it, whether or not they express an interest in the business itself. The call to join the business tends to be heavily laden with familial-cultural value expectations.

5.7.4 Phase Two: Founders Test and Mold—Successors Adapt and Prove

As discussed in the first phase, given the environmental context and familial-cultural values, traditional Chinese business founders exercise a form of management that is highly centralized, patriarchal, private (even in public-listed companies), and they control the business tightly and rely on interpersonal trust with staff and business associates to grow the business. Founders have ultimate authority as the patriarch on the top of the Chinese family business pyramidal structure. Westernized successors, on the other hand, have picked up Westernized ideals such as independence, individual rights, freedom of expression, emotional bonding, open information exchange, and the prioritizing of systemized methods and processes over and above interpersonal trust. As Westernized successors join the family business, they experience the challenge of

adjusting from democratic modernized Westerns ideals to the founders' traditional Chinese style of hierarchically structured management as well as parenting.

Founders and successors tend to experience the highest levels of conflict during this phase. The smaller the business is and the more interactions there are between founder and successor, the higher the likelihood of conflict. In larger businesses where the founder has a cadre of professionally qualified staff, successors go through a mentorship process where they learn the ropes of the business from these managers. In either small or large businesses, successors are tested and molded as to their trustworthiness as well as competence. In the familial-cultural pyramidal authority structure of the Chinese family business, it is incumbent upon successors to adapt and prove themselves to the founders as worthy to one-day take over. Founder Tsao's advice to subsequent generations exemplifies this well.

After the heir apparent joins the family firm, he [she] should begin at a low level and gradually work his [her] way up the ladder . . . he [she] must work hard to gain the respect and loyalty of the other employees . . . the founder has to make sure that the heir apparent earns his [her] promotions to greater responsibility . . . [and] has a proven record of exemplary performance over a long period of time. (Tsao, 1993, pp.43-45)

In this phase, successors either adapt to founder ways or they leave the family business altogether.

Successor testing and molding can be tacit. Rather than to communicate expectations to successors in a clear, verbal way, traditional Chinese founders tend to test and mold successors through experiential practice. One successor explained that when he first came back from overseas where he trained as a civil engineer, his father

had him build a house next to their home. In retrospect, he realized that his father was testing and molding him as he was given his first housing project of 44 homes after he had successfully built the house. He related, “you think they [founders] don’t have a plan but actually they do!” In the context of tacit communication, successors learn to engage in a process of founder-reading where they learn to understand the patriarchs’ expectations through experience over time. One successor expressed that only after more than a decade of working in the family business did he develop an understanding of his father, “especially what was unspoken.”

Given the patriarchal structure and the value of unquestioning obedience, successors’ frustrations tend to be aired out to other members of the family such as their spouses, their mothers, and amongst siblings. Successors with friends who are also potential successors find camaraderie for support as well as ideas on how to deal with more authoritarian founders. In one group conversation with four Westernized successors in their late 30s and 40s, they openly shared their frustrations about not being able to express and exercise their way of doing business under the patriarch. One of them explained how he rationalizes his adaptation to his father: “It doesn’t matter. It’s his business anyway. It’s going to be mine one day. For now, just let the old man do what he wants.”

5.7.5 Phase Three: Founders Protect—Successors Influence

As the business matures and successors grow in their capabilities, traditional Chinese founders continue to protect the emerging dynasty. From a familial-cultural perspective, it is appropriate to characterize the intentions of Chinese family founders as

that of protecting the emerging dynasty given that the role of the patriarch is to provide protection in exchange for obedience (Redding, 1993). The founders' patriarchal role to protect often concerns the future economic well being of not only the family but also loyal staff. One staff recounted how the founder convinced him to stay in the company by explaining that if he started a company of his own, he would need to take risks, but if he stayed with the founder, the founder would plan for his expenses, keep him safe, and one day, when he retires, he will be able to enjoy life.

During this stage, successors have already demonstrated managerial leadership and business competence where some successors would hold the role of CEO of the business with the founder as chairman at the helm of the organization. However, ownership is not often formally transferred to successors until the demise of the founder. Thus, despite the leadership role of successors, founders maintain their position at the top of the pyramid and can exercise their patriarchal power. One retired founder talked about his role as a "sleeping chairman," but in order to keep his mind active, continued to visit customers' sites. His daughter explained it from her perspective differently: "he is supposed to retire, but he keeps his eyes on the business. He gets frustrated with their level of quality . . . but now he tries not to comment."

The drive to protect the emerging dynasty becomes especially evident in founders in times of crisis. One successor recounted that when the economic crisis hit the country, his father returned from his retirement and expressed that "I shouldn't have let you handle everything." While successors may interpret this founder's action as a

lack of trust in the successor's ability to manage through a crisis, founders would more likely interpret it as an act of concern and care to protect the emerging dynasty.

Having demonstrated competence and gained more of founders' trust, successors begin to exert influence over the business as well as the founders themselves. Successors are able to influence founders by framing their actions as attempts to care for the patriarch as he ages, which conforms to traditional Chinese values and are more acceptable to the patriarch. One successor exposed his father to Western self-improvement techniques through training workshops geared towards high-level executives. Another successor talked about spending more time with the founder by making home visitations and going for holidays together in order to build up the "relationship side" and not just to have connections with the founder on the "business side." One successor demonstrated his influence over his father during a dyadic interview where he would interject and re-interpret the patriarch's typically traditional Chinese responses with more nuanced, Westernized politically-correct terms. In deference to the patriarch, he would often end his interjections with "isn't that so, dad?"

Although successors are able to exert more influence during this phase, their influence is still limited so long as the patriarch is alive and healthy. One successor tried to implement Westernized family business consulting ideas of separating the business from the family by setting up a family forum. However, he stopped short of being able to fully implement the family forum because to do so while the founder was still alive would be "too presumptuous." In other words, as long as his father was alive and well,

he would not be able to take on role-based actions that are reserved only for the one the very top of the familial-cultural pyramidal authority structure.

5.7.6 Phase Four: Founders Venerated—Successors Hybridize

In the final phase of dynasting across cultures, founders are venerated both within the family and the business. Symbols of the veneration of the founder can be seen in the naming of institutions after founders, the writing of founders' biographies, and in cases where ancestor worship is practiced, the displaying of portraits of founders in family altars in the home. In the pyramidal structure, the veneration of the founder elevates him above the pyramid where he is recognized as the founding patriarch.

In some cases, traditional Chinese ideals limit the founders themselves from propagating their own accomplishments, and so family members, the founders' entourage, as well as the community encourage and may even insist upon the legacying of the founders' accomplishments. Nevertheless, founders themselves are not necessarily reluctant to speak of their accomplishment in building their dynasty, especially when they are asked. The words of one founder captured well his nuanced pride in his accomplishments: "Yes, in a way, you are building a dynasty. You have the responsibility to help them [the next generation] do it. But to continue on, you cannot control, but you lay the foundation . . . They [business founders] will be proud to feel that you [the researcher] are aware of it, able to identify it is happening. I did it, so of course I am proud of it."

As founders are immortalized through symbols of veneration, successors take over the helm of the organization and struggle to establish the beginnings of a new

hybridized dynasty. The establishing of a culturally hybridized dynasty is neither clear-cut nor easy for these successors. While they hold to modernized Western ideals of management, the years of indoctrination in traditional familial-cultural ideals stop them from fully becoming Western. Three first-born son successors who have taken over the business leadership talked about how, on the one hand they complain about the patriarchy of their fathers and yet on the other hand, find themselves acting in similar ways with younger siblings and children in the next generation. Another successor who received Western training emphasizing the separation of the family and the business said that while he believes his responsibility should be first towards the business, his action does not support that belief a hundred per cent: “Something is saying ‘I need to be family in this business,’ but my mind is telling me ‘I should not be.’ My heart says, ‘I cannot. I have to expose my brother to this business because there is no other way for him to get this kind of exposure.’”

Unlike their traditional Chinese founders who busied themselves with practical issues of survival, Westernized successors—especially those in successful businesses—tend to think beyond practical economic concerns when it comes to legacying the dynasty down further generations. One successor saw his role more philosophically as a passerby on earth, not owning it, only holding it for a while and having to leave it better than he found it. Another successor, while providing business leadership and economic influence over his entire extended family, considered his role not so much in terms of ensuring the passing on of the business but the instilling of values down the next generations. The following quote from that successor summarizes well the idea of

hybridizing a new dynasty across cultures: “Dynasty? It feels like Chinese warlord, conquering events . . . but when I think of it, what we are doing with the family constitution, the cousins and all that, although I’ve never really thought about it in the sense of dynasty, it might be reflecting the same thing.”

