

Copyright © and Moral Rights for this thesis and, where applicable, any accompanying data are retained by the author. A copy can be downloaded for personal non-commercial research or study, without prior permission or charge. This thesis and the accompanying data cannot be reproduced or quoted extensively from without first obtaining permission in writing from the copyright holder. The content of the thesis and accompanying research data (where applicable) must not be changed in any way or sold commercially in any format or medium without the formal permission of the copyright holder.

When referring to this thesis and any accompanying data, full bibliographic details must be given, e.g.

Thesis: Shihang Su (2019) “The Influence of Institutions on the Entrepreneurial Behaviour of Family Businesses in the Context of China: A Multi-Level Analysis”, University of Southampton, Southampton Business School, PhD Thesis, pagination.

UNIVERSITY OF SOUTHAMPTON

FACULTY OF SOCIAL SCIENCE

**The Influence of Institutions on the Entrepreneurial Behaviour of Family Businesses
in the Context of China: A Multi-Level Analysis**

by

Shihang Su

Thesis for the degree of Doctor of Philosophy

June 2019

UNIVERSITY OF SOUTHAMPTON

ABSTRACT

FACULTY OF SOCIAL SCIENCE

Doctor of Philosophy

**The Influence of Institutions on the Entrepreneurial Behaviour of Family Businesses
in the Context of China: A Multi-Level Analysis**

By Shihang Su

The entrepreneurial behaviour of family businesses plays a significant role in boosting economic development in every country. As one of the largest economies in the world, China's phenomenal economic growth has attracted scholarly interest in family businesses throughout the 21st Century. Scholars have recognized the complexity of such firms, since these are at the intersection of family and business institutions, which exert different influences on the behaviour of family businesses. In particular, the way that these influences impact on entrepreneurial behaviour is dependent on the context. This thesis argues that the interaction of three levels of context - macro, meso and micro - is relevant to fully appreciate the impact of different institutions in different contexts. The extant research on family businesses and entrepreneurial behaviour in developed economies has mainly focused on the influence of formal institutions on entrepreneurial behaviour. However, when considering the impact of macro institutions on the entrepreneurial behaviour in transition economies such as China, there is a theoretical and empirical gap. Furthermore, due to the formal institutional voids in such a context, informal institutions play a significant role in influencing organizational behaviour, particularly in terms of the country's macro-culture. To date, research on informal institutions affecting the entrepreneurial behaviour of family firms in China is scarce. There are both theoretical and empirical gaps, which this thesis aims to address. Furthermore, the heterogeneity of family businesses has been acknowledged in recent scholarly discourse, with findings highlighting

the varying impact of institutions on the entrepreneurial behaviour of family businesses in the same context. The thesis argues that there are theoretical and empirical gaps in understanding how specific institutional logics, such as family and business logics, impact on the entrepreneurial behaviour of family businesses in a given context such as China. Moreover, findings from the existing studies carried out in developed economies are inconclusive, particularly with regard to whether these institutional logics are complementary or conflicting between family and business systems, if they inherently exist at an organizational level and are observable by individuals. According to paradox scholars, tensions can remain latent until changing environmental conditions render them salient. Yet, when considering the impact of contradictions on family and business systems, there are theoretical and empirical gaps in understanding how specific tensions emerge from family businesses in a given context such as China.

Given the exploratory nature of the thesis, the social constructivism research approach was adopted to explore how institutions impact on the entrepreneurial behaviour of family businesses in China, focusing on three levels of analysis: macro, meso and micro. The empirical work consisted of multi-case study analysis, based on 56 interviews with family business owners situated on the East coast of China. The research findings reveal that (a) at the macro-institutional level, national cultural aspects inform different types of social networks, which in turn generate various types of social capital that facilitate or constrain entrepreneurial behaviour; (b) at a meso-organizational level, the founding structure has an imprinting effect on the dominant logics in family businesses, and exerts long-lasting influence on subsequent entrepreneurial behaviour; and (c) at the micro-individual level, the tensions between family and business may only exist in a latent state and subsequently become salient through individual sense-making under conditions of institutional complexity. This thesis contributes new theoretical and empirical insights to the theory of entrepreneurship and family businesses with a focus on China, accounting for (1) the hierarchical order of informal institutions in China and their influence on the formation of social capital in family businesses; (2) the influence of heterogeneity in the initial set-up of family businesses in China and concomitant influence of the macro-culture and interplay of institutional logics; and (3) the dynamic institutional changes in a transition economy such as China and influence on how individuals frame tensions within family businesses.

Table of Contents

ABSTRACT.....	i
Table of Contents.....	i
List of Tables.....	vi
List of Figures.....	vii
DECLARATION OF AUTHORSHIP.....	viii
Acknowledgements.....	ix
Definitions and Abbreviations.....	xi
Chapter 1. Introduction and Overview.....	1
1.1 Research Context.....	1
1.2 Theoretical Background and Key Concepts.....	4
1.2.1 Defining Family Business.....	5
1.2.2 Conceptualising Entrepreneurial Behaviour.....	7
1.2.3 Entrepreneurial Behaviour of Family Businesses: current scholarly debate.....	9
1.3 Research Objectives, Questions and Theoretical Constructs.....	13
1.3.1 Guiding Thesis Research Question and Objectives.....	13
1.3.2 Chapter 3 (Paper 1) Research Question and Objectives.....	13
1.3.3 Chapter 4 (Paper 2) Research Question and Objectives.....	14
1.3.4 Chapter 5 (Paper 3) Research Question and Objectives.....	15
1.3.5 Relevant Theoretical Constructs.....	15
1.4 Entrepreneurial Behaviour of Family Businesses: an institutional perspective.....	16

1.4.1 Defining Institutions	16
1.4.2 Institutions Shaping Entrepreneurial Behaviour of Family Businesses	22
1.4.3 Institutional Complexity within Organizational Context	24
1.5 Competing Demands in Family Businesses	25
1.5.1 Institutional Logics Perspective - a selective view of competing demands	25
1.5.2 Paradox Perspective – an integrative view of competing demands within organizational context.....	28
1.5.3 Inconsistent Empirical Findings in Family Business Research	32
1.5 Structure of the Thesis	34
1.6 Conclusion	36
Chapter 2. Research Methodology	37
2.1 Introduction.....	37
2.2 Research Philosophy and Paradigm.....	37
2.3 Research Methods.....	42
2.3.1 Research Design	44
2.3.2 Data Sampling and Collection	45
2.4 Data Analysis.....	49
2.5 Conclusion	50
Chapter 3. Paper 1.....	51
Institutions Shaping Entrepreneurial Behaviour in Chinese Family Firms: A Multi-Level Perspective	51
Abstract.....	51
3.1 Introduction.....	51
3.2 Theoretical framework.....	54

3.2.1 The Multiplicity of Informal Institutions	54
3.2.2 Linking Culture and Social Networks.....	56
3.2.3 Social Capital Theory and Entrepreneurial Behaviour	59
3.2.4 Conceptualising Entrepreneurial Behaviour in Family Firms	62
3.3 Methodology	64
3.3.1 Research Context	64
3.3.2 Research Methods and Data Collection	65
3.3.3 Data Analysis	69
3.4 Findings.....	71
3.5 Discussion of Findings.....	79
3.6 Conclusion	84
Chapter 4. Paper 2.....	86
How Initial Set-up Impacts on SMEs’ Entrepreneurial Behaviour: Couple-Founders versus Single-Founders in Chinese Family Businesses	86
Abstract.....	86
4.1 Introduction.....	86
4.2 Theoretical Framework.....	88
4.2.1 Multiple Logics and Family Firm Behaviour	88
4.2.2 Heterogeneity of Family Firms and Contexts.....	90
4.3 Research Methodology	92
4.3.1 Research Context	92
4.3.2 Data Collection	93
4.3.3 Data Analysis	96

4.4 Cross-Case Analysis: Findings	104
4.5 Discussion of the Findings.....	111
4.6 Conclusions.....	116
Chapter 5. Paper 3.....	119
How do tensions become salient in family firms? A paradox perspective applied to Chinese family firms.....	119
Abstract.....	119
5.1 Introduction.....	120
5.2 Theoretical Framework.....	121
5.2.1 Paradox Theory and Organizational Tensions.....	121
5.2.2 Paradoxical Tensions: beyond organizational context.....	124
5.2.3 Institutional Complexity and Paradoxes	124
5.3 Methodology	127
5.3.1 Research Context	127
5.3.2 Research Design	130
5.3.3 Data Summary	131
5.4 Findings	143
5.5 Discussion and Contribution.....	151
5.6 Conclusion	153
Chapter 6. Conclusion	155
6.1 Introduction.....	155
6.2 Revisiting the Research Questions and Objectives.....	155
6.2.1 Thesis Research Question and Objectives	155

6.2.2 Chapter 3 (Paper 1)	156
6.2.3 Chapter 4 (Paper 2)	157
6.2.4 Chapter 5 (Paper 3)	159
6.3 Implications and contributions.....	159
6.3.1 Theoretical Contribution and Implications	159
6.3.2 Practical Implications and Contributions.....	162
6.4 Research Limitations and Opportunities for Future Research.....	164
6.5 Conclusion	165
Appendix 1. Chronology of changes in the role and status of private enterprises in China from 1949 to 2004 (Adopted from Li <i>et al.</i> , 2015).....	167
Appendix 2. Research protocol (First wave data collection).....	168
Appendix 3. Business projects summary (First wave data collection)	169
Appendix 4. Business projects (Second wave data collection).....	175
List of Reference	185

List of Tables

Table 1. Diverse theoretical perspective of entrepreneurial behaviour	Error! Bookmark not defined.
Table 2. Secondary data source (2008 to 2015).....	48
Table 3. Case overview.....	66
Table 4. Interview participants	67
Table 5. Coding explanation.....	70
Table 6. Cultural aspects shaping social networks	76
Table 7. Case overview.....	94
Table 8. Interview participants	95
Table 9. Codes explanation and sample quotes from the data.....	99
Table 10. CF vs. SF family firms' pursuit of family logic	105
Table 11. CF vs. SF family firms' pursuit of commercial logic.....	106
Table 12. Underlying assumptions: Paradox theory and institutional complexity	127
Table 13. Data overview.....	129
Table 14. Individual cognitive framing	132
Table 15. Tensions' latency and salience: Family liquidity vs. Firm growth.....	135
Table 16. Tensions' latency and salience: Industrial reputation vs. Family reputation.....	139

List of Figures

Figure 1: Theoretical framework	64
Figure 2. Data structure.....	70
Figure 3. Multi-levelled informal institutions shaping entrepreneurial behaviour	80
Figure 4: CF firm coding structure	98
Figure 5: SF firm coding structure.....	98
Figure 6. The salience of family liquidity and firm growth tension ...	Error! Bookmark not defined.
Figure 7. Industrial reputation and family reputation	Error! Bookmark not defined.

DECLARATION OF AUTHORSHIP

I, Shihang Su, declare that this thesis and the work presented in it is my own and has been generated by me as the result of my own original research.

The Influence of Institutions on the Entrepreneurial Behaviour of Family Businesses in the Context of China: A Multi-Level Analysis

I confirm that:

This work was done wholly or mainly while in candidature for a research degree at this University;

Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;

Where I have consulted the published work of others, this is always clearly attributed;

Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;

I have acknowledged all main sources of help;

None of the work has been published by journals.

Signed:

Date:

Acknowledgements

I would like to express my strongest gratitude towards my supervisory team - Professor Laura Costanzo and Dr. Knut Lange. Over the years, they have always been supportive and patient with me, especially when I faced daunting challenges regarding my personal life. Their insightful supervision has been invaluable and will have a significant impact upon my academic journey, and even upon my life. It has been a great honour to have them as my supervisors - without their guidance this PhD project would not have been completed.

I would also like to thank my friends for their love and support, especially during difficult times when I could not seem to find the right path for myself. I hope you know that I feel lucky to have you in my life.

Most importantly, I would like to thank my parents who have been there for me whenever needed. Without their financial, and more importantly, emotional support over the years, I would not have been able to complete the challenges that I have faced.

Finally, I would like to thank all the participants who willingly gave of their valuable time to help me build up the database for this thesis. I wish you all the best.

With the oversight of my main supervisor, editorial advice has been sought. No changes of intellectual content were made as a result of this advice

Definitions and Abbreviations

OECD	The Organisation for Economic Co-operation and Development is an intergovernmental economic organization with 36 member countries, founded in 1961 to stimulate economic progress and world trade.
CCP	Chinese Communist Party
WTO	World Trade Organization
SAIC	State Administration for Industry and Commerce of the People's Republic of China
GFBS	Global Family Business Survey
OCF	China's one-child policy was part of a birth-planning programme designed to control the size of its population. It was introduced in 1979 after a decade-long two-child policy, and modified in the mid-1980s to allow rural parents a second child if the first-born was a daughter, and lasted three more decades before being eliminated at the end of 2015.
SEW	Socio-emotional wealth: “the utilities family-owners derive from the non-economic aspects of the business” (Gómez-Mejía <i>et al.</i> , 2007).
SF	Family businesses founded by individuals.
CF	Family businesses founded by married couples.

Chapter 1. Introduction and Overview

1.1 Research Context

Since the iconic work published by Schumpeter in 1934, entrepreneurship, namely the creation of new businesses, has been deemed the main driver of economic development in virtually all countries (Pistrui *et al.*, 2001). Empirically, there is much evidence showing that entrepreneurship has a positive impact on economic growth in various contexts such as the US (Acs and Armington, 2004), Europe (Audretsch and Keilbach, 2004), post-socialist Eastern Europe (Berkowitz and De Jong, 2005; McMillan and Woodruff, 2002) and OECD¹ countries (Carree and Thurik, 2008). As one of the largest economies, and the biggest transition economy in the world of today, there is no doubt that entrepreneurship has played a central role in China's tremendous economic growth during the past three decades (Ahlstrom and Ding, 2014; Li *et al.*, 2012; McMillan and Woodruff, 2002; Tsui *et al.*, 2006). Scholarly attention has been slowly accumulating on the entrepreneurship development process in China, and how the lessons from this can be applied in other contexts (Chen *et al.*, 2012; Yuen, 2013).

According to early Western studies, understanding family business behaviour is particularly important for entrepreneurship research, as family-based kinship networks provide fundamental resources in private enterprise development (Benedict, 1968; Pistrui *et al.*, 2001). For example, 85% of all established private businesses will have started with some level of family sponsorship (Astrachan *et al.*, 2003). Indeed, family-owned firms are considered one of the primary engines for economic development, as they account for approximately 90% of all businesses in the modern world (Aldrich and Cliff, 2003). They also sustain entrepreneurship development by breeding entrepreneurial talent through their emphasis on cross-generational development, loyal family values and long-term strategic commitment (Wang and Poutziouris, 2010).