5.8 Summary

This chapter offered an elaboration of the theory of dynasting across cultures in two parts. In the first part, a theoretical backdrop was provided, explaining the concept of dynasting, the cultural and structural nature of Chinese family businesses, their possible dynasting trajectories, as well as an algorithm for dynasting. In the second part, dynasting across cultures was elaborated, a theory that explains the pattern of behavior underlying Malaysian Chinese family firms as founders and successors struggle to dynasty from one generation to the next in the context of rapid cultural change.

CHAPTER 6. CONCLUSIONS

6.1 Introduction

In the first chapter of this paper, I offered an introduction to this grounded theory study. In the second chapter, I offered a review of relevant background literature in which the study is situated. The third chapter provided a detailed discussion of the methodology employed, followed by the fourth chapter in which I delineated the process of conceptual development by tracing the emergence of the core category, *dynasting across cultures*. Chapter five contained the full elaboration of the theory itself.

In this final chapter, I will first offer a discussion on the emergent theory (6.2), the credibility of the theory (6.3), and the limitations of this study (6.4). In the last two sections, I will discuss how this study contributes to knowledge (6.5) as well as offer some implications for future research and practice (6.6).

6.2 Discussion of the Emergent Theory

There are many ways in which one can make sense of a phenomenon. Classic grounded theory offers a rigorous methodology for delineating a main concern of actors engaged in a phenomenon. The main concern that emerged in this study was dynasting. I chose the term dynasting rather than succession because it better captured the motivation behind the main concern of Malaysian Chinese family businesses: the growing, building, and continual growing and building of their families *and* businesses in perpetuity. Like the observation of animals dynasting in areas of high resource (Emlen, 1995), and like the theory of evolutionary economics applied to family firms

(Kansikas & Kuhmonen, 2008), Chinese family business founders—together with their successors—can be said to be engaged in an evolutionary struggle to become fit enough to ensure that their “species” of family firm continues to thrive.

Is every single Chinese business person concerned with dynasting? Logic suggests that not likely *every* single Chinese business person would be concerned with dynasting. However, a social theory need not account for every single instance in the population for it to be valid. There are conditions and parameters that increase the likelihood of a phenomenon to occur. In chapter 5 section 5.6, I proposed that when a business is successful enough and when there are successors available, the potential for dynasting is created. Furthermore, I hypothesized that when founder authority decreases and successor trustworthiness and competence increases, other things being equal, the likelihood of dynasting increases. This proposition can be quantified and empirically tested to ascertain the likelihood of dynasting in Malaysian Chinese family firms.

And what about dynasting across cultures? Is every single Chinese family business also engaged in that? Again, the parameters were outlined in chapter 5. First, the theory applies more to family businesses where Chinese business founders are still traditional in their ways, and where successors have been educated in Western ways of thinking. The literature on Chinese family business research is replete with descriptions of Chinese family firms as highly centralized in control, reliant on trust-based relationships, possessing a simple hierarchical structure, and where founders are patriarchal, guarding information closely, and tending not to engage in systematized planning or openness in communication (Davies & Ma, 2003; Efferin & Hopper, 2006;

Gatfield & Youseff, 2001; Redding, 1993; Thong, 1987; Wong et al., 1992). The literature is also replete with accounts of how the second generation Chinese family business successors have tended to attain Westernized education and hold different ideas that push for a desire to modernize the firm (Chung & Yuen, 2003; Lee, 1996; Tan & Fock, 2001; Thong, 1987; Tong, 2005; Yeung, 2004). Given the emergent theory in this study for Malaysian Chinese family businesses and the preponderance of literature to account for the generational differences (not to mention the impact of globalization on emerging economies), the likelihood appears to be great that dynasting across cultures as a theory explains well the phenomenon at hand. Like dynasting, this proposition that Chinese family businesses are dynasting across cultures can be quantified and tested as well.

The delineation of the overlapping four-phase developmental trajectory in dynasting across cultures also ties in with the literature—particularly, the developmental stages that have been found in other studies on family business succession (see chapter 2, subsection 2.2.2). The key departure between the phases in dynasting across cultures compared to the other succession phases offered in the literature appears to be cultural. For the Chinese, the salience of patriarchy and filial piety within a family-centric culture provides a strong contrast to Western models. While patriarchy has also been identified in Western family firms, the notions of unquestioning obedience, elder-respect, and ancestral worship differ sharply from Western ideals of freedom of expression, individual autonomy, and individual salvation. In the traditional Chinese psyche, one's ancestors—and by extension, the founding

patriarch—*is* a god to be revered and worshipped. In light of the fast changing environment due to globalization and the westernization of successors due to education, the gap between the two generations of Chinese family business founders and successors is particularly wide—likely wider than the gap experienced in Western countries. Suffice it to say, further research to compare phases of dynasting or succession between Western and Chinese family firms would be needed before such a claim can be fully warranted.

6.3 Credibility of the Theory

The purpose of a grounded theory is not to articulate factual data or provide accurate descriptions. The product of this rigorous, systematic analytic process is “an integrated set of conceptual hypotheses . . . [or] probability statements about the relationship between concepts” (Glaser, 1998, p. 3). The multivariate nature of a grounded theory stemming from the complexity of social behavior can also yield complex integrated hypotheses not easily isolated or subjected to empirical testing (Holton, 2006). Although some propositions within a grounded theory may be amenable for quantification and verification, the credibility of the theory overall is not ascertained through traditional methods of verification.

Glaser (1978, pp. 4-6) advocated fit, work, relevance, and modifiability as criteria for ascertaining the credibility of a grounded theory. First, the categories of the theory must *fit* the data—that is, how well the concepts of the theory represent the behavior that is being conceptualized (Holton, 2006). Second, a theory is considered to *work* when it is able to explain, predict, and interpret what is happening in the area

studied. Third, the theory is *relevant* to the action of the area; in other words, its core category represents a main concern—or an important dependent variable—for the participants studied. And fourth, it is easily modifiable in light of further ideas that may emerge out of novel data. Holton summarized well the importance of modifiability in a grounded theory:

This continuing openness to being modified is a powerful feature of grounded theory. As conceptual level theory, grounded theory is abstraction of the particulars from a specific substantive area. This means that the theory can be constantly modified as new data, grounded in changing conditions, generates new properties and dimensions to be integrated into the theory. The resultant theory stays alive and relevant through its ready modifiability. (2006, p. 227).

A grounded theory achieves both fit and work through close adherence to the rigors of classic grounded theory methodology. This study was my first attempt at developing a grounded theory. As such, there were some departures at the beginning of the process from the methodology. Nevertheless, the guidance I received from attending two classic grounded theory seminars and engaging consultation from fellows of the Grounded Theory Institute helped me to keep as close to the methodology as possible—which meant staying close to the data and allowing the emergent concepts to arise out of constant comparison, memoing, and theoretical sampling. As a result of staying close to the data, the emergent theory appears to have much relevance to Malaysian Chinese family businesses. As mentioned in chapter 4 (see subsection 4.3.9), the feedback I received from people intimately connected to Chinese family businesses attested to the relevance of the theory. In terms of modifiability, the abstracted concepts—for instance,

patriarchy-call—can conceivably be modified to include more concepts, dimensions, or properties if these emerged in light of new data.

6.4 Limitations

As stated in the previous section, the purpose of a grounded theory study is not to produce factual, detailed descriptions of data, but an integrated set of related concepts identifying a main concern for participants and the latent pattern underlying how to continually work to resolve their main concern. Moreover, the theory is delimited to one or two emergent core categories. It does not explain everything about Chinese family businesses, and it does not take an absolutist stance that dynasting is the *only* main concern of Malaysian Chinese family founders and successors. The theory represents *one* main concern, and in staying close to the emergent, that main concern ought to be relevant for many Chinese family business members.

Another limitation is that the data sampled in this theory was drawn only from Chinese family businesses in Malaysia. While the data from literature included overseas Chinese family businesses across East and Southeast Asia, the theory can expand its potential relevance to overseas Chinese across the region through further theoretical sampling with Chinese family businesses in countries such as Indonesia, Singapore, Thailand, the Philippines, Taiwan, and Hong Kong. In doing so however, there is also the possibility that a different core category may emerge to explain a more generic main concern affecting overseas Chinese family businesses in general. Nevertheless, given the findings in the literature across the region articulating the importance of modernization and the cultural differences between traditional founders and westernized

successors, the potential for dynasting across cultures as a latent pattern underlying the behavior of overseas Chinese family businesses as a whole remains high.

Finally, this study only drew from literature data written in English, and the majority of interview participants were English-speaking. Only two of the interview participants were predominantly Chinese speaking—the interviews took place with another family member present to help with interpretation and I could understand and speak enough Chinese to conduct the interview. It is possible that more data from Chinese language sources might yield insights for further theoretical refinement.

6.5 Contributions to Knowledge

This study contributes to knowledge in several ways. Dynasting as a concept is new in the literature. Family business research has tended to articulate the idea of the passing down the business across generations simply as succession. However, succession does not factor in the deeper, more intrinsic motivational impetus behind the act of building, growing and passing on the continual growing and building of a family business. The concept of dynasting opens up the potential for the theorizing of family business succession through the lens of evolutionary theory—through evolutionary economics or an evolutionary theory of the family.

With the idea of growth implied in its definition, dynasting can also be conceived of as the passing on of entrepreneurial familism. The success of a family firm is often associated with the size of the business and the number of generations the firm has been held in the family. Thus, the common image of a dynasty is a large business that has been handed down over multiple generations—the Merck Group, for instance,

has been hailed as a family business dynasty (see chapter 4, subsection 4.3.4). To conceive of the actions of family business founders and successors as dynasting, and not merely engaging in succession, sensitizes researchers to think in terms of generational growth and not just inheritance. While this study focuses on the beginnings of the dynasting process (i.e. the first two generations), the concept of dynasting provides a name for a potential subfield of family business research aimed at examining how families engage in developing multi-generational, long lasting, and successful family businesses.

Several scholars have identified Chinese family businesses as engaging in succession through coparcenary, the equal division of the business to children (Chau, 1991). This study discovered that Malaysian Chinese family firms do not always engage in succession through coparcenary. Although there is a tendency to regard the business as a means for economic providence for the next generation, the structuring of the leadership of the family business in the next generation can take several forms, not just through coparcenary, as explained in chapter 5, section 5.5. Furthermore, what appears to be lacking in the literature on coparcenary succession in Chinese family businesses is the understanding that the division of the family estate amongst multiple children can be a way of structuring the next generation for the minimization of conflict.

In providing a theory on Malaysian Chinese family firms, this study contributes to literature on family business by offering a theory developed outside a Western context. From an exhaustive literature search conducted (over and above the search that

was described in chapter 2, subsection 2.3.3), this study is likely the first grounded theory on Malaysian Chinese family business.

6.6 Implications

6.6.1 Implications for Future Research

Several implications arise from this study for future research and practice. First, scholars interested in verificational research can pull out some of the hypotheses for further testing as discovered in section 6.2. Second, the theory of dynasting across cultures can be further refined through more theoretical sampling with Chinese family businesses outside of Malaysia to yield a theory that could have greater potential relevance. Dynasting as a concept can be extended to research about families of different substantive areas, for instance, politics, entertainment, or even crime (for example, the mafia).

In light of Meyer's (2006) assertion that grounded theory ought to be used in emerging economies, this study has demonstrated that classic grounded theory has worked well to develop a theory that is potentially a culturally-specific theory. Dynasting across cultures as a theory may be more relevant to Chinese family businesses in modernizing Asia than Caucasian family businesses in already modernized western countries. Thus future research can employ classic grounded theory methodology to produce theories of family firms in other cultures, say South American families, Africa families and families in the Arab world.

Finally, as explained section 6.5, dynasting as a concept gives a name and sensitizes researchers to a new area of research on family firms that examine the success of family firms along multi-generational family business growth.

6.6.2 Implications for Family Business Practice

The theory developed in this study has practical relevance for Chinese business-owning families, family businesses education, and consultancy in several ways.

For business-owning families, this theory provides a template for how they might better navigate the complexities of cultural changes. Recognizing the harsh environmental context of founders' early start-up years and the Confucian ethic guiding their behavior can create empathy and understanding in successors. The empathy may help them to be more open to accepting founders' traditional Chinese ways rather than to regard them as outdated and irrelevant. Founders in turn may perceive this as obedience and loyalty, thereby increasing their trust in successors. Having a theory that demonstrates the possibility of successful business transition blending traditional Chinese and modernized Western ideals can also help successors to consider ways in which they might work more collaboratively with their traditional Chinese founders.

For founders, a theory that does not negate their sensibilities, particularly one that is sanctioned through Western academic research, can provide much needed affirmation. It can help them to lower their defenses against what might appear to be an encroachment of Western ideas out to destroy their long-held values. This may encourage them to be more open to considering new approaches in light of a changing environmental context where communication is more open, transactions are more

transparent, and information is freely available through the Internet. A theory that respects their patriarchy and legacy can help to assure traditional Chinese founders that embracing change does not necessarily mean a loss of their dynasty and their identity.

Redding argued that management education in the West is based on Western ideas of modernization, and for the Overseas Chinese, “there are no indigenous textbooks, no recognizable management theory, and the Western textbooks penetrate hardly at all” (1993, p.238). This theory can be used as a pedagogical tool to teach Chinese family firms as well as stimulate the development of family business educational materials that better address the changing cultural contexts in which Overseas Chinese family firms operate. To the extent that it can be applied to contexts outside of the Overseas Chinese, the theory may also be adjusted to educate family businesses in other cultures experiencing change through Western modernization, for instance, family firms in the Indian subcontinent, the Middle East, and even minority ethnic family businesses in the West.

For family business consultants, this theory emphasizes the importance of being sensitive to nuanced differences when working with culturally different clients. Additionally, Western consultants can use this theory to gauge their own levels of comfort in working with families of different cultural origins in light of their Western-based intervention models. For instance, therapists trained to intervene against power or gender-inequality may use this theory to adjust their paradigm in order to join with the Chinese family businesses and work more creatively to help them achieve their goals. Western family business consultants who proffer the separation of family and business

may use this theory to conceive of integrative—perhaps process-oriented—approaches that would better suit Chinese family founders and successors.

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APPENDIX A: EXAMPLE OF TRANSCRIPTION & FIELD NOTES

I = Interviewer

P = Participant

Italicized words = Summary rather than transcription

The following transcription was with a successor in his thirties.

I: Can you tell me about an experience you had (conflict between founder and successor)?

P: It always happens. We have supplies to whom we have to settle payments every month. My idea is the big suppliers we can pay, and the small suppliers we can drag them for one, two months before paying. But even a small supplier, he insist to pay the small supplier.

I: So one of the disagreements is how to pay suppliers.

I: Would you say that example causes a lot of bad feelings or tension between you and your father?

P: Yah, yes.

I: *I asked P to describe the details of what the disagreement might look like; how he might discuss or argue with his father.*

P: There is no way I can argue with him! He says something, and you either listen or... you cannot [give] any feedback. Otherwise he would get so frustrated and he will rise up his volume very loud, you know.

I: He would get very angry, lah.

P: He would get very angry. He would yell at you.

I: *I asked him what he would then, when he disagreed with his father.*

P: Even if you disagree... but he doesn't expect you to follow whatever he says. When he tells [gives advice], you just listen. You cannot give any feedback, you know. After that, whether you [follow his advice] or not, he doesn't really go and check if you follow his instructions whatsoever. *Participant explained that father would not get angry unless he found out.*

P: He would scold you. In front of everybody, no matter where, in the restaurant, when he scolds you, he will just scold.

I: What is that like for you?

P: Since you cannot fight back, you just keep quiet.

I: *I asked if it feels frustrating.*

P: Ya, ya, of course.

I: *I asked him how he responds or handles that feeling of frustration.*

P: I will just talk to my friends. Because I am quite close to all my friends.

I: What would you say?

P: I will say "I'm having a fight with my dad."

I: *I asked him for another example. I asked him whether he has seen conflict, say between father and brother.*

P: That always happens! He [father] will get very frustrated if you don't follow his instructions, if he found out.

I: *I asked him what is the worst thing father can do?*

P: He just scold.

I: Does he hit you?

P: No, he doesn't hit.

The following field notes were made during an interview with a staff member close to the business-owning family.

Long staff. After long service, it's not just a staff. Has long friendship already. Know each other already. You must think it's like your own company. However you work, must treat as your own company. Whatever things you spend (cost control) must treat as your own company... because work so many years already. Not at first, he didn't feel that way. But after a few years, he worked a lot... because he has interest in the work. There is a sense of success in his able to do it cheaper, that others cannot do.