Although the long-lasting civilisation of China embraces over 2000 years' worth of family businesses, traceable in its history, the role and status of family firms has not always been positive in modern China. As a result of the country's unique communist politico-economic philosophy (for a summary, see Appendix 1), private enterprises were only

¹ The Organisation for Economic Co-operation and Development is an intergovernmental economic organization with 36 member countries, founded in 1961 to stimulate economic progress and world trade.

tolerated for three years after the Chinese Communist Party (CCP) came to power in 1949. Since then, and over the next 29 years, the entire private sector was transformed into state-owned businesses through government purchase and expropriation. During this period, entrepreneurship was considered a political taboo (Kshetri, 2007; Loyalka and Dammon, 2006). Formally recognised self-employment was virtually eliminated, as no legal and regulatory institutions were provided to support entrepreneurship (Polishchuk, 1997). Private businesses could only operate under ‘cottage-type’ activities (Dana, 1999), including individualistic or familial workshop or household businesses in a range of specialised professions, such as carpentry, construction, embroidery and fishing (Dana, 1999). Not only did entrepreneurship suffer from the absence of any formal institutional support, but also it received little in the way of positive social acceptance (Nair, 1996). Only individuals who could not build a career in government entities or state-owned enterprises were left with no choice but to establish a private business (Kshetri, 2007). According to Ping’s (1997) statistical documenting after the Cultural Revolution (1966-1976)², the total number of employees in private enterprises was less than 150,000, which was an extremely small fraction of the employable population.

In 1978, The 11th Plenum of the CCP became the milestone for revitalising the private economy (He, 2009). In the following year, Chairman Deng Xiaoping initiated the first wave of reform that officially shifted the economic administrative mechanism away from the inflexible Soviet Union type of centrally planned economy (Buck *et al.*, 2000). Since then, the Chinese state government has undergone gradual political changes that legitimise private enterprises. In 1981, the State Council issued the first formal regulation to specify the nature of private businesses and their rightful owners. In 1984, the 3rd Plenum of the 12th CPC National Congress approved the document ‘Resolution on Reforming the Economic System’, which encouraged all sectors, i.e. state-owned, collective-owned and private-owned enterprises to collaborate with each other (Beijing Review, 1984). Since then, the CCP’s attitude towards entrepreneurship has gradually evolved from “strict prohibition,” to “tolerance, accommodation and encouragement” (Peng, 2004), especially after China officially became the 143rd member of the WTO on December 11, 2001.

As respect for entrepreneurship and private ownership at a national level is essential for aligning with international institutions such as the WTO, the CCP leaders publicly

² The Cultural Revolution was a socio-political movement in China from 1966 until 1976. Launched by Mao Zedong, then Chairman of the Communist Party of China, its stated goal was to preserve Chinese Communism by purging remnants of capitalist and traditional elements from Chinese society, and to re-impose Maoism as the dominant ideology within the Party.

acknowledged the positive contribution of entrepreneurship by admitting entrepreneurs into the party in 2002 (Pomfret, 2001). The State's official recognition of entrepreneurs as valuable social actors shifted public perception of entrepreneurship from a negative point of view to an increasingly positive perspective (Kim and Gao, 2013; Puffer *et al.*, 2010). Since the start of the economic reform, the Chinese economy has grown on average by 8% annually (Yueh, 2013).

Although a deficiency of statistics as well as the complicated forms of private entities make it rather difficult to grasp the exact scale and structure of the Chinese private sector, the salient contribution of family businesses to the macro economic development of China can be seen through a glimpse of the official data. During the first decade of the 21st Century, private enterprises have accounted for over 50% of industrial output, contributing about 70% of gross domestic product (Huang, 2008). Among these private enterprises, 85.4% were reported to be controlled by families (China Family Enterprise Development Report, 2011). By the end of 2018, the gross number of registered enterprises had grown to over 110 million, of which 68% are privately owned (State Administration for Industry and Commerce of the People's Republic of China, (SAIC), 2019). Family businesses reportedly form the majority of the Chinese private sector. According to the Global Family Business Survey (GFBS, 2018), over 3500 enterprises were listed on the A-share market, of which the proportion of private enterprises showed an increase from 49% to 56%, over 50% of the listed private enterprises being family-owned. If we take into account that a considerable number of Chinese entrepreneurs register their businesses as collectively-owned enterprises with a Red Hat strategy³ (Chen, 2007; Wang *et al.*, 2014; Ke, 2018), the real size of the family business economy is even more gigantic in today's China.

However, despite the size of the family business economy and its phenomenal contribution to overall Chinese economic growth, what actually drives the entrepreneurial behaviour of Chinese family businesses has received limited scholarly interest (Ahlstrom and Ding, 2014; Li *et al.*, 2015). Much of the existing literature has devoted attention to overseas Chinese business organizations, and has resulted in many insightful findings (Jiang and Peng, 2011). Since entrepreneurs in mainland China share the same cultural roots as their overseas counterparts, those findings may provide a good reference in terms of understanding the behavioural logics and patterns of family businesses in the country. However, we cannot be

³ Even after the official legalisation of private ownership in many sectors, some private enterprises in China developed the Red Hat strategy whereby they disguised their private ownership by registering as a public-owned organization, in order to align with the China communist ideology.

certain how far they can be applied to the mainland context, as the institutional conditions are drastically different.

With the limited scholarly work on mainland China, some scholars have attributed the predominance of family businesses to the deeply rooted Confucianism culture, which emphasises family as the fundamental element of unity in society (Guo, 2011; Sheer, 2012). It is also speculated that, due to the unstable nature of transitional economic, political and legal institutions, Chinese entrepreneurs may face more serious agency issues compared with their Western counterparts (Ahlstrom *et al.*, 2002; Kshetri, 2007; Kim and Gao, 2013), and are thus more likely to form trusting relationships with family members over non-family members (Li, *et al.*, 2015). Nevertheless, scholars, practitioners and policymakers are still unclear about how family businesses are initiated and developed, which policies facilitate or hinder their survival and growth, and what types of resources are needed for this specific group of private enterprises in China.

This gap in the literature is unfortunate, not only because we lack knowledge on a major area of one of the world's largest economies, but also we miss important lessons to be learned regarding the entrepreneurial behaviour of family businesses in diverse contexts. In fact, more scholars have begun to address the importance of the context in which family businesses operate, namely the institutional conditions, such as legal infrastructure and national culture (Gedajlovic *et al.*, 2012; Wright *et al.*, 2014).

Therefore, this study aims to fill the gap by exploring how the entrepreneurial behaviour of family businesses is shaped in the context of mainland China. In the next section, 1.2, we draw first on existing entrepreneurship and family business research, and outline the definition of family business and the conceptualisation of entrepreneurial behaviour for this thesis. Then we briefly examine the literature on entrepreneurial behaviour in family businesses to outline the major research gaps. Finally, we formulate the guiding research questions and objectives, and rationalise our choices of relevant theoretical constructs to help address the discussed research gaps.

1.2 Theoretical Background and Key Concepts

Before investigating the entrepreneurial behaviour of Chinese family businesses, it must be clarified as to what exactly is meant by 'family business' and 'entrepreneurial behaviour' through appropriate definitions. However, this is not an explicitly simple task, as there is no widely accepted definition of family business (Littunen and Hyrsky, 2000; Ward,

2011). In some cases, family business scholars prefer to skip the step of providing a unified definition. However, the lack of any clear and rationalised definition of family business may undermine the reliability, applicability and consistency of empirical findings (Ke, 2018). Furthermore, the conceptualisation of entrepreneurial behaviour in family business research is often adopted from general entrepreneurship research, without any specification tailored to the conditions of family businesses. Therefore, the sub-sections 1.2.1 and 1.2.2 are set to gather insights from the existing literature which provide implications for defining entrepreneurial behaviour in family businesses. By critically reviewing existing conceptualisations in established Western studies, appropriate definitions will be formulated through rationalising the entrepreneurial behaviour of family businesses with a specific emphasis on the Chinese institutional context.

1.2.1 Defining Family Business

The difficulty in defining family business makes empirical research hard to execute (Shanker and Astrachan, 1996), especially in China, where the concept of family is largely constructed through individual perceptions of social relationships such as blood-links and kinship (Hall and Xu, 1990). What constitutes a ‘family’ is rather murky and subjective according to entrepreneurs’ own experience and interpretation in any given social context (Soleimanof *et al.*, 2018). Forming an analytical database of an undefined concept of family business is hence difficult in China. In fact, according to the SAIC (2007), it is not easy to gather official statistics of family businesses, because some owner-managers of firms under family governance still deny their family-controlled nature (Wang, 2014). To date, existing studies generally define family business in China based on whether the majority of votes are held by one family (GFBS, 2018). This definition focuses primarily on ownership and control, which are often considered as the fundamental dimensions of a family business (Ke, 2018). However, compare to established Western family business studies, such a definition seems to lack essential components that emphasise cross-generational involvement (Chua *et al.*, 1999).

Indeed, in China, it is impossible to gather information across generations, because most family businesses are either just transitioning into the second generation or are still under the governance of the founder generation (Ke, 2018). Furthermore, the One-Child Policy (OCP) represents a daunting contextual constraint that may limit the generational development of family businesses in China (Cao *et al.*, 2015). As “there never has been such a situation in the history of humankind” (Feng *et al.*, 2014, p. 27), one cannot simply predict the composition or existence of family businesses in the near future. The vital

kinship network within a family business might be virtually eliminated within the 2nd generation, as only-children have no siblings. Therefore, the changing dynamic of Chinese families may pose even more challenges when defining family business. However, the goal of this thesis is not to provide a universal definition of family business, but to formulate a generally agreed definition that facilitates scholarly debate on family businesses in the Chinese context.

In this regard, the researcher adopts the definition of family business as “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (Chua *et al.*, 1999, p.25).

This definition highlights three dimensions most commonly discussed by influential family business scholars in the past: (1) family ownership, i.e. one family holds a large share of the firm (Barry, 1975); (2) multiple family member involvement, i.e. the family retains its power to control the firm’s goals and interests through family governance (Rosenblatt *et al.*, 1985), and (3) intention of family succession, i.e. the possibility of maintaining ownership and management positions among family members (Churchill and Hatten, 1987).

This definition is particularly helpful for understanding entrepreneurial behaviour in the Chinese family for two reasons. First, Chua and colleagues (1999) specified the word ‘intention’ regarding the interests of the family, which includes both family businesses formed by a collective of family members, and firms that are formed by individual entrepreneurs who introduce family members later on in the firms’ development. Because of the lack of official documentation of how family businesses are founded in China, a relatively flexible definition regarding ownership and founding structure may help us to capture novel knowledge of family businesses. In fact, in their later exploratory work, Chua and colleagues (2004) concluded that even though most family businesses are founded by family members, a great number of them “do arrive there through time”. Second, they highlighted the word ‘potentially’ in terms of discussing inter-generational manners. This part of the definition enables researchers to focus on the founder generations of family businesses, particularly in the Chinese context, where cross-generational data is virtually non-existent.

1.2.2 Conceptualising Entrepreneurial Behaviour

The field of entrepreneurship has been inspired by decades of economic studies (Casson, 1982; Kirzner, 1973; Knight, 1921; Mises, 1949; Schumpeter, 1911), which continue to inform entrepreneurship theorizing in fundamental ways. In particular, the concept of entrepreneurial behaviour was developed by early Western economists, who distinguished the behaviour of an entrepreneur from other types of economic behaviours (e.g. Cantillon *et al.*, 1931; Schumpeter, 1939). Specifically, the Irish-French economist, Richard Cantillon described entrepreneurs as undertakers of great business adventures. Such description highlights the risk-bearing behaviour of an entrepreneur, who does not know what the return of the invested efforts will be, whereas a typical worker receives an agreed return for their labour (Cantillon *et al.*, 1931). Advanced by Austrian economist, Joseph Schumpeter, entrepreneurial behaviour was viewed as “doing things differently in the realm of economic life” (Schumpeter, 1939, p. 59). He later drew comparison between inventors and innovators, arguing that inventors produce scientifically new outcomes that are not, by themselves, of any importance for economic advancement, while entrepreneurs make ‘new outcomes’ into capitalist realities (Schumpeter, 1942). Building on such pioneering contributions, much of the existing literature on entrepreneurial behaviour views the construct as comprising those actions and individual characteristics that are vital for the creation of profit-seeking ventures (Bird *et al.*, 2012; Gruber and MacMillan, 2017).

However, entrepreneurial behaviour takes place at different stages of an individual’s business adventure (Pindado and Sanchez, 2017), and not all entrepreneurs continue after they have established a profitable venture (Aldrich and Martinez, 2003). To advance the understanding of entrepreneurial behaviour within an established organization, scholars conceptualised corporate entrepreneurship. This refers to the strategic design that revitalises a firm’s business by exploiting its current competitive advantages, whilst simultaneously developing new competencies and pursuing future opportunities (Chua *et al.*, 1999; Zahra, 1995). Such conceptualisation has been largely adopted in recent family business research, the term ‘corporate entrepreneurship’ often overlapping with ‘entrepreneurial behaviour’ (e.g. Eddleston *et al.*, 2010; Kotlar and Siegar, 2019). While such studies have provided great insights on entrepreneurship in family businesses, the shortcomings of such a conceptualisation of entrepreneurial behaviour are threefold.

First, corporate entrepreneurship views entrepreneurial behaviour as a strategic choice (Zahra, 1995), which is designed to increase a firm’s long-term financial performance and

survival (Eddleston *et al.*, 2010; Zahra, 2005). Although such an approach fits perfectly into the agenda of a typical family business aiming for long-term success (Lumpkin *et al.*, 2010), it focuses on the relatively large-sized family business that consists of a board of directors with a wide range of stakeholders (e.g. Eddleston *et al.*, 2010; Kotlar and Sieger, 2019). Such an approach assumes that family businesses possess the capability for comprehensive strategic decision-making, supported through an in-depth analysis of multiple strategic options (Talaucar *et al.*, 2005). Such capability is often viewed as an important antecedent of corporate entrepreneurship (Lyon *et al.*, 2000; McCann *et al.*, 2001), and can be achieved by skilful and knowledgeable decision-makers. However, this conceptualisation neglects businesses that rely exclusively on family to provide “a level of trust, solidarity and available resources that is otherwise inefficient and risky to secure” in emerging economies (Webb *et al.*, 2015). Furthermore, entrepreneurs in emerging economies often have to “make do” with the available resources at hand (Baker and Nelson, 2005), rather than purposefully “seeking and acquiring” the necessary resources to pursue opportunities (Shane and Venkataraman, 2000). In other words, entrepreneurial behaviour in emerging economies may not consist of a strategically planned process (Sarasvathy, 2009); thus, conceptualising entrepreneurial behaviour as corporate entrepreneurship may not be applicable in the context of China.

Second, although entrepreneurial behaviour is largely discussed at firm level in Western family business research (Eddleston *et al.*, 2010), it is essentially initiated by individuals within an organizational context (Kotlar and Sieger, 2019; Cuervo *et al.*, 2007).

Particularly in transition economies, organizational authority is concentrated in one person who possesses the ultimate decision-making power in order to minimise the lack of lawfully enforced interpersonal trust (Carney, 2005; Soleimanof *et al.*, 2018). Thus, conceptualising entrepreneurial behaviour of family businesses in emerging economies may benefit from taking an individual perspective, rather than a firm-level perspective.