People start their own company because after education, they already had in their mind to start a business on their own, but first, it was merely to get experience. For P, he had these thoughts to set up his own co. Owner kept him when he tried to leave a couple of times. Owner said, "you work in this company, one day, your friends, relatives, and family will appreciate you because the company will take care of you. Even if you start a co., you are thinking and planning for your staff all the time, but when you are working for the company, I am planning for you. One day, when you retired, you will enjoy your life. If you work for your own company, there is risk, and not sure if you can for sure make money. If you work for this company, I can plan for your expenses. So you are safe." And at the time, he was already 40, and thought that life was short, and so he decided to enjoy life and to treat his work as his own company.

APPENDIX B: SAMPLE CONSENT FORM

Consent to Participate in Research Study

Background Information

You are invited to participate in a research study about Chinese family businesses. You were selected as a possible participant through the personal recommendation of _____. Please read this form and ask any questions you may have before agreeing to be in the study. The study is being conducted by Johnben Loy Teik Cheok at the University of Minnesota, Department of Family Social Science, 290 McNeal Hall, 1985 Buford Avenue, St. Paul, Minnesota 55108, U.S.A. I can be contacted by phone in Malaysia (____) ____-____ and by email: ____@umn.edu

Purpose and Criteria

The purpose of this study is to develop a theory on Malaysian Chinese family businesses. In order to participate in this study, you must be Malaysian Chinese, at least 18 years old, and able to understand English at a conversational level. You must also be member (family or non-family) of a family business as defined by either one of the following criteria: (1) The ownership and/or management of the business is concentrated within a nuclear or extended family unit; (2) There are intentions within the family to achieve, maintain, and/or increase family ownership and/or management control of the business.

Procedures

Data will be gathered through personal interviews, I will ask you some open-ended questions about important family business issues such as handling conflict, family business succession, generational and/or cultural differences, etc. The interview will last between 60-90 minutes and may be audio taped. I will also ask for your permission to contact you over the phone or in person to seek clarification or solicit more information after the initial interview.

Data Acquisition and Confidentiality

All information obtained for this study will be coded by identification numbers to protect your confidentiality. For audio recording, I will use a digital recorder and the recording will be password secured. I will ask you to use pseudonyms throughout the interview to keep the content of the recording as anonymous as possible. The interview data will be held confidential and will not be shared with others. All information obtained for this study will be stored securely. The data obtained for this study will be used for research purposes only by me and my associates. The audio recordings will be accessible only by me and will be erased within 12 months after the completion of the study. I anticipate completing this study by April 2010. The findings presented to the focus group and any reports made will not identify people by comments. In other words, neither you nor the family business will be identified in any reports I might present or publish.

Risks and Benefits of Your Participating in the Study

During the interviews, you may feel stressed or uncomfortable given the potentially sensitive family-relationship topics that may arise. If you feel that you may need additional resources and/or services, I will make every effort to provide you with appropriate referrals. A benefit to this study is that you might feel heard and understood from the interview process, and reflect upon the interviews to make positive changes. Another benefit to this study is that the information you provide will help towards the development of a theory that can be used by researchers, practitioners, and other family business members to better understand, handle, or resolve family business issues.

Voluntary Nature of the Study

Your decision whether or not to participate in any portion of this study will have no affect on your current or future relations with the University of Minnesota. The person who recommended you will not be informed of your decision to participate. Please do not feel obliged to participate out of obligation to the recommender. If you decide to participate, you are free to not answer any question or withdraw at any time and not have your information be a part of this study. You decision to withdraw will not affect your current or future relations with the University of Minnesota or with me.

Contacts and Questions

You are encouraged to ask me any question you may have. If you have questions or concerns regarding this study and would like to talk to someone other than me, contact Research Subjects' Advocate line, D528 Mayo, 420 Delaware Street Southeast, Minneapolis, Minnesota 55455; telephone (1-612) 625-1650. My advisor for this study is Dr. Kathryn Rettig, and she can be contacted at (____) ____-____, email: ____@umn.edu

Statement of Consent for One-to-One Interviews

I have heard the researcher read and explain the above information. I have asked questions and have received answers. I consent to participate in this study in a one-to-one interview format.

Participant's Signature

Researcher's Signature

Date

Date

APPENDIX C: ALL CODES

Participant code: F = founder; S = successor (son); SD = successor (daughter); M = Family member; N = Non-family member. Invv = In-vivo code.

<u>Code</u>	<u>Participant Code</u>
1 Able to take advice of founder	F
2 Accepting Professional Hierarchy	S
3 Accepting Reasonings Despite Disagreement	S
4 Action oriented (invv)	S
5 Adapt to the lifestyle. Adapt to	D
6 Adapting to Western ways of doing business	F
7 Airing frustrations about founder	S
8 Anchoring onto grander purpose	S
9 Applying systems thinking on own family	S
10 Assertive Successioning	S
11 Autocratic, dictatorial founder	F
12 Backing up disagreements with facts and data	S
13 Behave as a person 会做人 (invv)	M
14 Being boss and father at same time too overwhelming for childre	F
15 Birth-rights as second-gen structuring	S
16 Boarding School education	S
17 Building trust over time through personal relating	S
18 Building up the family (invv)	S
19 Business as "extramarital affair" (invv)	S
20 Business as platform for founder-successor relating	S
21 Business competency	S
22 Business competency legitimizes CE(m)O role	S
23 Business conflict framed in religious terms	F
24 Business pilferage	F
25 Business requires time involvement	F
26 Business shares for less-able son.	F
27 Call the shots	S
28 Called back	S
29 Can't go against founder	S
30 Can't return to China	F
31 Capital Investment	S
32 Centralizing Control in Low-Trust Environment	S
33 Challenge of separating business and family topics	S
34 Character watching & molding	S
35 Chief Emotional Officer - the family go-between	S
36 Child Rearing - Inexpressiveness	S
37 Children cheat or hide from parents	F
38 Children staying in the business yet somewhat lost	F
39 Children's education	F
40 Chinaman want to see proof (invv)	N
41 Chinese education brought children closer to family business	F

<u>Code</u>	<u>Participant Code</u>
42 Chinese education less valuable than English education	F
43 Chinese Elder-Respect	S
44 Chinese with Western outlook	F
45 Christianity enable more voicing out	M
46 Christianity influences childrearing	M
47 Christianity threatens founder's sense of patriarchy	S
48 Clearing off successors failures	F
49 Close staff as arbitrator	N
50 Codifying Founder Business Values	S
51 Collaborative Successioning	S
52 Communicating through third-party	S
53 Conditions for receiving FB providence	S
54 Conflict and Structure	M
55 Confronting elder sibling	S
56 Continuous process improvement	F
57 Control by Withholding Information	S
58 Control Information	S
59 Controlling costs	F
60 Conversion to Christianity	F
61 Convincing founder through objective indicators	F
62 Covert successor disobedience	S
63 Cultural hybrid	S
64 Cultural virtue: Not right to question parent	S
65 Customer satisfaction	F
66 Daughter as arbitrator or listener	M
67 Desiring independence of opinion	S
68 Desiring internal FB forums	S
69 Desiring more business protocol with working family members	S
70 Develop personal relations through business relations	F
71 Dialect based gender bias	S
72 Difference based on dialect groups	SD
73 Differences in over-trust	M
74 Different methods of doing business	S
75 Differing attitudes about personal expenditure	F
76 Differing attitudes about trust	S
77 Differing attitudes towards business ethics	F
78 Differing attitudes towards expenditure	F
79 Differing attitudes towards profitability vs growth/expansion	F
80 Differing ideas on operations	S
81 Difficult for men to listen to their wives about business.	F
82 Disengaging familial filters	S
83 Distant-power, low-affection patriarchal parenting	S
84 Dodging around the topic (invv)	S
85 Doing business the Chinese way	F
86 Don't praise children	M
87 Eastern vs Western Cultural Differences	S

<u>Code</u>		<u>Participant Code</u>
88	Educate children in English to help in the business	F
89	Education as a path for family progress	F
90	Elder sibling not questioned	S
91	Elder sibling's authority over younger sibling	F
92	Elder-respect	S
93	Eldest son takes over business	F
94	Emotional Officering (invv)	S
95	English Education as Advantage	F
96	English education distanced children from family business	F
97	English education stresses independence of thought	M
98	English-educated founders different	SD
99	Exercise paternal authority within reasonable expectations	F
100	Exposure to family business from young age	M
101	External validation of self	S
102	Face Saving (invv)	S
103	Familial Relating to Overcome Business Differences	S
104	Family and Business intricately linked	S
105	Family before self	F
106	Family business as economic providence for children	M
107	Family business as family relational glue	S
108	Family livelihood	S
109	Family units siding with one another	S
110	Father-son hierarchy give-and-take	S
111	FB provide for non-financial interests of next gen	S
112	FB Succession	F
113	Fear of being cheated	S
114	Fear of father	M
115	Foresight	M
116	Foundations to maintain FB longevity	F
117	Founder - successor role delineation	S
118	Founder attachment to business	S
119	Founder authority as father	S
120	Founder authority disables father-son relationship	S
121	Founder control	M
122	Founder desire for children to stay in business	M
123	Founder desire for FB longevity	F
124	Founder determines how familying is done, not successor	S
125	Founder did not plan business to be family-run	F
126	Founder doesn't experience successor concerns	S
127	Founder Education	M
128	Founder EQ - Inexpressiveness	S
129	Founder inability to let go	F
130	Founder not questioned	F
131	Founder presence during successor childhood	M
132	Founder retirement	F
133	Founder secrecy	M