Third, extending from research on the corporate entrepreneurship of family businesses, entrepreneurial behaviour is often viewed as either suffering or striving (Zellweger, 2017) in the family business context. Such a ‘black or white’ view continuously draws divergent empirical findings and general assumptions with multiple theoretical applications in family business research. For instance, studies that inspired the socio-emotional wealth perspective (Berrone *et al.*, 2012) often distinguish family business objectives as having two parallel categories: economic goals and non-economic goals (e.g. Chrisman *et al.*, 2010). Other scholars have examined family business behaviour with two opposing institutional logics: family logic vs. commercial logic (Jaskiewicz *et al.*, 2017; Miller *et*

al., 2011). Such binary perspective primarily focuses on whether family characteristics are suitable for entrepreneurial behaviour, rather than investigating how individual entrepreneurs engage with opportunities themselves.

For the purpose of the present study, and to avoid the above issues, the researcher defines entrepreneurial behaviour as “... a set of activities and practices by which individuals at multiple levels, autonomously generate and use innovative resource combinations to identify and pursue opportunities ...” (Mair, 2002, p. 1). This conceptualisation of individual entrepreneurial behaviour is particularly suitable for family businesses in China, because decision-making power is often concentrated on one or two individuals, rather than a group of managers in family businesses. This definition also enables researchers to capture the nature of opportunities generated through highly uncertain future situations that entrepreneurs willingly encounter (Goel and Karri, 2006). It views entrepreneurial behaviour as having two distinctive stages: opportunity identification and opportunity pursuit. Such a view highlights how individuals initially engage with, and subsequently undertake entrepreneurial behaviour that could be characterised by different challenges, resources and strategic approaches as the opportunity unveils itself (Robichaud *et al.*, 2007).

1.2.3 Entrepreneurial Behaviour of Family Businesses: current scholarly debate

As mentioned in sub-section 1.2.2, prior studies have devoted considerable effort to comparing the differences between family businesses and their non-family counterparts in Western economies at an organizational level (e.g. Eddleston *et al.*, 2010; Kotlar and Siegar, 2019). Western family business scholars established that strategic decision-making can suffer in family businesses when their leaders become fixated on a previously successful strategy, causing them to stifle growth (e.g. Upton *et al.*, 2001). A “generational shadow” (Davis and Harveston, 1999) or “confining legacy” (Kelly *et al.*, 2002) can bury a firm in tradition. Family businesses are also criticized for being incapable of change, due to the fear of causing conflict and extra costs, and an unwillingness to let go or to modernise (Beckard and Dyer, 1983; Handler, 1989; Stavrou, 1999; Vago, 2004; Ward, 2011), thereby limiting entrepreneurial behaviour (Gersick *et al.*, 1997; Miller *et al.*, 2009). Moreover, family businesses may be criticized for hiring relatives regardless of their competence, and not placing enough emphasis on building human capital (Astrachan and Kolenko, 1994; Lansberg, 1983). Without adequate human capital, employees may not be able to appreciate entrepreneurial opportunities or facilitate the organizational learning that spurs entrepreneurial behaviour (Hayton and Kelley, 2006). These studies collectively

suggest that the involvement of ‘family’ makes family businesses relatively resistant to the pursuit of entrepreneurial behaviour.

Gómez-Mejía *et al.* (2007) first introduced the construct of socioemotional wealth (SEW) to explain the family or non-economic characteristic of family businesses across many Western countries, including the United States (Chrisman *et al.*, 2004), German speaking regions (Zellweger *et al.*, 2011), and Spain (Gómez-Mejía *et al.*, 2001). They defined SEW as “the utilities family-owners derive from the noneconomic aspects of the business” (Gómez-Mejía *et al.*, 2007). SEW is derived from the behavioural agency theory (see Wiseman and Gómez-Mejía, 1998) which argues that the primary preference point of decision-makers is shaped by the existing endowment in the firm. Applied to the unique context of family business, such a preference point of decision-making is not based on maximising financial returns, but on preserving or increasing the socioemotional endowments in the firm (Gómez-Mejía *et al.*, 2010). Such “affective endowments” were initially conceptualised in broad terms such as the unrestricted exercise of personal authority, the enjoyment of family influence over the firm, and close identification with the firm that usually carries the family name (Gómez-Mejía *et al.*, 2007). In the past decade, the SEW approach has provided empirical evidence that when such endowments are threatened by problems, the controlling family is willing to sacrifice economic return in order to preserve SEW. For instance, a Spanish family-owned olive oil mill may choose to remain independent and refuse to join a cooperative which offers financial benefits to the firm and greatly reduces firm risk (Gómez-Mejía *et al.*, 2007). Family-controlled public-traded firms prefer to appoint those with close ties with the firm to the board of directors, even if this action constrains the board’s ability to provide independent advice (Jones *et al.*, 2008). As appointing non-family members to the board threatens a family’s SEW and decreases the family influence, so public-traded family businesses also diversify less, even though this creates greater business risk (Gómez-Mejía *et al.*, 2010). Scholars have also found that US public-traded family businesses tend to pollute less in order to enhance their family’s image, even though no obvious economic reward derives from such behaviour (Berrone *et al.*, 2012). Similarly, Chen *et al.* (2010) found that public-traded family businesses are less aggressive in tax avoidance than their non-family counterparts, because family-owners fear the negative consequences associated with aggressive tax avoidance which may threaten the family’s image (i.e. to preserve their SEW).

The logic across the studies noted above is that in family businesses, the preservation of SEW is a key non-economic factor that drives decision-making, and that entrepreneurial behaviour will be sacrificed in the interests of preserving SEW (Zellweger *et al.*, 2011).

Although the SEW perspective captures the non-economic nature of the family side of a business, and provides great insights on explaining the different approaches regarding entrepreneurial behaviour between family and non-family businesses, it fails to address three major research gaps. First, family business' behaviour is primarily driven by the family involvement at an organizational level (Stewart, 2003). This approach neglects the interaction of family businesses and the institutional context they operate within (Soleimanof *et al.*, 2018). Much existing empirical evidence is gathered in well-established Western economies, and may not be applicable to family businesses in transition economies, where institutional conditions are still undergoing changes. In particular, political regimes, economic development and national culture may affect family business behaviour (Gedajlovic *et al.*, 2012). Furthermore, peculiar institutional factors that can influence transgenerational sustainability and intrafamily transfers of ownership and control are also critical determinants of family business behaviour (e.g. Chua *et al.*, 1999; Le Breton-Miller *et al.*, 2004). For instance, as mentioned in Section 1.2.1, the OCP may shape the intentions for transgenerational transfer of family businesses differently compared with family businesses operating in a country which is keen to increase its population. Such unique institutional characteristics may have implications for the very essence of family businesses in China. Even though existing studies have demonstrated that institutions do play an important role in shaping family business behaviour, whether those reciprocal influences are positive or negative is still unclear (Chrisman *et al.*, 2014). Therefore, scholars have called for more empirical research to account for the institutional context in family business research (e.g. Gedajlovic *et al.*, 2012; Wright *et al.*, 2014; Soleimanof *et al.*, 2018).

Second, discussing family businesses primarily based on their differences with non-family businesses may neglect the heterogeneity of firms within the family business group (Sharma *et al.*, 1997). This leads to inconsistent empirical findings; for instance, some scholars regard the family element as particularly supportive of entrepreneurship (e.g. Aldrich and Cliff, 2003; McCann *et al.*, 2001; Zahra, 2005), while opposing views see family businesses as stagnant, conservative and resistant to change due to family involvement (e.g. Sharma *et al.*, 1997; Naldi *et al.*, 2007). This approach assumes that all types of family involvement must exert similar influence on family business behaviour. However, even though family businesses are known to focus on non-economic goals (Chrisman *et al.*, 2010), it does not necessarily mean that economic goals are automatically sacrificed in any given circumstance. For instance, Western scholars have already pointed out that while some family businesses may be reluctant to adopt professional management,

as they have a fear of letting go, other family businesses may be forced to seek professional help, as they lack essential managerial skills to compete in a dynamic environment (Arregle *et al.*, 2012). Stewart and Hitt (2012) documented the different types of professionalisation of family businesses in advanced economies. In a transition economy like China, a relatively less transparent formal governance structure and lack of essential property rights (Puffer *et al.*, 2010) may force family businesses to take different forms as well. Therefore, a unified view on family businesses as a homogeneous business group could not apply in any institutional context. However, apart from these rare works, the heterogeneity of family businesses and the implications on family business behaviour is largely neglected.

Third, non-economic goals are assumed to be inherently in conflict with economic goals due to the incompatible nature of family and business systems (Stewart, 2003). In fact, non-economic goals and non-financial performance are areas requiring most attention in the family business research domain (Yu *et al.*, 2012). However, just like any form of business, family businesses are also exposed to multiple institutional pressures (Smith and Tracey, 2016). Therefore, discussing tensions between family and business at an exclusively organizational level could be problematic when addressing the inconsistent empirical findings with regard to whether family elements facilitate or constrain entrepreneurial behaviour. Furthermore, family business scholars have increasingly called for an integrative view of tensions within family businesses as an alternative approach against the traditional selective view (Zellweger, 2017).

Based on the above three major research problems, this thesis suggests that a multi-level study with an emphasis on institutional theory would provide a deep understanding of the addressed research gaps.

In Section 1.3, the guiding research question and research objectives are outlined, based on discussion of the research problem in this section. In particular, Section 1.3 is set out to introduce the three distinctive papers which aim to investigate the entrepreneurial behaviour of family businesses in the context of China at an institutional, organizational and individual level.

1.3 Research Objectives, Questions and Theoretical Constructs

1.3.1 Guiding Thesis Research Question and Objectives

Using three distinct empirical studies, we aim to answer the research question: How do institutions impact on the entrepreneurial behaviour of Chinese family firms at macro, meso and micro-level? We aim to conduct a multi-level analysis that focuses on institutional, organizational and individual levels, in order to accomplish three major research objectives: investigating (1) the influence of macro-institutions on the entrepreneurial behaviour of family businesses, (2) how institutional complexity within an organisational context influences entrepreneurial behaviour in Chinese family businesses, and (3) how competing demands in family businesses emerge and influence entrepreneurial behaviour.

1.3.2 Chapter 3 (Paper 1) Research Question and Objectives

Paper 1 establishes the overall theoretical lens, i.e. institutional theory, as the guiding theoretical underpinning of the thesis running across all three individual papers. The first research objective is to investigate how macro-institutions influence the entrepreneurial behaviour of family businesses. To fulfil this objective, the first paper focused on existing studies that link entrepreneurship with institutions and their implications in Chinese family businesses. Two major research gaps were identified. First, as the statistical measurement of national culture alone disconnects social networks from their cultural influences (McSweeney, 2013), social networks are mostly discussed as substitutive resources that fill formal institutional voids (Puffer *et al.*, 2010), which lead to a limited understanding on their own formations and influences in relation to cultural aspects (Klyver *et al.*, 2008). Second, the constructs of social networks and social capital often overlap and are discussed at the same level (McKeever *et al.*, 2014), which leads to scattered knowledge. Although social networks can facilitate entrepreneurial behaviour by filling formal institutional voids (Puffer *et al.*, 2010), social capital may exert mixed impact based on the nature of social interactions (Woolcock and Narayan, 2000). Therefore, there is a need to fill the gaps with an integrated framework that includes the constructs of culture, social networks and social capital. To address these gaps, we explore the following question: how does the hierarchy of informal institutions influence the entrepreneurial behaviour of family firms in China?

1.3.3 Chapter 4 (Paper 2) Research Question and Objectives

The second research objective is to investigate how institutional complexity within an organisational context influences entrepreneurial behaviour in Chinese family businesses. In order to fulfil this objective, the researcher reviewed existing literature regarding competing logics in general organizational studies and family business research. The scholarly debate in family business research has developed along two opposite perspectives: on the one side, it is argued that family logic is theoretically incompatible with commercial logic, thus potentially undermining the pursuit of entrepreneurial activities (Gómez-Mejía *et al.*, 2007; Gómez-Mejía *et al.*, 2011); on the other side, family logic is not seen to be in conflict with commercial logic, but can be leveraged to improve commercial performance (Nordqvist, 2005; Zellweger and Nason, 2008) and facilitate entrepreneurial behaviour (Sieger *et al.*, Zellweger *et al.*, 2011). The opposite perspectives are the result of neglecting the heterogeneity among family firms (Chua *et al.*, 2012), which might have led to findings that are not comparable in family business research (Ahlers *et al.*, 2017). Although the recent focus on family firms' heterogeneity has led to important findings, such as the positive effect of generational diversity on decision-making (Tsai *et al.*, 2018), the question of how the interplay of commercial and family logics impacts on family firms' entrepreneurial behaviour under specific conditions remains underexplored (Pittino *et al.*, 2018). Furthermore, research on family businesses in emerging markets is still in its infancy (Akhter *et al.*, 2016; Gonzalez *et al.*, 2015), despite their importance in emerging economies, such as India (Aswin *et al.*, 2015; Ray *et al.*, 2018) and China (Dou and Li, 2013; Zhang and Ma, 2009). We address these research gaps by investigating Chinese family businesses in order to add further empirical evidence on the influence and interplay of institutional logics on family business behaviour; and we provide opportunities for theoretical and practical insights in a rather under-researched regional context, China. The Chinese context is interesting, not only because family firms have experienced above average growth in China, which represents the world's second largest economy (Li *et al.*, 2015), but also because China's recently abolished One-Child Policy is expected to have influenced the interplay of family and commercial logics throughout most of Chinese family business history. To address the afore-mentioned research gaps, the second paper is guided by the research question: how do family and commercial logics, under the condition of China's One-Child Policy, impact on the entrepreneurial behaviour of Chinese family firms?

1.3.4 Chapter 5 (Paper 3) Research Question and Objectives

The third objective is to investigate how competing demands in family businesses emerge and influence their entrepreneurial behaviour. To fulfil this research objective, the researcher reviewed existing paradox literature and its implications for family business research. He found that even though paradox theory has been increasingly adopted in both organizational studies (Smith and Lewis, 2011), and in family business research (Ingram *et al.*, 2014), it is still predominantly argued that tensions are pervasive due to the contradicting nature of family and business systems (Stewart, 2003), and that non-economic goals are often satisfied at the expense of business goals (Gomez-Mejia *et al.*, 2007). However, previous theoretical discussion has suggested that paradoxes may remain latent until environmental conditions, such as plurality (Donaldson and Preston, 1995), change (Luscher and Lewis, 2008) and scarcity (Smith, 2014) render them salient. The role of institutional context which creates opposing institutional expectations has rarely been addressed (Smith and Tracey, 2016). Thus, we address these gaps by answering the following research question: how do paradoxical tensions become salient in family firms?

1.3.5 Relevant Theoretical Constructs

In Section 1.4, the researcher draws on institutional theory to discuss institutions' influence on entrepreneurial behaviour in existing literature, concerning both advanced and transition economies, and how it connects to family businesses. We then discuss why existing research approaches may not be applicable in the context of Chinese family businesses. In Section 1.5, the researcher discusses the current scholarly debate on competing demands in family businesses. In particular, Section 1.5.1 reviews studies that draw on the institutional logics perspective to discuss how competing logics are managed and resolved by organizations in the Western context, and its implication on family businesses. The researcher then discusses why competing logics may vary depending on the heterogeneity of family businesses. In Section 1.5.2, the researcher acknowledges that when organizations face competing demands, there is rich evidence in the literature to suggest that these may not need to be resolved, but rather reconciled through an alternative approach. We draw on paradox theory to discuss how a paradoxical view of tensions in family businesses may be particularly suitable for the context of China.

1.4 Entrepreneurial Behaviour of Family Businesses: an institutional perspective

1.4.1 Defining Institutions

Institutions are generally referred to the “rules of games” that structure human interaction and behaviour by devising constraints and incentives in a given society (DiMaggio and Powell, 1991; North, 1990). However, there are diverse theoretical views among scholars on the definition of the term ‘institution’ (Ahlstrom and Bruton, 2010; DiMaggio and Powell, 1991; Hirsch and Lounsbury, 1997). Vatn (2005) suggested that the diversified approaches to defining institutions provide opportunities for researchers to view institutions depending on the specificity of the unique contexts in which they are studying.

Scott (1995) classified institutional aspects developed from the field of sociology (DiMaggio and Powell, 1983, 1991) under the terms regulatory, normative and cognitive, as the three pillars of institutions. According to his definition, “institutions consist of cognitive, normative and regulative structures and activities that provide stability and meaning to social behaviour. Institutions are transported by various carriers - culture, structures, and routines - and they operate at multiple levels of jurisdiction” (Scott 1995, p. 33). The three pillars reflect cognitive, normative and regulative dimensions separately. The cognitive pillar refers to the understanding of social knowledge and reality shared by people within society. It represents types or models of human behaviour based on subjectively constructed social rules and means which define individuals’ actions and beliefs (Scott, 2001, 2008). Normative institutions consist of both social values and norms that shape society’s beliefs on how things should be done, and what kinds of behaviour are acceptable (Scott, 2008). The regulative pillar mostly derives from economic studies, and thus represents a rather rational model of actors’ behaviour, based on sanctions and conformity (Bruton *et al.*, 2010). Scott’s classification of institutions provides a comprehensive framework for understanding multiple aspects of the environment surrounding entrepreneurship in a given society (Valdez and Richardson, 2013), while the normative and cognitive institutional pillars typically draw on research conducted in stable and mature markets, where each pillar seems to function separately (Ahlstrom and Bruton, 2010). Some scholars argue that the distinction between normative and cognitive pillars can be blurred in some circumstances, thus creating confusion when normative institutions merge with cognitive institutions (Campbell, 2004; Clemens and Cook, 1999). In China, the normative and cognitive pillars often overlap, for instance, the conceptualisation of *guanxi* refers to a mix of Chinese Confucian culture (Bell, 2000, 2003) and socially constructed

interpersonal relations (Davies *et al.*, 1995; Yang, 1999; Zhou *et al.*, 2003). It is crucial for this thesis to employ a definition of institution that reflects the peculiar institutions in the Chinese context.

For the purpose of this thesis, we distinguish formal and informal institutions, following the work by North (1990). This theoretical branch is derived from earlier studies in the political science and economic fields (North 1990; Bonchek and Shepsle, 1996). The formal institutions include written laws, policies, regulations, political rules, economic rules and contracts. The informal institutions include codes of conduct, norms, behaviour and social conventions that usually come from culture (North, 2005). Furthermore, North (1990) elaborated on the two basic elements of the institutions: protection of property rights which represents the vertical relation between state and firms, and enforcement of contracts between economic agents. Subsequently, institutional theory assumes that in situations where formal institutions fail, informal ones will play a significant role in reducing the uncertainty and providing consistency to firms (North, 1990). Thus, this definition is particularly suitable for this thesis, as the distinction between tangible written laws and intangible informal institutions enables us to include unique informal institutions, such as *guanxi* (e.g. Puffer *et al.*, 2010), which cannot be perfectly categorised in normative or cognitive pillars in the Chinese context.

Institutional theory has been proven to be a particularly useful theoretical foundation to explain various topics of interest to entrepreneurship scholars (Bruton *et al.*, 2010). As an individual's willingness and capability to 'make something happen' is a crucial determinant of entrepreneurship (Krueger *et al.*, 2000; McMullen and Shepherd, 2006), the institutions provide incentives or constraints in entrepreneurs' surrounding environment through both formal and informal institutions (North, 1990), thus affecting their behaviour. The general argument in the literature is that if institutions are deemed as supportive in reducing uncertainty within a society (DiMaggio and Powell, 1983; Marlens *et al.*, 2007), entrepreneurial activities are more likely to occur (Baumol and Strom, 2007; Boettke and Coyne, 2003). In the next subsection, we review the existing literature that explains how formal and informal institutions shape entrepreneurial behaviour in different contexts.

1.4.1.1 Formal Institutions Influencing Entrepreneurial Behaviour

Formal institutions such as regulatory, political and economic institutions, often lie at the centre of the discussion on entrepreneurship research (Acemoglu *et al.*, 2005; Holmes *et al.*, 2013; Ostrom, 2005, 2010). However, scholars have also pointed out that the formal institution also represents the structure built via various supporting entities, such as

“regulatory agencies, capital and labour markets, and key elements of infrastructure (e.g. communication, utilities, or transportation).” (Webb *et al.*, 2019). The limitation of these entities may also undermine efficient business operations and transactions physically; for instance, Israel’s apartheid wall established irreversible barriers to geographic mobility, thus limiting entrepreneurs’ access to land and resources (Khoury and Prasad, 2016). To address the highly complex concept of institutions and their subsequent influence on societal participants, we view formal institutions as “products of governmental action. (...) government develops and implements formal institutions (...)” (Hitt, 2016, p. 208).

Scholars have extensively investigated the influence of formal institutions, such as regulations and policies that foster or hamper entrepreneurship at both individual and national levels (Hessels *et al.*, 2008; Lee *et al.*, 2004; Minniti and Levesque, 2008; Verheul *et al.*, 2002). For instance, a high quality legal system that works fairly and consistently can create more organized, predictable and transparent business transitions (Judge *et al.*, 2008; La Porta *et al.*, 1997), which provide a greater level of protection to investors (La Porta *et al.*, 2000; Bekaert *et al.*, 2005), and larger financial institutions that can allocate financial resources more efficiently (Li *et al.*, 2006). Furthermore, a strong welfare system might reduce the risk for individuals in becoming self-employed (Kuratko *et al.*, 1997); however, it tends to have a negative association with firm growth (Hessels *et al.*, 2008; Wennekers *et al.*, 2005; Parker and Robson, 2004). Hessel *et al.*’s. (2008) statistical analysis using data from the Global Entrepreneurship Monitor found that a more generous social security system tends to discourage start-ups from being innovative and seeking growth. Entrepreneurs are also encouraged by operating in a business-favourable environment with less procedural requirements (Baumol *et al.*, 2009). For instance, it only takes four days to register a new business in the United States, and even less time in Hong Kong (Timmons and Spinelli, 2004). By contrast, overly complex rules may impede entrepreneurship in a country. For example, it takes close to 100 days at tremendous financial cost to start up a new business in Russia, and even longer in some sub-Saharan African nations (Soton, 2000). These studies have collectively demonstrated that established formal institutions have a fundamental effect on entrepreneurial behaviour in any given society (North, 1990).

Other scholars have investigated underdeveloped formal institutions and their influence on entrepreneurial behaviour. The deficit in formal institutions is conceptualised as formal institutional voids (Khanna and Palepu, 1997), which impede business activities (Mair *et al.*, 2012). For instance, the weak legal protection of creditors’ rights has resulted in loan disputes in the formal banking system in China (Allen *et al.*, 2005) and Russia (Estrin and

Prevezer, 2010). The weak protection of property rights cannot ensure fair competition (Broadman *et al.*, 2004); thus individuals are reluctant to create new business ventures in emerging economies in Eastern Europe (Puffer and McCarthy, 2007; Puffer *et al.*, 2010). Peng and Heath (1996) found that weak development and support in fulfilment of contracts has discouraged state-owned enterprises to expand through mergers and acquisitions in Eastern Europe and China. Some scholars have also focused on the weak rule of law in forms of corruption, and its deleterious effect on the low level of foreign investment (Globerman and Shapiro, 2003), and increased risk and uncertainty (Ahlstrom and Ding, 2014; Acemoglu and Robinson, 2012; Bratton, 2007; Li *et al.*, 2015).

However, some scholars argue that widespread corruption in an economy is a result of formal institutional voids, and may expedite business activities of individual firms (Ahlstrom *et al.*, 2000; Puffer *et al.*, 2013) through building social ties (Ahlstrom *et al.*, 2000; Puffer *et al.*, 2010), and underground financing (Yiu *et al.*, 2013). Scholars suggest that informal social arrangements, such as *guanxi* in China (Ahlstrom *et al.*, 2008; Puffer *et al.*, 2010), may have equally important and long-lasting impact as those of formal agreements in developed countries (Dixit, 2004; Rodrik, 2003; Li *et al.*, 2015). However, the reasons behind why and how social ties or bribery could facilitate entrepreneurship has rarely been addressed in the literature. Li *et al.* (2015) proposed that social value might have a crucial impact on bribery. Since social value is informed by a nation's long cultural history, it is likely to be the dominating institution that prescribes acceptable behaviour (North, 1990, 2000).

1.4.1.2 Informal Institutions Influencing Entrepreneurial Behaviour

As the most important informal institution guiding human behaviour (North, 1991), culture exists in every aspect of our lives. It defines who we are, tells where we came from, and dictates the way we interact with the surrounding environment. The concept of culture has been studied in different fields, such as anthropology, sociology and organizational studies (Fellows and Liu, 2013). However, defining the term 'culture' has always been a difficult job to do (Triandis *et al.*, 1986; Ralston *et al.*, 1999; Spencer-Oatey, 2012). Existing economic and entrepreneurship studies mostly adopt Hofstede's definition (1991, p. 5), "the collective programming of the mind which distinguishes the members of one group or category of people from those of another". Schwartz (2003) argues that the cultural values of a society justify the actions and goals of individuals and groups, and that cultural context provides the formation of individual interpretations and beliefs (Meyer and Rowan,

1977; DiMaggio and Powell, 1983; Scott 1995). Furthermore, the beliefs and values can also be used by people in any given society as criteria to evaluate their own and others' actions. Therefore, when individual values are incompatible with shared values, the pressure to change may be created by tensions and criticisms in society (Schwartz, 2003). Therefore, culture is argued to be more enduring than formal institutions, because change in cultural traditions requires centuries to occur (Holmes *et al.*, 2013), thus placing constraints on the development and effectiveness of formal institutions (Estrin *et al.*, 2013).

Inspired initially by Hofstede's culture dimension (1980, 2001), Western scholars have established a link between national culture and national level of entrepreneurial behaviour (DiMaggio and Powell, 1991; Davidsson *et al.*, 1995; Davidsson and Wiklund, 1997; Shane, 1992, 1993). The general argument is that individualism and masculinity are positively associated with a nation's entrepreneurship, whereas power-distance and uncertainty avoidance can have a negative impact (e.g. McGrath *et al.*, 1992; Shane, 1992, 1993; Lee and Peterson, 2000). Li and Harrison (2008) examined the influence of cultural dimensions on corporate governance, and suggested that cultures that promote a higher autonomy and self-efficacy positively influence new venture creation, because such cultures breed values that encourage a strong work ethic and risk-taking behaviour. These pioneering contributions collectively conclude that culture has an influence on entrepreneurial behaviour.

Despite Hofstede's cultural dimensions having dominated the culture paradigm in business research (Sivakumar and Nakata, 2001) and offering extensive evidence to explain entrepreneurial behaviour, it has also been heavily criticised (e.g. McSweeney 2002; Baskerville, 2003). A group of scholars have argued that culture does not equate to a nation, that national culture slowly changes over time and is not homogenous within any given country (Sivakumar and Nakata, 2001; Kirkman *et al.*, 2006). Other scholars also suggested that even though national culture may have an influence on the general level of entrepreneurship in a given nation, it may not be enough to explain behavioural differences between individuals living in different cultures (McSweeney, 2002; Williamson, 2002), especially from an intra-country perspective (Garcia-Cabrera and Garcia-Solo, 2008). To date, our understanding of the influence of culture on entrepreneurial behaviour is still largely based on national cultural traits, and the taken-for-granted assumption that they directly influence individuals behaviour in any given society. Consequently, even though culture is arguably the most influential institution (Williamson, 2000), it has rarely been conceptualised in studies that focus on informal institutions.

Prior studies concerning institutions influencing entrepreneurial behaviour in emerging economies focused primarily on informal networks that complement formal institutional voids in order to overcome formal institutional barriers and improve market transactions (Ahlstrom *et al.*, 2000; Peng, 2006). For instance, bank loans can be difficult for small businesses to obtain in China because political pressure may signal major state-owned banks to approve less efficient loans for state-owned corporations, rather than promising new private ventures (Kumar *et al.*, 2004). In such an environment, entrepreneurs often acquire financial resources through informal channels built through stoical ties, including credit trade, family lending, bribing government officials to secure loans, or underground financing (Guseva, 2007; Yiu *et al.*, 2013). Puffer *et al.* (2010) found that *guanxi* in China built interpersonal trust, which in turn increased the security of business transactions.

As a significant component of social ties, the phenomenon of *guanxi* attracts attention from both practitioners and scholars, leading to a number of issues and their impact on economic outcomes (Trolino and Zhang, 2012). Puffer *et al.* (2010) suggested that *guanxi* is a facilitating mechanism in the Chinese business context. It facilitates decision-making between two parties (business and business/government) by using individual relationships. Such kinds of relationship can come from various sources, such as being old classmates, growing up in the same region, serving in the same military unit or sharing the same workplace (Gold *et al.*, 2002), and implies reciprocity of gift giving and exchange of favours (Jacobs 1979; Hwang 1987; Yang, 1994). Earlier scholars have stressed that the strong value of family from Confucian ethics can be defined as a form of *guanxi* (Yang, 1965; Fried, 1956; Liang, 1949). It represents the harmony and collective interest in a group. Wank (2002) concluded the degree of obligation upon *guanxi* in terms of the source of individual relationships. The highest obligated *guanxi* is with family members. The second highest level is based on the emotional attachment derived from shared history, such as that of old classmates, or dear friends. These two levels sometimes overlap, since emotional attachment to a friend is sometimes equal to, or even deeper than with family members. Wank (2002) also stressed that the weakest level of *guanxi* is “*guanxi* investment”, which is forged solely for gaining favours from others through intentional and planned interpersonal connection.