<u>Code</u>	<u>Participant Code</u>
134 Founder self-identity linked to business	S
135 Founder softening through aging	S
136 Founder tension in letting go	F
137 Founder use of CE(m)Os	S
138 Founder-caretaking	S
139 Founder-Reading	S
140 Founder-Successor bond creates boundaries for 3rd gen.	S
141 Founder-Successor Communication about Work	F
142 Founder-Successor Communication non-Work	F
143 Founder-Successor Relating Through Business	S
144 Founder-successor trust	F
145 Founder's personality characteristic	F
146 Frameworking	S
147 Frugality	F
148 Gender Differences	S
149 Gender Equality	D
150 Gender Succession Expectations	S
151 Getting to know father through business relationship	S
152 Giving founders purpose in retirement	S
153 Gradually build up the business	F
154 Grooming through related business enterprise	S
155 Grooming through small private project	S
156 Growth is gradual	F
157 Growth-desire vs Family-risk dilemma	N
158 Hands-on	F
159 Hard beginnings	F
160 Hardworking	F
161 Having a purpose larger than the business	S
162 Help from family	F
163 Help from friends	F
164 Hierarchical power disabling business protocol	S
165 Hokkien: male-oriented	SD
166 Honest	F
167 Honored and Well-Reputed	M
168 Humble	F
169 Illness leads to founder openness	SD
170 Including wife in the learning	F
171 Indoctrinating successor identity	S
172 Industry competitiveness	F
173 Industry Type Influence Family Relationship Style	F
174 Influencing Children Towards Business	S
175 Integrity	F
176 Intellectualizing differences	S
177 Internalizing family business values	S
178 Just keep quiet	S
179 Keep children humble.	M

<u>Code</u>	<u>Participant Code</u>	
180	Keep the family together	S
181	Keeping an eye on successor performance	S
182	Know the business well	F
183	Knowing father through business	F
184	Knowledge hard to get	S
185	Learning business as a child	S
186	Learning emotion intelligence from mother	S
187	Learning hands on	F
188	Learning the trade	F
189	Learning through FB peers	SD
190	Learning through reading	F
191	Learning through trial and error	S
192	Leaving Malaysia	S
193	Letting go of control	S
194	Leveraging lower status for business negotiations	S
195	Make money	M
196	Managing founder fears	S
197	Managing of children	F
198	Managing the public face	S
199	Managing without majority shareholdings	F
200	Manners (礼仪 invv)	S
201	May 13 1969	F
202	Mediating founder communication	F
203	Mellow with age	M
204	Memberships family business mgrs versus non mgrs	S
205	Memberships FB successors vs Non-FB corporates	S
206	Mom as arbitrator	S
207	More flexibility working in the family business	M
208	Mother distributes inheritance	F
209	Negotiating through relational bonds	F
210	Non-family peer offers succession advice	S
211	Non-questioning trust	N
212	Obedience 听话 (invv)	F
213	Old Chinese ways dying out to Western ways	M
214	Older generation upgrading self	N
215	Opportunistic relationship-based start-ups	S
216	Overcoming public structures to maintain founder authority	S
217	Ownership expectations	F
218	Patriarchal approach towards staff	N
219	Patriarchal authority challenge discomfort	S
220	Patriarchy call	S
221	Personal Distancing	S
222	Potential successor conflict management through structure	F
223	Poverty-driven founders	S
224	Poverty/Wealth gap between founder/successor	S
225	Power structuring mediates conflict	S

<u>Code</u>	<u>Participant Code</u>	
226	Practical caring	M
227	Prayer as business and family relationship intervention	F
228	Prayer to help manage conflicts	S
229	Privacy	M
230	Questions perceived as shoot-downs	F
231	Reading founder emotions	S
232	Reading indirect cues	S
233	Realigning work styles	S
234	Recognizing professional authority	S
235	Relational trust for doing business	S
236	Religion and business ethics	S
237	Religion and gender attitudes	F
238	Respecting founder experience	S
239	Respecting Founder in Business Situations	S
240	Responsibility to family business	S
241	Retirement activities	F
242	Reveling in past business innovations	S
243	Rigid control of finances from children	F
244	Rigid control of shareholdings from children	F
245	Roping in the next generation	M
246	Scold successors publicly	S
247	Secure wealth for family's sake	F
248	Shoot first, aim later	S
249	Silence as consent	S
250	Sister as mediator between father and son	S
251	Sisters invest in the business	F
252	Sixth sense and business acumen	F
253	Sleeping chairman (invv)	F
254	Small profit margins	F
255	Sole successor burden	S
256	Soliciting loyalty	M
257	Sons as relational to father	M
258	Sons preferred	M
259	Start small	F
260	Start small, work your way up	F
261	Start-up financing challenge	F
262	Start-up ownership spread	S
263	Staying in the business for the money	M
264	Stocking positive relational reserves	S
265	Streamlining the next-gen	D
266	Strict parenting	S
267	Structure company for FB longevity	F
268	Structuring second generation	S
269	Successor "always a child" syndrome	S
270	Successor advising founder on parenting siblings	S
271	Successor Business Competence As Influence	S

<u>Code</u>		<u>Participant Code</u>
272	Successor coaching founder self awareness	S
273	Successor coaching intimate emotion expression	S
274	Successor competence as threat to founder identity	S
275	Successor experience of the business as child	F
276	Successor family-based over-care	M
277	Successor helplessness to bond with father	S
278	Successor interest in the business	F
279	Successor lack of passion	F
280	Successor Obedience	S
281	Successor Outside-FB Work Experience	S
282	Successor perception of founder competitiveness	S
283	Successor readiness	F
284	Successor responsibility to family-caretake	SD
285	Successor running business while founder still alive	S
286	Successor self-proving	S
287	Successor Submissiveness - No Conflicts	F
288	Successor submissiveness - Stay in business	F
289	Successor unheard in conflict	S
290	Successor-business fit	F
291	Successor-to-founder re-education	F
292	Successors Bypassed	S
293	Successors follow business success	S
294	Sweet-talking the founder	M
295	The more you make the more it grows 越做越大 (invv)	F
296	The obedient successor	S
297	Tow-the-line respect	S
298	Towards meritocracy, away from male primogeniture	S
299	Transitioning founder from CEO to elder statesman	S
300	Trust (信用 invv)	SD
301	Trust-based businesses are small	M
302	Trust-testing	S
303	Trustworthiness	F
304	Types of successor responses to succession	S
305	Unity is strength (invv)	F
306	Unwritten debt (invv)	F
307	Upbringing linked to loyalty (invv)	S
308	Upbringing of children	F
309	Use workshops/training to change another's mindset	F
310	Using family to overcome legal restrictions	F
311	Using workshops/training to help children discover themselves	F
312	Value transparency and openness	S
313	Waiting It Out	S
314	Western-education increases communication	S
315	Wife and mother roles as mediator	S
316	Winning over next generation leadership mantle	S
317	Wives uninvolved in the business	M

<u>Code</u>		<u>Participant Code</u>
318	Women as more trustworthy	SD
319	Women business owner	F
320	Women business owner in wife supportive role	F
321	Women more relationally oriented	SD
322	Women seen as housewives	F
323	Women successors need to prove themselves more	SD
324	Work fast	S
325	Worry about business	F

APPENDIX D: SAMPLE CONCEPTUAL MEMOS

Title **Covert successor disobedience**

Code SUCCESSIONING\Founder Autocracy\Covert successor disobedience

Codes SUCCESSIONING\Successor-Grooming\Successor "always a child" syndrome
 CHILD REARING\Parenting & Childrearing\Fear of father

I'm calling this variable "covert disobedience" but it has to do with successors who are already adults. In a sense, this is related to when there is a strong presence of successor "always a child" syndrome. The founder does not communicate with the successor as an adult, and ends up resorting to using power (i.e. anger, fear of father) to manage differences, and so the successor will "disobey" by doing what he feels needs to be done, and does it behind his father's back. So long as the father doesn't find out, it is okay.