Guanxi and similar concepts (e.g. *Blat* in Russia, or *Wasta* in the Arab world) are often viewed as an informal institutional compensation for formal institutional voids in emerging economies (Carney, 2007; Webb *et al.*, 2010; Peng and Khoury, 2008; Puffer *et al.*, 2010). Where formal institutions are insufficient to support entrepreneurial behaviour, such informal institutions may provide security (Ahlstrom *et al.*, 2000), and design alternative

governance mechanisms to regulate and stabilise entrepreneurial behaviour (Peng, 2006). Amongst all forms of *guanxi*, Peng (2004) found that family ties had the most positive effects on the size and number of private businesses. In the next subsection, we review the existing literature linking institutions and family business behaviour.

1.4.2 Institutions Shaping Entrepreneurial Behaviour of Family Businesses

Although institutions put pressure on all types of organizations in any given society, scholars have recently highlighted that family businesses may interact with their institutional contexts differently compared with their non-family counterparts (Soleimanof *et al.*, 2018). For instance, as transition economies are often characterised as being filled with formal institutional voids (Puffer *et al.*, 2009), family businesses are more prevalent as a rational response to the weak property and contract rights, ineffective monitoring mechanisms, and inefficient labour markets. Family ownership enables an internal control mechanism which largely reduces uncertainties regarding agency-cost (Jensen and Meckling, 1976), and provides essential financial and human capital resources that cannot be effectively acquired through formal channels (Liu *et al.*, 2012). The weak contract enforcement mechanism and lack of general interpersonal trust could also be minimised through kinship (Gras and Nason, 2015). Simply put, the inherent formal institutional deficiencies in transition economies make social capital the sole source of growth and survival for family businesses (Carney *et al.*, 2009; Klapper and Love, 2004; Webb *et al.*, 2015).

As family businesses extensively rely on their social capital, scholars have argued that informal institutions have a crucial influence on family businesses in transition economies (Carney, 2007; Soleimanof *et al.*, 2018). For instance, in China and the Arab world, where flexible long-term relationships are valued, access to family networks and social ties provide family businesses with social capital advantage over their non-family counterparts, which are usually constrained by complicated procedures, inflexible structures and arms-length relationships with various groups of stakeholders (Miller *et al.*, 2009). Family businesses' survivability and growth are improved by their social linkages in regions where resources are scarce (Dyer and Mortensen, 2005; Uzzi, 1999). For instance, Backman and Palmberg (2015) found that small family businesses tend to grow more than non-family businesses in Swedish rural areas due to their superior linkage and interaction with the local community (Dicken and Malmberg, 2001). Other scholars have examined the link between the general informal institutional context and families' own institutions.

Families' idiosyncratic histories can characterise their own family institutions, including unique patterns of hierarchies, shared values and relationships (Aldrich and Cliff, 2003). For example, the deeply rooted Chinese Confucian philosophy emphasises the group's needs over individual benefits (Zhang *et al.*, 2015), and promotes shared responsibility and interpersonal relationships (Kim and Gao, 2013; Yan and Sorenson, 2006). Such a cultural background facilitates the transfer of family values, norms and shared purpose by breeding family institutions, such as informal get-togethers and family meetings that continuously strengthen social interactions and reciprocal bonds among family members (Koropp *et al.*, 2014).

Moreover, culture also shapes family business behaviour by defining what constitutes a family and prescribing how family members should be treated (Soleimanof *et al.*, 2017). For instance, Philippine family businesses treat in-laws depending on the type of relationships and their position within the business (Santiago, 2011), while Japanese family businesses often employ adopted sons to motivate or replace less talented blood heirs (Mehrota *et al.*, 2013). Cultures that promote the inclusion of extended family members provide wider access to social ties and their associated resources; however, it can be costly for firms to comply with such social and cultural obligations. For instance, providing unlimited resources for extended family members is a crucial family responsibility in some African societies (e.g. Khavul *et al.*, 2009; Khayesi *et al.*, 2014). Khayesi *et al.* (2014) further added that the cost of fulfilling such family responsibility might provide long-term benefit for firm performance, as extended family members are also obligated to contribute to the success of the firm. However, such cultural pressure could potentially hinder family businesses' entrepreneurial behaviour in contexts where asymmetric altruism is prevalent (Schulze *et al.*, 2001). For example, in most Western societies where individualism is highly valued, family businesses tend to limit the power of expropriating firm wealth to a handful of family members in order to prevent costly family obligations (Wright, Chrisman *et al.*, 2014).

These studies collectively suggest that culture may have a direct influence on the formation of social ties, thus influencing subsequent entrepreneurial behaviour. Particularly in the Chinese context, as Hofstede's cultural dimensions suggest, national level entrepreneurship and economic growth is likely to be low in cultures with high power distance, and low individualism (Hofstede Insights Model, 2019). Much of the literature concerning Chinese culture supports this notion. Traditional Chinese Confucian philosophy is often portrayed as a barrier to the modern economy during the first half of the 20th Century (Wang 2010). Specifically, some scholars argue that Confucianism disparages merchants, and promotes

rote learning⁴, and learning for advancing bureaucracies (Lam *et al.*, 1994; Liao and Sohmen, 2001; Weber, 1964). There are four major macro-cultural aspects that are influenced by Confucianism: family values, collectivism, respect for age and authority (hierarchy and paternalism), and reputation (value of ‘face’) (Sheer, 2012; Zapalska and Edwards, 2001). Earlier studies indicate that such aspects constrain necessary independent thinking (Friedman, 2005; Zapalska and Edwards, 2001), innovativeness and self-determination (Anderson *et al.*, 2003), and risk-taking (Mourdoukoutas, 2004), and thus are not compatible with the entrepreneurial spirit. However, other scholars suggest that Chinese culture is generally entrepreneurial-friendly, as the Confucian culture helps Chinese entrepreneurs to cope with institutional uncertainty (Redding, 1990). Within an underdeveloped formal institutional setting, highly regarded family values forge strong informal ties between family members (Sheer, 2012), providing vital social capital for securing family wealth, social status and reputation, and passing this on to the next generation (Wang, 2010).

These studies suggest that, although China cannot be readily considered as entrepreneurial-friendly, it is certainly not entrepreneurial-hostile either (Hayton *et al.*, 2002). Such mixed views suggest that more evidence is needed on how Chinese culture influences entrepreneurial behaviour. Moreover, since both personal striving and supporting social networks play crucial roles in entrepreneurial behaviour (Brandstater, 2010), it is important to establish a link between culture and social networks (Klyver and Foley, 2012), especially in China, where *guanxi* has been largely portrayed as the primary informal institutions that facilitate entrepreneurial behaviour. Furthermore, by specifically focusing on the family business context, the social relationships existing among families may provide additional insights on how culture shapes social networks in China. Therefore, in the first paper, the researcher attempts to investigate how informal institutions, in particular culture and social networks, shape the entrepreneurial behaviour of family businesses.

1.4.3 Institutional Complexity within Organizational Context

As reviewed in Subsection 1.4, we can establish that institutions are highly complex in any given society. Specifically, some studies indicate that Chinese cultural aspects constrain

⁴ A learning or teaching technique based on memorizing and reputation, which is highly adopted in the Chinese culture throughout history (Lam *et al.*, 1994; Wang, 2012)

independent thinking (Friedman 2005; Zapalska and Edwards, 2001), innovativeness, self-determination (Anderson *et al.*, 2003) and risk-taking (Mourdoukoutas, 2004), and thus are not compatible with the entrepreneurial spirit. Others argue that within an underdeveloped formal institutional setting, the highly regarded values of family provide vital social capital for securing family wealth (Wang, 2010), and promote shared responsibility and interpersonal relationships (Kim and Gao, 2013; Yan and Sorenson, 2006), facilitating entrepreneurial behaviour. During the past decade, scholars have focused on how such conflicting macro-level prescriptions pose divergent pressures on field-level actors, and how they avoid or resolve these conflicts (Greenwood *et al.*, 2011). Specifically in the family business domain, the contradicting nature of family and business systems are often discussed at an organizational level using a selective approach, i.e., family business entrepreneurs tend to sacrifice economic goals in order to focus on non-economic family goals (Chrisman *et al.*, 2012). In the next section, the researcher draws on institutional logics perspective (1.5.1) and paradox perspective (1.5.2) to explain how field-level competing demands can influence the entrepreneurial behaviour of family businesses.

1.5 Competing Demands in Family Businesses

1.5.1 Institutional Logics Perspective - a selective view of competing demands

Friedland and Alford's (1991) construct of "institutional logics" emphasised that practices and structures are tangible manifestations. They conceptualised Western society as an inter-institutional system, which comprises "the capitalist market, bureaucratic state, democracy, nuclear family, and Christian religion" (1991, p.232). Each institution is associated with a central logic (Alford and Friedland, 1985), referred to as a 'higher-order logic' (Thornton, 2002). Thornton and Ocasio (1999, p. 804) defines institutional logics as "socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules." Logics offer the "master principles of society", and guide social behaviour by providing "assumptions and values, usually implicit, about how to interpret organisational reality, what constitutes appropriate behaviour and how to succeed" (Thornton, 2004, p.70). By extension, organizational behaviour is also implicitly influenced by the complex institutional processes within the institutional context (Greenwood *et al.*, 2010; Greenwood *et al.*, 2011). However, scholars have divergent views regarding whether multiple logics could be compatible (Friedland and Alford, 1991; Kraatz and Block, 2008).

Earlier research has established a link between logics and practice (e.g. Lounsbury, 2007; Thornton, 2002, 2004). The organizational response to their contexts is very unlikely to be

the same, because logics are historically contingent and organizational fields are exposed to multiple, and often conflicting logics (e.g. D'Aunno *et al.*, 1991; Reay and Hinings, 2005). Scott (1991) maintained that there are many institutional environments, and that some rationalisations might be competing. Elsbach and Sutton (1992) similarly argued that expectations of powerful external actors are often blurred across boundaries and conflicting in nature. Likewise, D'Aunno *et al.* (1991) argued that it is difficult for many organizations to conform to strong institutional beliefs and rules because they face scattered environments that contain multiple independent groups making uncoordinated demands. In order to address the challenge brought by multiple and conflicting logics, two streams of research have emerged.

One stream of research describes logics in terms of their contrasting implications for roles, skills and competence (e.g. D'Aunno *et al.*, 1991; Reay and Hinings, 2005; Thornton, 2002, 2004). They are usually portrayed as incompatible nominal categories, such as editorial versus market logic in the US publishing industry (Thornton and Ocasio, 1999; Thornton, 2002), professional versus market logic in the Canadian healthcare system (Reay and Hinings, 2005) and law firms (Cooper *et al.*, 1996), regulatory logic versus market logic, and corporate logic versus agency logic in the US financial sector (Lounsbury, 2002; Zajac and Westphal, 2004) and legalistic-bureaucratic logic versus managerial logic in the Austrian public sector (Meyer and Hammerschmid, 2006). These studies examined logic shifts as the notion of a previously dominant logic being dismantled by the ascendance of a new logic, because they are assumed to be fundamentally incompatible (Thornton and Ocasio, 1999; Rao *et al.*, 2003). However, it is surprising that most attention has been given to how organizational fields and industries are structured by one dominant logic (Lounsbury, 2007), whilst Friedland and Alford (1991) noticed that organizations are always subject to multiple and competing logics.

The other stream of research shows that two or more logics can coexist and shape organizational behaviour at the same time. For instance, Greenwood and Suddaby (2006) observed that Canadian auditing and law firms faced pressure from market, professional and family logics. Thornton (2004) found that the editorial logic in the US publishing industry was combined with family, private ownership and professional logic. Owen-Smith and Powell (2004) showed that the innovation network within biotech firms in the Boston area was expressed through both proprietary alliances (market logic) and public universities (professional logic). Marquis and Lounsbury (2007) found that competing community and banking logics actually triggered professional entrepreneurialism in the US banking sector. Other scholars made attempts to show how plural logics successfully

created hybrid organizational forms in the Bolivian microfinance sector (Battilana and Dorado, 2010) and social sector in the UK (Tracey *et al.*, 2011).

Although these studies suggest that the less prevalent logics might be only influential at a localised level, they conclude that organizations in the field are indeed affected by multiple logics, and often without one replacing the other. Some scholars shifted their attention towards how organizations respond to multiple logics. For instance, Battilana and Dorado's (2010) case study compared two contradictory logics in Bolivian hybrid microfinance organizations and found that they managed to maintain their hybridity over time. Dunn and Jones (2010) revealed that two logics, care and science, both persisted from 1910 to 2005 in US medicine education without one replacing the other. Greenwood *et al.* (2010) examined how regional state logics and family logics affected Spanish manufacturers' response to overreaching market logic. In particular, state logics tended to be potent in large firms with regional connections, while family logic affected the decision to downsize, especially in smaller firms. Miller *et al.* (2010) observed how variations in role identities and their associated logics affected family founders and lone founders' strategic behaviour. They found that even though both entrepreneurial and family logics contributed to the establishment of the businesses, family logic tended to affect family business founders and led to conservative strategies, while entrepreneurial logic affected lone founders and led to more risk-taking and innovative strategies. These studies show that conflicting logics can be tailored to be relatively compatible under certain organizational conditions (Greenwood *et al.*, 2011).

The above two streams of research reveal that we need more knowledge about the source of incompatibility between logics other than macro-level institutional pressures. Recent work by Pache and Santos (2010) proposed that conflicting institutions might differ with regard to their ideological goals. Purdy and Gray's (2009) longitudinal case study, for instance, demonstrated the challenge in alleviating the tension between disparate logics such as bureaucratic, public policy and judicial logics, and that the lack of unified goals helped to perpetuate multiple logics in the state offices of the US. Moreover, Miller *et al.* (2011) also proposed that goals, norms and prescriptions dictated by family logic are at odds with market logic. Some family business scholars also argued that non-economic goals are often adopted by family businesses, which is critical for distinguishing family businesses from non-family businesses that adopt economic goals (e.g. Block *et al.*, 2013; Gómez-Mejía *et al.*, 2011; Chrisman and Patel, 2011; Chrisman *et al.*, 2012; Chua *et al.*, 1999; Sorenson *et al.*, 2009; Zellweger *et al.*, 2011).

In summary, research adopting an institutional logics perspective primarily considering competing logics requires ‘solutions’, meaning selecting one over the others. However, organizational studies adopting a paradox perspective have shown an alternative view on reconciling competing demands without resolution.

1.5.2 Paradox Perspective – an integrative view of competing demands within organizational context

Paradoxes are “contradictory yet interrelated elements that exist simultaneously and persist over time.” (Smith and Lewis, 2011). Although this lens is relatively new to organizational studies, it is deeply rooted in both Eastern and Western philosophies. The Eastern “Yin-Yang” symbol illustrated by Taoism highlights the “integration of two opposite cosmic energies” (Fang, 2012, p. 31). For example, light vs. dark, life vs. death, masculine vs. feminine are viewed as interdependent, fluid and natural (Chen, 2002; Peng and Nisbett, 1999). While tensions between oppositional elements may cause discomfort to individuals, traditional Eastern philosophies, such as Buddhism, Hinduism and Taoism maintain that paradoxical tensions need not be resolved, but embraced and transcended (Capra, 1975).