Q) Are there instances where the father/founder knows what is going on, but just lets it happen anyway?

Title **Founder not questioned**

Code SUCCESSIONING\Founder Autocracy\Founder not questioned

Codes EDUCATION\Children's Education (1)\English education stresses independence of thought

Generally, the founder's decisions are not questioned, especially if the founder is male and has successfully built up the business. Even if there is a question in the eyes of those lower on the hierarchy, they would not dare to raise it up to a level of disagreement.

English education generally stresses independence of thought. And when successors are educated in English question their parents (or the founder), it becomes an area of conflict. The founder resorts to Chinese parenting and child-rearing as a way to exert control, or uses public shaming, etc, to control the English educated successor. The successor is left with little choice but to learn how to appease the founder, or the leave the family business.

English-educated founders are a little different from lowly-educated Chinese founders. They are more verbally communicative, sometimes even to the point of confusing the successor.

Title **Just keep quiet**

Code SUCCESSIONING\Founder Autocracy\Just keep quiet

One of the things successors do when founders get angry at them.

Title **Realigning work styles**

Code SUCCESSIONING\Successor Entering Into Business\Realigning work styles

- After getting experience working outside the family business and in foreign places, the successor needs to realign his workstyle to cater to founder's style of working. This has relations to westernized/professional styles versus a more entrepreneurial approach.

Title Scold successors publicly

Code SUCCESSIONING\Founder Autocracy\Scold successors publicly

Chinese founders scold or reprimand their children openly in public. This happens even when the successors have become adults. The result of which, some successors just "keep quiet" and take their frustrations to friends, esp. friends who come from family businesses.

Title Streamlining the next-gen

Code STRUCTURING\Streamlining the next-gen

Codes SUCCESSIONING\Founder Retirement\Called back

One thing that successors may need to do when the family relationships begin to encumber the business is to streamline the business by cutting out the family. This leads to pained relationships. However, it can save the business from sinking, especially during financial crises. Successors who do this have to bear the brunt of hostile reactions from other family members, and it often happens or is enabled when the successor is being "called back" to take over the business or to help it survive difficult transitions.

Title Successor-to-founder re-education

Code SUCCESSIONING\Founder Retirement\Successor-to-founder re-education

Successor exposes the founder to new ways of doing things, new thoughts and ideas emerging from the West, new technologies and ways of doing things. This happens more when the successor does not himself take on the role of educating himself with the latest developments. Sometimes, it is done to help the successor implement new ways of doing things in the business. But generally, it is a part of the process of change as the country becomes more open to new things.

Title Waiting It Out

Code SUCCESSIONING\Founder Retirement\Waiting It Out

Waiting it out is something that successors do. These successors are experienced and qualified enough from their perspective to run the business, but the founder is still at the helm of the organization, and so they are not able to implement ideas that go against the founder. And so they wait it out -- for the founder to let go of the business and for them to take over the leadership. When waiting it out, successors generally let the founder's wishes be implemented without fighting him, and do things to manage the way they work that would be different from the way they might do things if they were to take over the helm of the family business.

APPENDIX E: HIGHER LEVEL CONCEPTUAL CODES

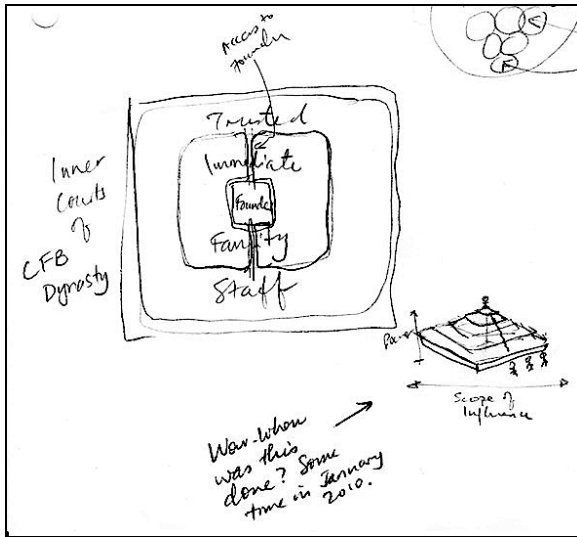
Higher Level Conceptual Codes

- 1 Business As Familial Economic Providence
- 2 Business as family affair
- 3 Business As Founder Personal Identity
- 4 Change in Information Control
- 5 Character Watching & Molding
- 6 Children's Education
- 7 Chinese Drive For Economic Prosperity
- 8 Circumventing legal restrictions to run business through family
- 9 Competence Testing
- 10 Control Information
- 11 Cost-control
- 12 Environment: Political instability
- 13 Familial Sacrifice
- 14 Family and Business as one interlocked identity
- 15 Founder as public figure
- 16 Founder not questioned
- 17 Founder practical-caring
- 18 Founder venerated as Patriarch
- 19 Founder-determined successor educational pathway
- 20 Founders Educated in English
- 21 From Business To Personal
- 22 Generational-cultural mindset difference
- 23 Hybrid Patriarchy
- 24 Hybridization only when founder inactive
- 25 Indoctrination of next generation
- 26 Internalizing Founder Values
- 27 Learning Founder Unspoken Ways
- 28 Legacying founder innovation
- 29 Leveraging on lower status
- 30 Loyal Staff Like Family
- 31 Loyal staff protects founder name
- 32 Mother as mediator

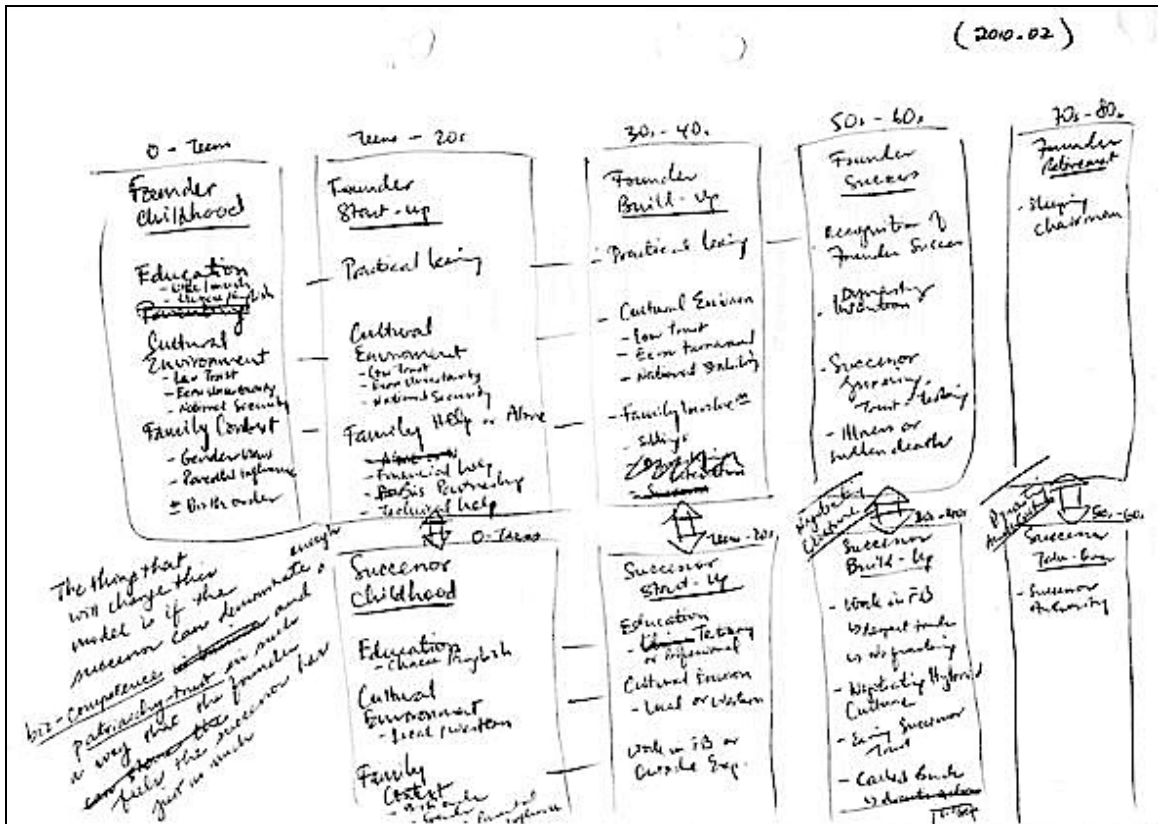
Higher Level Conceptual Codes

- 33 Non-financial interests of NextGen
- 34 Older-aged founders become less domineering
- 35 Open conflict
- 36 Protecting Business Against Successor Failures
- 37 Protecting Family
- 38 Protecting Staff
- 39 Protecting through foundations
- 40 Relationship-based business growth
- 41 Separating family from business
- 42 Sharing Ownership
- 43 Sleeping chairman
- 44 Soliciting loyalty
- 45 Start small, grow gradually
- 46 Successful Business Necessary for Dynastying
- 47 Successor interpreting for founder
- 48 Successor Joining Patriarch Role
- 49 Successor Treating Staff Like Family
- 50 Successor Western Ideals
- 51 Successors more westernized – open to internationalization
- 52 Systems
- 53 The Family As Economic Safety Unit
- 54 Trust Testing
- 55 Unwilling to let go
- 56 Very trust-based businesses remain small
- 57 Western-style Governance does not work
- 58 Women's Roles

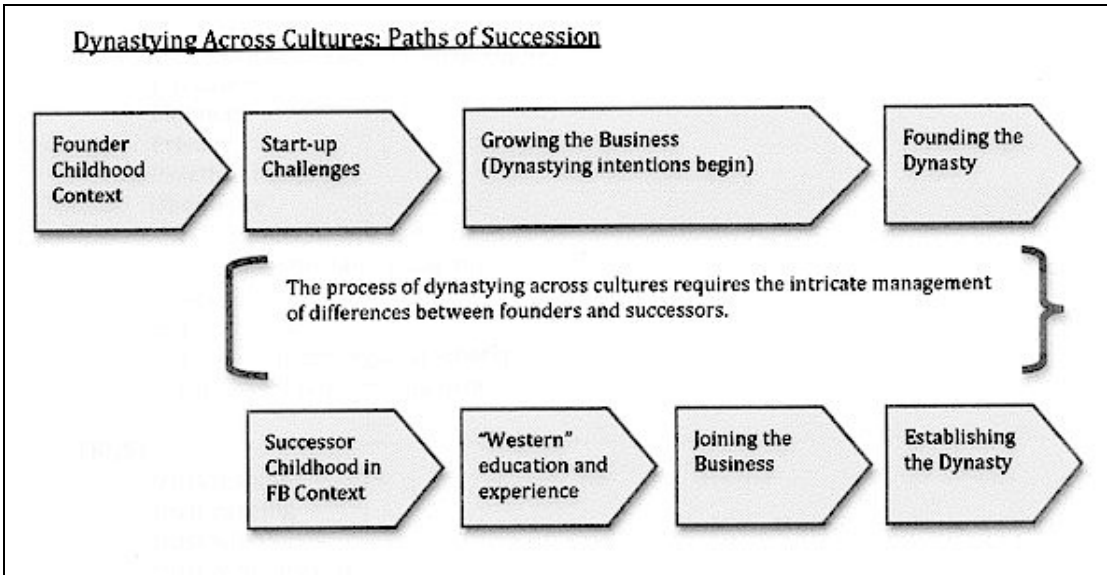
APPENDIX F: SAMPLE DIAGRAMS & PICTURES



Example 1: Emerging ideas of the pyramidal structure of Chinese business dynasties.



Example 2: The emerging ideas for phases of dynasting across cultures



Example 3: Refining emerging ideas of phases of dynastying across cultures

TABLE 2.1: COMPARATIVE ANALYSIS BY RESEARCH AREA

Table 2.1: Comparative Analysis of 42 Articles by Research Area	
Research Area (No. of articles)	Author (Year)
Business Growth (6)	Ahlstrom et al. (2004) Chung (2005) Chung & Hamilton (2009) Lee & Tan (2001) Tan & Fock (2001) Yeung (2000)
Competitiveness (5)	Carney (1998) Carney et al. (2003) Chung & Yuen (2003) Ding et al. (2007) Yu (2001)
Family relations (2)	Lee (2006) Yan & Sorenson (2004)
Governance (4)	Chen & Hsu (2009) Filatotchev et al. (2005) Ng & Roberts (2007) Tsai et al. (2006)
Internationalization (4)	<i>Tan & Fock (2001)*</i> Tsang (2001) Tsang (2002) <i>Yeung (2000)*</i>
Management culture (6)	Davies & Ma (2003) Efferin & Hopper (2006) Gatfield & Youseff (2001) Gomez (2007) Thong (1987) Wong et al. (1992)
Modernization (5)	<i>Chen & Hsu (2009)*</i> Hwang (1990) Lee (1996) Whyte (1996) Yeung (2006)
Performance (4)	Chu (2009) <i>Filatotchev et al. (2005)*</i> Luo & Chung (2005) Tsao et al. (2009)
Professionalization (3)	Tsui-Auch (2003) Tsui-Auch (2004) Zhang & Ma (2009)
Start-up (2)	Au & Kwan (2009) Pistrui et al. (2001)
Succession (6)	Chau (1991) <i>Chung & Yuen (2003)*</i>

Table 2.1: Comparative Analysis of 42 Articles by Research Area

Tong (2005)
Wong (1985)
Yan & Sorenson (2006)
Zheng (2002)

**Repeated articles grouped into more than one area*

TABLE 2.2: COMPARATIVE ANALYSIS BY COUNTRY & METHODS

Table 2.2: Comparative Analysis of 24 Empirical Articles by Country and Methods		
Country (No. of articles)	Author (Year)	Methodology
Britain (1)	Gomez (2007)	Quantitative (public data)
China – mainland (5)	Au & Kwan (2009)	Quantitative (survey data)
	Tsang (2001)	Qualitative (case study)
	Tsang (2002)	Qualitative (case study)
	Ding et al. (2007)	Quantitative (public data)
	Pistrui et al. (2001)	Quantitative (survey data)
Hong Kong (5)	<i>Au & Kwan (2009)*</i>	<i>Quantitative (survey data)</i>
	Chung & Yuen (2003)	Quantitative (survey data)
	Ahlstrom et al. (2004)	Qualitative (interview data)
	Davies & Ma (2003)	Quantitative (survey data)
	Zheng (2002)	Qualitative (interview data)
Indonesia (1)	Efferin & Hopper (2006)	Qualitative (case study)
Malaysia (2)	<i>Gomez (2007)*</i>	<i>Quantitative (public data)</i>
	<i>Tong (2005)*</i>	Qualitative (case study)
Singapore (9)	<i>Ahlstrom et al. (2004)*</i>	<i>Qualitative (interview data)</i>
	<i>Tsang (2001)*</i>	<i>Qualitative (case study)</i>
	<i>Tsang (2002)*</i>	<i>Qualitative (case study)</i>
	Lee (2006)	Quantitative (survey data)
	Lee & Tan (2001)	Qualitative (interview data)
	Ng & Roberts (2007)	Qualitative (case study)
	Tan & Fock (2001)	Qualitative (case study)
	Tong (2005)	<i>Qualitative (case study)</i>
	Tsui-Auch (2003)	Qualitative (case study)
Taiwan (7)	<i>Ahlstrom et al. (2004)*</i>	<i>Qualitative (interview data)</i>
	Chen & Hsu (2009)	Quantitative (public data)
	Chu (2009)	Quantitative (public data)
	Filatotchev et al. (2005)	Quantitative (public data)
	Luo & Chung (2005)	Quantitative (public data)
	Tsai et al. (2006)	Quantitative (public data)
	Tsao et al. (2009)	Quantitative (survey data)
USA (1)	Wong et al. (1992)	Qualitative (historical data)
Multinational (6)	<i>Ahlstrom et al. (2004)*</i>	
	<i>Au & Kwan (2009)*</i>	
	<i>Gomez (2007)*</i>	
	<i>Tong (2005)*</i>	
	<i>Tsang (2001)*</i>	
	<i>Tsang (2002)*</i>	