Paradox theory has been increasingly adopted in organizational studies as scholars have started to acknowledge that the trade-off and contingency approaches of choosing between competing demands may only aid short-term performance, but lack long-term sustainability (Lewis, 2000). Early psychology scholars posited that paradoxical tensions could lead to potentially constructive or destructive responses. In a negative view, due to the preference for consistency in cognition (Cialdini *et al.*, 1995), individuals experience confusion and anxiety as they face contradictions (Lewis, 2000; Schneider, 1990). This may result in defensive reactions, where individuals only attend to one element to avoid inconsistency, and fail to recognise the interrelatedness of both sides of the tension (Jarzabkowski *et al.*, 2013). Such a defensive mechanism often has a clear impact in the context of broader organizational approaches (Lewis, 2000; Vince and Broussine, 1996). For instance, when core capabilities for an existing product become core rigidities for new product development, managers’ defensive reactions would re-orient new capabilities to other purposes, go back to the existing product, or abandon new capabilities altogether (Leonard-Barton, 1992). Furthermore, paradoxical tensions can also cause frustration (Kahn, 1990). For instance, in their longitudinal ethnographic on a natural food cooperative, Ashforth and Reingen (2014) found that members’ discomfort against hybrid organizational identity led them to split the cooperative mission in two and only identify with one part, while projecting the other part onto others. The splitting and projecting

defences resulted in the creation of in-groups and out-groups, and persistent group conflicts. Such defensive choices can fuel vicious cycles over time, as engaging only one element of the tension constantly triggers demands on the other (Andriopoulos and Lewis, 2009); hence, decision-makers may be paralysed by the choice between alternatives, which could consequentially threaten the future of an organization (Jay, 2013; Smith *et al.*, 2011).

To avoid vicious cycles and seek virtuous cycles, other studies focus on responses that nurture ‘paradoxical thinking’, which enables individuals to accept, embrace and even prosper with paradoxical tensions (Schad *et al.*, 2016). The psychological foundation of paradoxical thinking was based on early studies of creative geniuses (Schneider, 1990), which proposed that actors have the capacity to reframe tensions, questioning the reductionist ‘either/or’ assumptions when they explore contradictory elements and their interdependence, and considering a ‘both/and’ view (Bartunek, 1988). Such theoretical foundation has been adopted in Western organizational studies to examine individual capabilities for engaging with paradoxes. In their laboratory studies on individual creativities, Miron-Spektor and colleagues (2011) found that participants who framed tensions as paradoxes were more creative than their counterparts who did not. More recent paradoxical scholars have applied such individual capabilities to organizational responses to competing demands (e.g. Jarzbkowski *et al.*, 2013; Lewis, 2000). Building on Poole and Van de Ven’s (1989) proposed typology: opposition, spatial separation, temporal separation and synthesis, scholars generally categorised the approaches as acceptance, and differentiation and integration (Smith and Lewis, 2011). Such management approaches primarily consider how organizational participants move from a reductionist ‘either/or’ thinking towards a ‘both/and’ perspective that seeks synergies from the seemingly competing forces (Zellweger, 2017).

Opposition, or acceptance, denotes “accepting the paradox and leaning to live with it” (Poole and Van de Ven, 1989, p.566). Acceptance enables individuals to acknowledge the existence of paradoxes (Lewis, 2000), and to recognise and embrace conflicts without resolving the tensions (Smith, 2014). For instance, Rosso’s (2014) field research on Fortune 500 corporations’ R&D teams challenged the assumption that constraints kill creativity. They found that teams accepting and embracing constraints may see opportunities and freedom as part of the constraints. Smith’s (2015) qualitative study on top management teams of Fortune 500 corporations found that dilemmas could become paradoxes, because managers understood that selecting only one element kept triggering the need for the other over a long-term horizon (Smith and Lewis, 2011). Similarly,

Luscher and Lewis's (2008) action research on Lego found that managers were able to develop a temporal process that moved issues from a mess, to an identified problem, to an underlying dilemma and ultimately to paradoxical thinking, without seeking immediate solutions. Doing so enabled the managers to move forward rather than being stuck in the face of the paradoxical tensions. Jarzabkowski and Sillince's (2007) case study of three UK universities found that top managers at entrepreneurial universities invoked an association between multiple goals and persuaded academics to widen their commitment beyond their professional interests by emphasising commercial income (i.e. providing more funding for research). This strategy emphasises the self-interest involved in commitment to multiple goals (Siders *et al.*, 2001). Calabretta *et al.*'s (2017) case study found that managers created emotional equanimity to prepare the ground for paradoxical thinking at the initial stage of innovation projects. This avoided the tendency to seek immediate solutions when the fundamental conflicts between intuitive and rational decision-making caused anxieties (Cabantous and Gond, 2011). These studies collectively indicate that despite the various types of tensions an organization may be facing, learning to "live with" the paradoxical nature of tensions is a crucial step for effectively managing paradoxical tensions (Andriopoulos and Lewis, 2009; Smith and Lewis, 2011).

The modern term "differentiation" refers to acknowledging the independence of each element. Smith *et al.*'s (2012)'s paradoxical leadership model stressed that social entrepreneurs must mindfully recognise and differentiate the value of each of the social and commercial demands (Weick *et al.*, 1999). However, Poole and Van de Ven's (1989) early proposition of typology inspired two streams of studies, based on a more specific distinction between spatial separation and temporal separation.

Spatial separation describes strategies that isolate competing yet co-existing demands, processes and perspectives (Poole and Van de Ven, 1989). For instance, in a field study of five large US restaurant chains, Bradach (1997) found that the need to maintain uniformity and adapt to market change simultaneously could be managed by separating the associated tasks through different company and franchise units. Some scholars further elaborate such structural strategy through "structural ambidexterity". Tushman and O'Reilly's (1996) study on organizational evolutionary and revolutionary change found that firms which evolved successfully through innovation tended to assign contradictory decisions to different business units through massive decentralisation. Smith and Tushman's (2005) top management model for managing innovation is associated with paradoxical cognition residing in senior leaders and their teams, enabling them to differentiate the strategies and architecture for existing products and innovative products and integrate those strategies

and architecture. Similarly, in their longitudinal study on 13 business units and 22 innovations, Tushman and colleagues (2010) suggest that the senior teams' ability to deal with contradicting exploration and exploitation tasks through structural differentiation is a crucial determination of a firm's ability to exploit in the short term and explore in the long term. However, scholars also acknowledge that even though such a structural separation approach could minimize conflict, it can also breed a power imbalance within organizations, causing one pole to become dominant (Schad *et al.*, 2016; Tushman and O'Reilly, 1996).

Temporal separation delineates strategies that allocate competing demands to sequential time periods (Poole and Van de Ven, 1989). Early studies of tensions between exploration and exploitation advocate for a temporary focus on one element depending on current situations which require incremental innovation or radical innovation (March, 1991; Tushman and Romanelli, 1985). For instance, in their longitudinal event study on European insurance companies, Klarner and Raisch (2013) found that change and stability are balanced through a sequential approach that enables rhythmic and frequent change over time periods. Similarly, Cuganesan's (2017) single longitudinal case study of a division of the Australian state police force showed that identity similarity and distinctiveness could not be balanced through a widely accepted relatively linear process (Chreim, 2002; Fiol, 2002) due to the heterogeneity in employees' identity work. Instead, senior managers and employees negotiated similarity-distinctiveness paradoxes as an emergent and cyclical process of identity regulation and re-regulation.

Synthesis or integration involves the development of a novel synergetic approach that addresses both the opposing elements of a paradox (Smith and Tushman, 2005). In their careful case study on Toyota's production system, Adler and colleagues (1999) found that the paradox of efficiency and flexibility were managed periodically in connection with model changeovers. Similarly, Schmitt and Raisch's (2013) empirical study found that turnaround initiatives could integrate retrenchment and recovery activities in Central Europe. In a longitudinal study of US commercial banks, Deephouse (1999) proposed that the tension between competition and legitimation can be balanced through strategic similarity.

Other studies have devoted attention to management models that integrate the strategies discussed. For example, Smith and Lewis's (2011) dynamic equilibrium model of managing paradox, which proposed that although paradoxical tensions need to be accepted in the long term, short term responses could rely on splitting and integration strategies,

thus enabling a sustainable approach that fuels long-term success. Andriopoulos and Lewis's (2009) comparative case studies of five ambidextrous firms found that tensions between exploration and exploitation were managed through a mix of integration and differentiation tactics. Differentiation strategies included diversification of project portfolios with strategic intent, iteration between project constraints and freedom for customer orientation, and temporally and structurally separate work modes for personal drives. Integration approaches included cultivating a paradoxical vision for strategic intent, improvising purposefully for customer orientation, and socializing "practical artists" for personal drive. Similarly, Smith (2014) proposed a model for senior leaders managing strategic paradox through in-depth qualitative analysis from six top management teams from Fortune 500 Corporation. They found that top management teams adopted both differentiation and integration to frequently oscillate support between exploration and exploitation simultaneously. They combined differentiating strategies, such as allocating domain specific roles, comparing domains to raise novel distinctions, and seeking information about domains independently, with integrating strategies involving allocating integrative roles, stressing overarching goals and solving problems jointly for their leadership practices.

The organizational studies discussed above highlight how the paradox perspective can offer a strategic management approach to cope with competing demands at an organizational level (Smith and Lewis, 2011). However, most of these studies addressed paradoxical tensions as if they were inherently embedded within a given organizational context (Smith and Berg, 1987), without specifically addressing the nature of the relationship between opposing elements. In fact, in their systematic literature review on paradox research in management science, Schad and colleagues (2016) found that most existing studies attend to the types of paradoxes, while fewer studies highlight the nature of relationships.

1.5.3 Inconsistent Empirical Findings in Family Business Research

The previous two subsections reveal that the competing demands within a family business context have been typically explained at an organizational level (e.g. Gomez-Mejia *et al.*, 2007; Mitchell *et al.*, 1997). Recent studies in family business research have highlighted that family businesses are constantly exposed to coexisting institutional logics; they are typically guided by family and commercial logics, because the prescribed institutions of the family and the firm continuously overlap (Greenwood *et al.*, 2010; Kraatz and Block,

2008; Leaptrott, 2005). Scholars drew on stakeholder theory (Mitchell *et al.*, 1997) to argue that family involvement creates a dominant coalition which gives power and legitimacy to influence distinctive family goals, behaviours and performance (Chrisman *et al.*, 2005; Dyer, 2006). Extending from the stakeholder theory, conceptual developments consistent with the behavioural theory highlight non-commercial family goals arising from the emotional value of family business ownership (Astrachan and Jackiewicz, 2008; Zellweger and Astrachan, 2008), the importance of the relationship between family social capital and financial goals (Arregle *et al.*, 2007; Pearson *et al.*, 2008), and the preservation of socioemotional wealth (Gomez-Mejia *et al.*, 2007). Studies applying the behavioural agency model, deriving from the insights of the combined prospect theory and agency theory, have concluded that avoidance of the loss of socioemotional wealth is a primary driver of family businesses' strategic behaviour (e.g. Berrone *et al.*, 2010; Gomez-Mejia *et al.*, 2007; Gomez-Mejia *et al.*, 2011). These studies collectively suggest that family businesses will avoid risky decisions which reduce socioemotional wealth, despite the potential for long-term commercial benefits; yet they may embrace risky decisions that might reduce long-term economic gains, but with the preservation of socioemotional wealth. In addition, the empirical evidence suggests that family businesses tend to invest less in R&D than non-family businesses, due to the emphasis on socioemotional preservation (e.g. Chen and Hsu, 2009; Czarnitzki and Kraft, 2009; Munari *et al.*, 2010).

However, Chrisman and Patel (2012) have pointed out that the behavioural agency model predications are inconsistent with the well-accepted view that family businesses have a long-term investment orientation (e.g. James, 1999; Le Breton-Miller and Miller, 2006). In contrast with the dominant view, the deep connections between family members and the continuity of business goals across multiple generations, the long-term planning and risk-taking necessary for corporate entrepreneurship could be highly committed in family businesses (Zahra, 2005). The desire to sustain the firm for future generations can push some family businesses to seek growth (Eddleston *et al.*, 2008). Studies also found that family businesses that gather opinions from various stakeholders (Sirmon *et al.*, 2008) and involve a board of directors (Le Breton-Miller and Miller, 2006) could remain competitive and innovative. It is particularly important to address these contradictory results, because they highlight the mainstream studies' focus on differences between family and non-family businesses (e.g. Chrisman *et al.*, 2004; Dyer, 2006).

Two research problems in particular have been summarised by established family business scholars, and addressing these problems may offer greater insights on explaining the inconsistent empirical findings. First, the implicit assumption in family business research is

that family businesses are considered relatively homogenous (e.g. Jaskiewicz *et al.*, 2016; Miller *et al.*, 2007). A lack of distinction in the heterogeneity of family businesses (Westhead and Howorth, 2007) might be the reason for such inconsistent results in family business research. Although a growing body of literature recognises the heterogeneity of family businesses (e.g. Chrisman *et al.*, 2012; Chrisman and Patel, 2012; Stewart and Hitt, 2012), empirical evidence on how to distinguish them, to what extent, and based on what criteria is still scarce. Second, earlier research proposed that family and business systems are inherently in conflict (Kellermanns and Eddleston, 2004), leaving family business practitioners and scholars with no choice but to attempt to ‘resolve’ such tensions by weighing family and business goals. However, just like any other types of entrepreneurs, family business entrepreneurs are likely to possess numerous identities, in addition to their familial one (Shepherd and Haynie, 2009), and these identities are unlikely to be ranked in a static state (Murnieks *et al.*, 2014), as the drive to seek alignment with their identity may shift depending on situations. Such shifting attention between alternative demands (Kim *et al.*, 2004) may force family business leaders to adopt a complex and fluid managerial approach (Cao *et al.*, 2009), rather than fixing their focus on only one demand.

1.5 Structure of the Thesis

This thesis follows a three-paper PhD model. The chapters are organized as follows:

Chapter 1 provides an overview of the research context and general scarcity of entrepreneurship research in the context of China. It sets out to give an introduction on the underpinning theoretical background, and outline of the research objectives, as well as the specific theoretical constructs that are applied in each of the three individual papers.

Chapter 2 provides an explanation of the chosen philosophical stance of this thesis, with a brief review of the existing philosophical debate in the entrepreneurship literature. It then introduces the research design specifically for the purpose of addressing the proposed research objectives in Chapter 1. The subsections in this chapter also explain the research approach, research strategies and an overview of data collection and analysis techniques. The technical details of data collection and analysis are provided in each individual paper.