* Repeated articles grouped under more than one country category

TABLE 3.1: GROUNDED THEORY ANALYSIS PROGRESSION

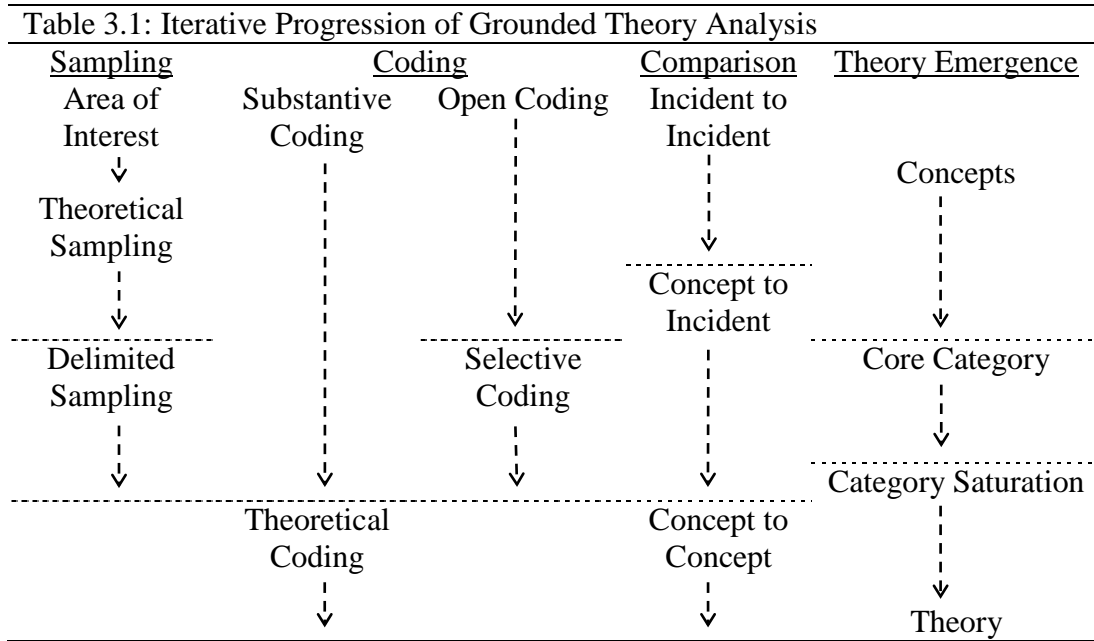
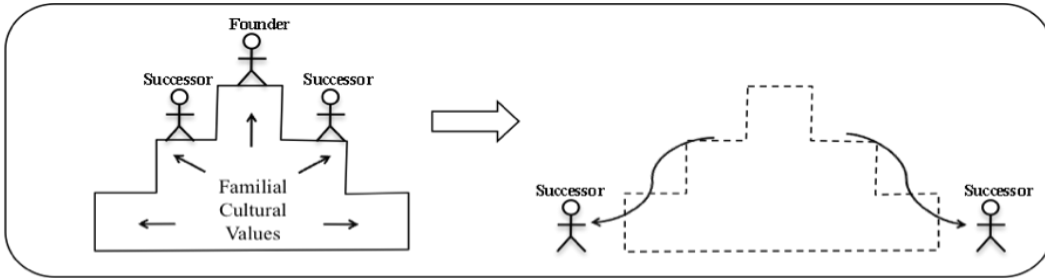
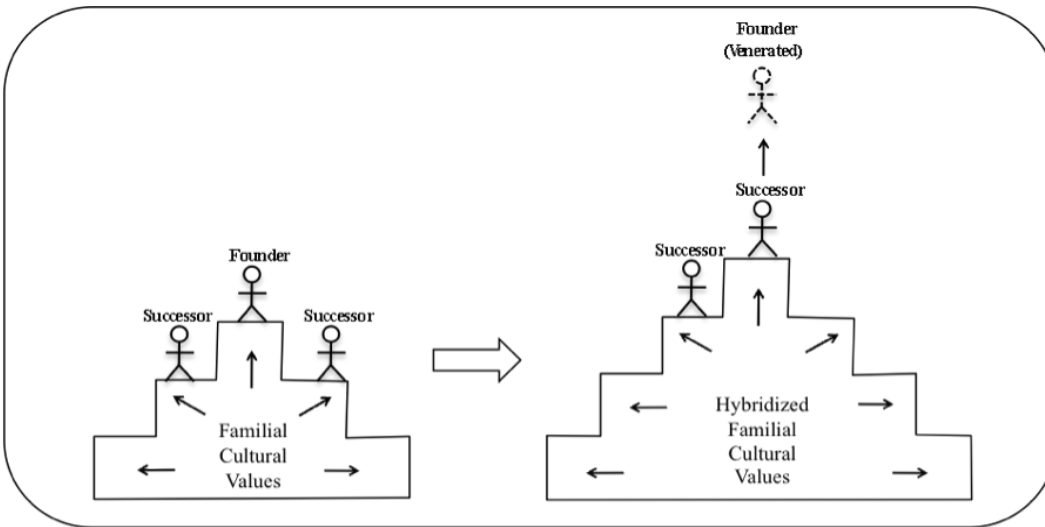


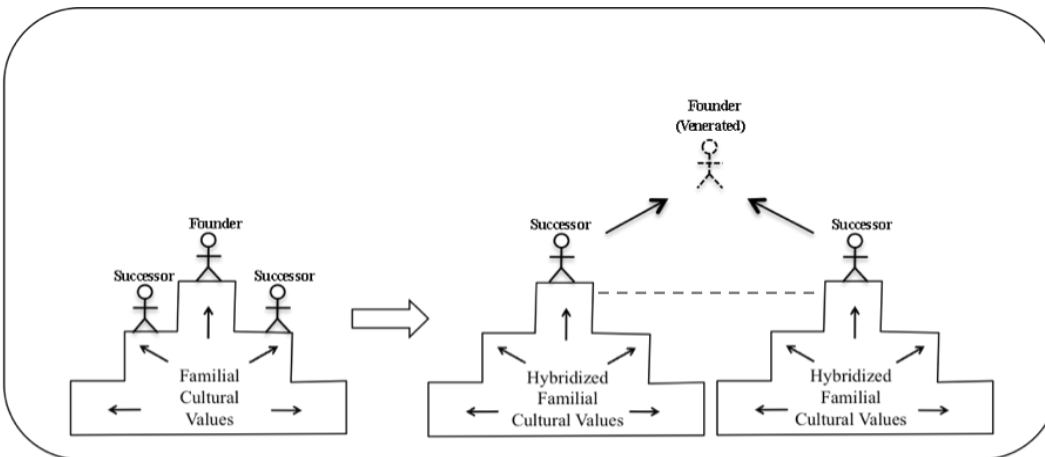
FIGURE 1: ILLUSTRATION OF DYNASTING TRAJECTORIES



Trajectory 1: Failure to Dynasty



Trajectory 2: Dynasting From Single Structure to Single Structure



Trajectory 3: Dynasting from Single Structure to Multiple Autonomous Structures

FIGURE 2: OVERLAPPING FOUR-PHASE TRAJECTORY

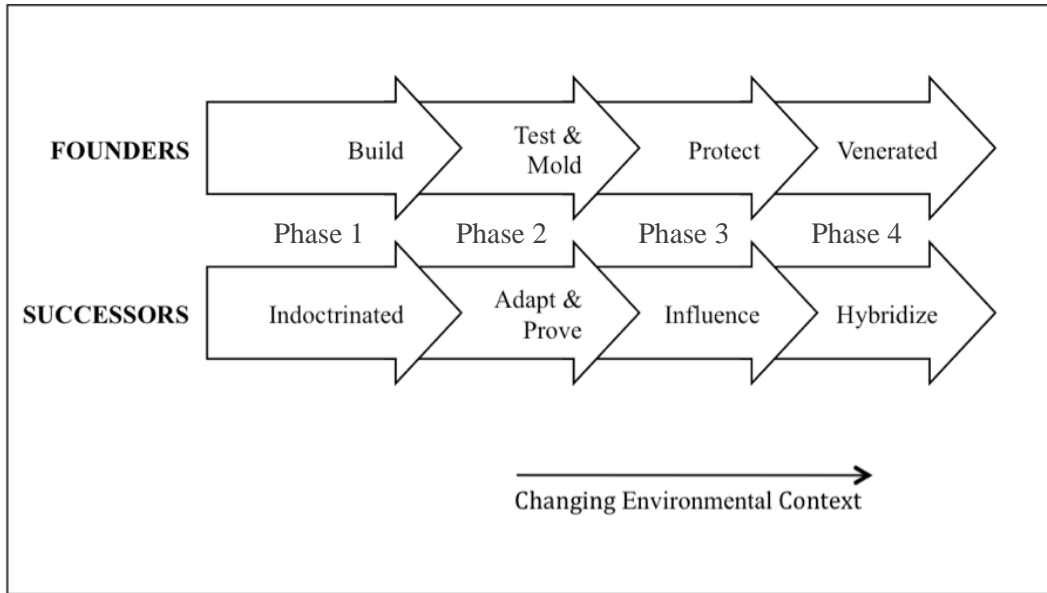


Figure 2: Dynasting Across Cultures – Overlapping Four-Phase Developmental Trajectory