Chapter 3 is the first paper that aims to investigate how informal institutions shape entrepreneurial behaviour in Chinese family firms. Prior work often simplifies informal institutions as social networks, and views them as a supporting mechanism for filling formal institutional voids in emerging economies. Aligning with this view, the formation of family

firms is often portrayed as a rational response to secure family-related resources that otherwise cannot be obtained effectively. However, such an approach disconnects the micro-level actions from their embedded macro-level conditions, due to the lack of theoretical clarification regarding different levels of informal institutions, i.e. culture, social networks, and resources generated from informal institutions. We draw on institutional theory and social capital theory to develop a multi-level framework that comprises macro-level cultural aspects, and the distinction between social networks and social capital. Through a multi-case study, it is found that although cultural aspects do not exert direct influence on family firms' entrepreneurial behaviour, they do inform the types of family and non-family social networks that family firms are keen to develop. The distinct social networks subsequently generate vital social capital that facilitates the pursuit of entrepreneurial behaviour.

Chapter 4 is the second paper, which aims to investigate how coexisting family and commercial logics impact on family firms' entrepreneurial behaviour. Based on the analysis of eight case studies in China, we found that family logic is the logic which mainly shapes the entrepreneurial behaviour of 'couple-founder' family firms, whereas both family and commercial logics complement each other and guide the entrepreneurial behaviour of 'single-founder' family firms that exhibit a higher level of entrepreneurial behaviour. We contribute to the family business literature by adding the 'initial set-up' as a new dimension of family heterogeneity and demonstrating how initial imprinted logics impact on the subsequent development of family firms, with implications on what and how family/business goals are pursued. The findings offer both theoretical and practical contributions to the family business literature.

Chapter 5 aims to explore how tensions become salient in family businesses. Previous paradox research focuses on organizational strategies that move from a reductionist 'either/or' thinking towards a 'both/and' perspective which addresses "contradictory yet interrelated elements that exist simultaneously and persist over time". Among different types of business formations, family firms are particularly prone to paradoxical tensions, due to the combination of family and business systems. However, most paradox studies focus on salient paradoxes, thus neglecting factors that render latent tensions salient. Institutional theorists argue that the role of institutional context could provide valuable insights on the salience of paradox as competing demands arise at institutional level. This paper explores how paradoxical tensions in family firms become salient within the institutional context of China. In particular, we found that, although family liquidity and firm growth paradox is rendered salient by increased family involvement, such organizational conditions are only impactful when institutional changes occur.

Furthermore, we also find that industrial reputation and family reputation paradox become salient after leaders have formed informal responses to the ambiguous formal institutions within the industry. However, such a paradox could become latent again as formal institutions mature, and as acceptable behaviour is better defined. Our findings contribute to the existing paradox research by demonstrating that (1) narratives through retrospective sensemaking of individuals enables researchers to capture how latent tensions become salient, and (2) paradoxical tensions in organizations are revealed through the interactions of environmental conditions at a multiple level, i.e. institutional, organizational and individual levels. Such interactions are the determinants of the latency and salience of paradoxes.

Chapter 6 concludes the thesis by revisiting the research questions and objectives of the thesis as well as the three individual papers. It also offers summaries of major research gaps identified in each individual paper, and the key findings that address the proposed research objectives. The following subsections outline the theoretical and practical contributions and implications, and conclude with a discussion on the research limitations and outlook for future research.

1.6 Conclusion

The starting point of this chapter was to set out the research context, including a discussion of the major research gaps regarding entrepreneurship in the context of Chinese family businesses. Through reviewing the existing literature that connects entrepreneurial behaviour and family businesses, the researcher proposed a multi-level study to address the scarcity of family business research in the context of China. Specifically, the researcher contends that instead of viewing family business only at an organizational level, an institutional perspective that informs overall institutional pressures, organizational demands, and individual sense-making would be an appropriate approach to investigate the entrepreneurial behaviour of Chinese family businesses. This chapter also provides an overview of the research questions and objectives, as well as an introduction to the structure of the thesis.

Chapter 2. Research Methodology

2.1 Introduction

Chapter 2 rationalises the selected methods based on previous theoretical arguments in both family business research and general entrepreneurship research, while the methodologies in Chapters 3, 4 and 5 validate the technical and fine-grained analytical details in the research procedure. In particular Section 2.2 sets out the research philosophy and paradigm that guides the ontological and epistemological view of the central research question, i.e. How do institutions impact on the entrepreneurial behaviour of Chinese family firms at macro, meso and micro-level? Section 2.3 explains the research approach and strategies adopted in order to answer the guiding research question. Section 2.3 briefly reveals the general data analysis techniques.

2.2 Research Philosophy and Paradigm

Before we dive into the discussion on the philosophical paradigm, it is important to recall that this thesis aims to explore how institutions impact on the entrepreneurial behaviour of family businesses in the context of China. In order to achieve this objective, a multi-level exploration at macro, meso and micro levels has been undertaken. Essentially the thesis adopts an institutional perspective that informs our understanding of the overall macro-institutional pressures, institutional complexity within organizations and individual sense-making of the tensions that family leaders as entrepreneurs may experience. Such a multi-level approach contributes knowledge about the phenomenon of family business entrepreneurial behaviour in the unique context of China. Three main themes accompany the guiding research question: (1) entrepreneurial behaviour, (2) family business, and (3) the context of China. A consistent ontological and epistemological view of each theme is required to provide logically presupposed, interrelated sets of conceptualised paradigms on the reality of the world, the nature of knowledge, and methodologies that are based on such knowledge (Lawson, 1997; Suddaby, 2014). This section aims to outline the reasoning for adopting the chosen philosophical paradigm from the perspective of each of the three themes.

2.2.1 Ontological Stances

Researchers usually adopt different philosophical paradigms to conceptualise their research (Denzin and Lincoln, 2000). As Saunders *et al.* (2012) suggest, each philosophical paradigm incorporates features that will affect the way the researcher views the research process; thus, it is important to consider different approaches before deciding on an appropriate research philosophy. Ontology refers to the philosophical assumptions of what is considered reality, and the assumptions researchers have about the way the world operates and the commitment to particular views (Saunders *et al.*, 2012). Of the numerous classification schemes introduced in the literature, this section discusses the paradigms of empiricism/objectivism, and social constructionism/subjectivism, which are often adopted in entrepreneurship research and family business research domains (Hjorth and Steyaert, 2005; Leppaaho *et al.*, 2016).

Empiricism states that reality exists independently of the observer, and that the world can be reducible to its material existence. The empiricist, therefore, considers that scientific knowledge must be derived from sensory experience, and should thus be tested by observation and experiment. In contrast to empiricism, social constructionism does not make any pre-assumptions about existing reality, but treats reality as ultimately socially constructed by “humans through action and interaction” (Orlikowski and Baroudi, 1991, p. 14). According to this view, there is no single way the world is or can be; therefore, constructionism strives to understand the phenomenon by appreciating its “uniqueness, complexity, and interaction with its context.” (Leppaaho *et al.*, 2016, p. 161).

Particularly for the theme of entrepreneurial behaviour, it is recognised that the philosophical stance of entrepreneurial behaviour is not static, but changes according to the worldview of researchers (Ramoglou and Tsang, 2016). Due to the complexity of entrepreneurship research, the field has relied on different philosophical stances. In their much-cited article “The Promise of Entrepreneurship as a Field of Research”, Shane and Venkataraman described the defining feature of entrepreneurial phenomena as “the discovery and exploitation of profitable opportunities” (2000, p. 217). Their influential work brought to light the ‘objective existence’ of entrepreneurial opportunities, and offers a vigorous foundation for entrepreneurship as a distinctive field of research. This ‘discovery approach’ that treats opportunities as “physically observable objects” (Alvarez *et al.*, 2014, p. 227) subscribes to an empiricist ontology (Ramoglou, 2013).

However, a growing contingent of scholars have converged towards the ‘creation

approach’, which argues that opportunities are created endogenously through entrepreneurial agency (Sarasvathy, 2001; Wood and McKinley, 2010), attributed to a social constructionist worldview. Particularly over the past two decades, a number of different theoretical perspectives have emerged to explain the actions and logics behind entrepreneurial behaviour. These alternative approaches are often defined as “emerging theoretical perspectives” in order to contrast them with the traditional model of entrepreneurial behaviour (Eisenhardt *et al.*, 2010). In the following table (Table 1), the author provides a brief comparison of the traditional model of entrepreneurial behaviour, usually referred to as the “causal approach” by Sarasvathy (2001), the “discovery approach” by Alvarez and Barney (2007), and the “classic approach” by Shah and Tripsas (2007), with two prominent emerging theoretical perspectives, including effectuation (Sarasvathy, 2001), and entrepreneurial bricolage (Baker and Nelson, 2005).

	Causation	Effectuation	Bricolage
Assumption of entrepreneurial opportunities	Opportunities are objective and identifiable, and discovered by potential entrepreneurs (Casson, 1982; Shane and Venkataraman, 2000).	Opportunities are subjective, socially constructed, and created by potential entrepreneurs (Korsgaard, 2011; Sarasvathy, 2001).	Opportunities are non-existent (Baker and Nelson, 2005; Levi-Strauss, 1966).
Assumption of entrepreneurial actions	Identifying and exploiting opportunities through systematic information gathering and analysis (Katz and Gartner, 1988; Shane and Venkataraman).	Uncovering opportunities through experimenting and learning with a set of resources (Chandler <i>et al.</i> , 2011; Sarasvathy, 2001).	Using and recombining resources at hand for new purposes (Baker and Nelson, 2005; Rice and Rogers, 1980).
Assumption of entrepreneurial environment	<ul style="list-style-type: none"> • Environment is static and stable. • Although risky, uncertain future is discernible and measurable. 	<ul style="list-style-type: none"> • Environment is dynamic and ecological. • Future is unknowable and not measurable. 	<ul style="list-style-type: none"> • Environment is socially constructed, and resources are constrained. • Future is irrelevant.

Table 1. Diverse theoretical perspective of entrepreneurial behaviour

2.2.2 Epistemological Stances

Epistemology is concerned with what constitutes acceptable knowledge in any field of study. As discussed in the previous section, the field of entrepreneurship research has adopted different ontological views. Essentially, scholars’ views on what they consider valid when researching entrepreneurial behaviour is largely dependent on their ontological stance. For instance, for scholars advocating the ‘discovery approach’ (e.g. Alvarez *et al.*, 2014; Shane and Venkataraman, 2000), their view of ‘reality’ derives from the premise that entrepreneurial behaviour cannot be measured without the objective existence of opportunities. For these scholars, the real world exists independently of subjective consciousness (Wass and Wells, 1994). Therefore, from an epistemological point of view,

the research approach to uncover knowledge is based on positivism: what constitutes acceptable knowledge must consist of objects that have an external existence to that of the researcher and entrepreneurs, such as new products, services, raw materials, employees and customers. By organising these 'objects' effectively, entrepreneurs and businesses create products and services, which are then sold on at a greater price than their cost of production (Casson, 1982). In this domain, only what is objectively observable represents valid knowledge. From an empiricism perspective, explanation is provided through causal laws inferred from empirical regularities (Popper, 1961). In this regard, the entrepreneurs and researchers are subservient to the definition of knowledge, and the subjective consciousness is meaningless (Wass and Wells, 1994). Explanation of the phenomenon supported by empirical regularities becomes a covering law, which can be generalised to predict outcomes outside the specific conditions of the research context. In summary, the validity of the results depends on whether they can be replicated in identical circumstances and generalised to a wider population.

As mentioned above, recent theoretical debate in the field of entrepreneurship has seen the development of new theoretical perspectives on what constitutes knowledge in entrepreneurship. For instance, with regard to the effectuation perspective, knowledge does not exist outside the consciousness of the individual. In other words, opportunities are subjective, socially constructed, and created by potential entrepreneurs (Korsgaard, 2011; Sarasvathy, 2001). Therefore, from an epistemological perspective, valid knowledge comprises individual comprehension of the 'external world'. As opposed to positivism, an explanation of the phenomenon is inferred through actors' (entrepreneurs) subjective perception of their social world. The actor's (entrepreneur's) experience with the real world of business determines what constitutes opportunities and entrepreneurial behaviour. An important aspect of this epistemological position is that the environment is changeable and can be unique to the phenomenon being researched. Therefore, generalisation of knowledge beyond the context is meaningless.

However, such an epistemological stance is often adopted when the aim of research is to gather knowledge on the entrepreneurial behaviour in Western economies, where macro-contexts are usually characterised by relatively stable institutions; thus entrepreneurs are expected to behave according to certain prescribed objective models. Once they are engaged with the mentioned objects, they are considered to be exhibiting entrepreneurial behaviour. In emerging economies, I argue that such an epistemological stance may be

inadequate due to the peculiarity of the relatively unstable institutional context.

2.2.3 Philosophical Stances of this Thesis

In this thesis, the research context is represented by China, where the researched phenomenon, family businesses' entrepreneurial behaviour, might be regarded ontologically as an objective entity. However, such ontological positioning, or objectivism, is inadequate, since it neglects the assumptions underpinning the research questions, which emphasise the uniqueness of the Chinese context. The latter is influenced by institutions that Western scholars have largely criticised for their lack of reliability and effectiveness (Puffer *et al.*, 2010; Webb *et al.*, 2015). Entrepreneurship in China is rather a new phenomenon; and being an entrepreneur was not even considered a decent career choice until the 1990s (Yang and Li, 2008). Furthermore, the notions of 'family' and 'family business' in China may be different from their established definitions in a Western context. The Chinese institutional context is a developing one, family businesses being embedded in a context where formal institutions are regarded as too unreliable and inefficient to guide entrepreneurial behaviour, thus potentially constraining entrepreneurship and economic growth in China (Zapalska and Edwards, 2001).

The Confucian culture has a huge influence on the family and how it is expected to behave. I argue that this cultural influence, which makes the Chinese context unique, also influences what a 'family business' is in China, and how it is expected to behave entrepreneurially. Furthermore, the scholarly discourse on family business has recognised the heterogeneity of family businesses in developed economies. Such heterogeneity might also exist in the context of China. However, imposing a set of definitions of family businesses as applied in Western economy studies to the context of China is inappropriate, given the different formal and informal institutional pressures on the 'family' and 'family business'. In the unique context of China, how Chinese entrepreneurs view and experience opportunities through interactions with informal institutions, such as social networking, in order to pursue their entrepreneurial goals cannot be objectively captured (or measured) through empiricism.

Furthermore, institutional complexity, posing multiple demands on the 'family' and 'business' systems might be subjectively experienced by owners of Chinese family businesses in a unique way, given the environment in which they are embedded. Particularly noteworthy is the unique social construction of opportunities through the

interactions of family business leaders with the family and institutions that influence the business context. Therefore, this thesis takes the ontological stance of social constructionism in an attempt to explore and understand the unexplored phenomenon of entrepreneurial behaviour in family businesses under the influence of multiple institutions in the context of China.

Understanding how Chinese family business entrepreneurs perceive entrepreneurial behaviour through their own interpretation of social interactions is critical to answer the main research question of the thesis. As both individual and organizational responses are constructed through the constant social interactions between entrepreneurs and family members, businesses and government, and/or businesses and their partners (Ratner, 2002), a social constructionist ontology and interpretivist epistemology have been adopted in this thesis to guide the development of the research design. In so doing, valid knowledge is revealed on how Chinese entrepreneurs make sense of the world around them.

2.3 Research Methods

This is an exploratory study, the purpose of which is to develop a better understanding of ‘how’ institutions impact on the entrepreneurial behaviour of Chinese family firms at a macro, meso and micro-level. In spite of various calls for adopting a qualitative research approach in family business research (De Massis and Kotlar, 2014; Nordqvist *et al.*, 2009; Reay and Zhang, 2014), qualitative methodology is still relatively under-used in the family business research domain (Fletcher *et al.*, 2016). In adopting the constructionist ontology and interpretivist epistemology this thesis highlights the relatively unknown territory of the Chinese institutional contexts with distinctive cultural attributes and their influence on human interactions with the context. Thus, it follows that, from a methodological perspective, a multiple case study methodology based on a qualitative approach is the most appropriate research approach to achieve the thesis’ main objective, which is the exploration of how Chinese family business leaders perceive the influence of Chinese macro-institutions, institutional complexity and competing demands on their entrepreneurial behaviour.

A case study is a strategy for qualitative empirical research that allows researchers to gather in-depth information of the investigated phenomenon within its embedded context (Pettigrew, 1973; Yin, 2003). Case studies are particularly relevant for exploring behaviour in organizations, as they promote “understanding the dynamics present within single

settings” (Eisenhardt, 1989, p. 533) by enabling researchers to adopt various theoretical lenses that allow for multiple facets of the phenomenon to be unveiled and understood without being constrained by the empiricist ontology that only views external objects as reality. It is also particularly relevant to the family business research domain, as the features of case studies enable researchers to understand family involvement and interaction with business systems at multiple levels (De Massis and Kotlar, 2014). The level of family involvement can be statistically measured including also its influence on entrepreneurial behaviour. For instance, increased family involvement may decrease the risk-taking propensity of the family business owner as “the stake has grown too high” (Gomez-Mejia, *et al.*, 2007). However, understanding of its antecedence is largely neglected by existing family business literature, which has mainly adopted a positivism approach. Such an approach does not enable to answer the questions of “how” and “why” family involvement changes in the first place.

Furthermore, exploratory study through the case study method is flexible, which allows the researcher to change the research direction or amend research protocols when new insights emerge from newly discovered data (Saunders *et al.*, 2012). Before the formal data collection, a pilot study was conducted. Van Teijlingen and Hundley (2002) point out the importance of pilot studies, which serve as pre-testing exercises for interview schedules, questionnaire development, and refining research questions (Baker, 1994; Polit *et al.*, 2001).

In this thesis, the case study method also proves to be a flexible method to adjust to the requirements of the abductive research approach. The researcher took care in understanding, firstly the concept of entrepreneurial behaviour as established in the relevant entrepreneurship literature and studied in different contexts (Dubois and Gadde, 2002). As the development of entrepreneurship in the Chinese institutional environment has been increasingly recognised, institutional theory and its fundamental assumptions can account for such phenomenon and could lead to new empirical findings (Van Maanen *et al.*, 2007). Therefore, after conducting a systematic literature review, the researcher decided to use institutional theory as the main underpinning theoretical construct for this thesis. Secondly, inconclusive results or fragmented knowledge were noticed. For instance, some scholars view multiple institutional pressures as conflicts, while others argue that institutional logics can coexist and somehow complement each other. Therefore, these constructs were used initially to guide the explorative study, yet with an open mind: by applying established theoretical constructs in a relatively under-studied context, new findings could emerge leading to the refining of the initial theoretical concepts.

Based on this reasoning, the abductive approach moves back and forth in the sense of combining both deduction and induction research approaches (Eriksson *et al.*, 2015; Suddaby, 2006), in order to find the most appropriate interpretative theory and build additional knowledge upon it. Specifically, we identified the institutional theory, and by extension the institutional logics perspective, and ultimately the paradox theory

as appropriate theoretical lenses to understand the phenomenon of family businesses' entrepreneurial behaviour in China. Such theories have been widely used in Western contexts and are increasingly used similarly in emerging economies (e.g. Autio and Fu, 2015; Carney *et al.*, 2009; Jaskiewicz *et al.*, 2016; Miller *et al.*, 2011). In so doing, the emerging findings from the context of China provided nuances to new knowledge that is conflicting with theories developed from studies applied to Western economies. Therefore, the theoretical constructs of institutional theory, institutional logics and paradox were identified as salient themes that describe patterns of entrepreneurial behaviour of Chinese family businesses; then, additional themes were allowed to emerge from the research field to provide plausible explanations of entrepreneurial behaviour, and therefore extend the initial theoretical framework via the interpretation of the new themes.

2.3.1 Research Design

An interactive and iterative strategy was followed in the research design. Every research process, such as data collection, data analysis and theoretical comparison was carried out interactively (Maxwell, 2004). The research findings were led by constant revisiting and revising of the original theoretical ideas, i.e. the institutions and their influence on entrepreneurial behaviour. The process is described in the following logical steps:

(1) Data collection. Due to the subjective and social constructivist nature of the study, the organizational responses and entrepreneurial behaviour could not be physically observed. Therefore, a semi-structured interview protocol was developed, based on the research questions and literature which would help us capture the interpretation of institutions and entrepreneurial opportunities of each informant. The interview questions elicited information on the background of the case firms and their respective industry-specific institutional contexts. Additionally, as the interviews continued, we evaluated the answers of informants to see if the questions were properly understood in respect to our research. Specifically, the answers were expected to be in line with the current Chinese institutional framework, all informants having understood the impact of institutions.

(2) *Data coding*. A guideline coding system was generated, initially based on the literature review. . After the data collection, a three-level coding system (Strauss and Corbin, 1990) was carried out, based on a revisiting and revising of the literature review and the collected data. Additionally, new emerging themes and patterns that were a crucial part of the interviews would be noted from the coding. Interactively, such themes and patterns would be carefully noted during subsequent interviews for specific comparison.

(3) *Data analysis*. The data analysis process in this study was carried out in parallel with the data collection and coding processes. When each interview was finished, an initial within-case analysis was carried out. Additionally, as interviews accumulated and themes and patterns started to emerge, we sought the breaking point where no surprising new data were added into the initial analysis. We then decided to stop collecting data and started to carry out a comprehensive cross-case analysis.

2.3.2 Data Sampling and Collection

Due to the exploratory nature of this thesis, the researcher purposefully selected samples with three clearly defined criteria. First, the sample businesses must align with the definition of family business provided by the thesis, which requires the business to be owned and managed by one dominating family, and to have a clear intention towards intrafamily transfer of ownership and management. Second, the sample businesses have continuously pursued, but not necessarily executed or finished, new entrepreneurial opportunities after the establishment of the firm. Third, convenience for authors to access reliable and genuine information regarding the research questions.

Case studies typically include different sources of data collection methods (Eisenhardt, 1989; Yin, 2003). The employment of various data sources assist in capturing the perspectives of different stakeholder groups, in this case, business owners, managers and employees of case firms, in order to develop a deeper understanding of the entrepreneurial behaviour (Sharma *et al.*, 1997; Zahra and Sharma, 2004). Although secondary data such as legal documents and policy reports could provide evidence, how entrepreneurs perceive and react to the institutions and institutional change cannot be analysed only through secondary data. Thus, we collected government issued documents as references to supplement the data and to reduce biased opinion of interviewees. It also provided us with opportunities to evaluate different responses to the same institution. From an organizational level, the goal was to understand why and how some family businesses are actively pursuing entrepreneurial behaviour, while some are slow to react or rejected most

entrepreneurial opportunities. Thus, we paid close attention to the interpretation of the personal relationship within each case firm. It allowed us to compare and contrast the interpretation of family in different family businesses.

There were two waves of data collection. To improve our access to case firms, the researcher contacted private family business through network ties and a local Entrepreneur Society in 2014. The pilot study included four family businesses located in Qingdao, and 16 semi-structured interviews were conducted in August 2014. The first attempt at formal data collection started with seven family businesses located in Qingdao, and later increased to 32 firms across mainland China. After negotiating with all potential case firms and assessing whether their characteristics were suitable for this study, 22 firms agreed to participate in the research, and 16 firms were able to provide four or more informants, including the founder(s). Finally, ten firms were selected based on the optimal accessibility and availability of different types of informants. Four interviews were conducted at each firm with informants from different management and operational levels, including the founder(s), general manager, lower manager and operational staff to ensure that the data covered information from a comprehensive perspective for each firm. In total, 40 face-to-face semi-structured interviews were conducted between August 2014 and October 2015 (Table 1). Each interview lasted approximately one hour, with a few extending to 90 minutes, and some shortened to 40 minutes, based on the availability of the informants. This set of data constituted the first wave of data collection, which provided the empirical findings of Papers 1 and 2. Specific data collection details and case overviews are shown in both Chapters 3 and 4.

Following the interesting empirical results emerging from Paper 1 and 2, the researcher conducted the second wave of data collection, specifically targeted to address the third research objective: how do competing demands in family businesses emerge and influence their entrepreneurial behaviour? Narratives were developed through qualitative data collected from 16 face-to-face semi-structured interviews. Interview sessions were conducted separately on different days, and interviewees were asked to reflect on their previous stories in subsequent sessions, to validate the initial sense making. Each session lasted 86 minutes on average, with a few exceptions that extended to over 120 minutes or shortened to 40 minutes. In total, two waves of data collection consisted of 56 face-to-face semi-structured interviews. All interviews were recorded on a digital device, then transcribed and translated to ensure reliability.

In addition to the primary data, the archival data was particularly helpful in building

consistency in the overall data. The archival data included annual statistics, government documents, news reports and articles from various media (Table 2). How informants reacted to institutions may depend on how they perceived certain institutions. Thus, secondary data was particularly helpful in reducing the bias and subjective opinions from the interviews.

Table 2. Secondary data source (2008 to 2015)

Sectors/data source	Government Documents	Official statistics	News reports	Online Articles
International trade	61 pages of policy announcements from the Ministry of Commerce of the People's republic of China (MCC), the State Bureau of Taxation (SBT) and the State Administration of Taxation	19 pages of statistics from the National Bureau of Statistics of the People's Republic of China (NBSC)	56 news reports from various web portals	28 articles from various web portals
Manufacture	33 pages of policy announcements from the MCC and SBT	17 pages of statistics from the NBSC	27 news reports from various web portals	21 articles from various web portals
Real estate developing	70 pages of policy announcements from the MCC and SBT	35 pages of statistics from the NBSC	69 news reports from various web portals	33 articles from various web portals
Others	28 web pages of the State Council Gazette 25 White paper documents 13 Law and regulation announcements from the State Council 3 pages of policy announcements from the SBT	60 Statistics reports from State Council		

2.4 Data Analysis

The unit of analysis of this research was one family business which is currently operating under the Chinese institutional context. The nature of this study was to analyse the differences and similarities across organizations' responses to certain institutions, and how family and commercial logic drive entrepreneurs into certain decisions. A multi-case study was appropriate in such situations, since it enabled us to explore the differences both within and between cases in order to replicate, confirm or disconfirm findings across cases in a specific institutional environment. (Yin, 2003).

The main analysis techniques for our multi-case analysis were pattern matching, linking data to conceptual framework, explanation building, time-series analysis, logic models and cross-case synthesis (Yin, 2003). Specifically, we aimed to identify the research objectives in each case through within-case analysis, then to find patterns through cross-case analysis to ultimately identify the influential institutions and how they influence entrepreneurial behaviour differently across family businesses. In order to analyse the rich text-based data in a more efficient way, the study also used the qualitative data analysis computer software package NVivo 10 to organize, code (the term "node" is used in NVivo 10) and analyse the narratives of the respondents. More importantly, it was expected that NVivo 10 might take the data analysis to an in-depth level by classifying, sorting and linking findings, or even uncovering unexpected subtle discoveries through the use of its powerful query tools.

There are many ways in which qualitative data can be analysed. Since this study adopts a social constructionist perspective, the researcher made every possible effort not to differentiate between the collection of data and its analysis and interpretation (Easterby-Smith *et al.*, 2008). Through the data analysis we moved from raw data toward the identification of relevant institutions, elements of family and commercial logics, paradoxical tensions, and outcomes of the firms. As Yin (2003a) suggests, if researchers use existing theory to formulate the research questions and objectives, they may also use the theoretical proposition to set up a framework to organize and lead the data analysis. This study therefore created the initial coding constructs based on the literature reviewed and the observations made. We adopted three stages of the four-stage process (Miles and Huberman, 1994) in data analysis without building a theoretical framework, as our research design was largely based on the existing theoretical framework.

Stage 1: Identify key institutions and logics within each case

First, we examined the interview transcripts of each firm to identify the relevant key formal institutions within each case, using language indicators that captured influential institutions and institutional logics.

Stage 2. Categorising related institutions and logics within each case

In stage two, we examined the link between both the pre-determined and emerged first order concepts to categorise the key second order themes. Building upon the second order themes, we compared the categories that were generated from stage two across all cases. Similar second-order themes were gathered into third-order groups.

Stage 3. Conducting cross-case comparisons

In this stage, we looked for similarity and differences across cases using standard cross-case analysis techniques (Miles and Huberman, 1994) to find patterns and differences, which could be related to our theoretical frameworks. Explanation building was also included in this stage, while the cross-analysis went on. Similar explanations were collectively noted, while different or surprising findings were noted separately, with their own explanation building process.

2.5 Conclusion

This chapter has explained the basic research design and methodological approaches used in this study. The research adopted a social constructivism philosophy based on the notion that the interaction of family businesses and institutional context requires the understanding of individuals' social interactions. An abductive qualitative method, followed by a semi-structured interview strategy was applied to support the study. Chapters 3, 4 and 5 explain the technical and statistical research methods in detail.

Chapter 3. Paper 1

Institutions Shaping Entrepreneurial Behaviour in Chinese Family Firms: A Multi-Level Perspective

Abstract

This paper aims to investigate how informal institutions shape the entrepreneurial behaviour of Chinese family firms. Prior work often simplifies informal institutions as social networks and views them as a supporting mechanism for filling formal institutional voids in emerging economies. Aligning with this view, the formation of family firms is often portrayed as a rational response to secure family-related resources that otherwise cannot be obtained effectively. However, such approach disconnects the micro-level actions from their embedded macro-level conditions, due to the lack of theoretical clarification regarding different levels of informal institutions, i.e. culture, social networks and resources generated from informal institutions. We draw on institutional theory and social capital theory to develop a multi-level framework that comprises macro-level cultural aspects, and the distinction between social networks and social capital. Through a multi-case study, it is found that although cultural aspects do not exert direct influence on family firms' entrepreneurial behaviour, they do inform the types of family and non-family social networks that family firms are keen on developing. The distinct social networks subsequently generate vital social capital that facilitates the pursuit of entrepreneurial behaviour.

3.1 Introduction

This paper aims to investigate how informal institutions shape the entrepreneurial behaviour of Chinese family firms. Despite contributions examining the role of institutions in entrepreneurship (Holmes *et al.*, 2013; Hitt, 2016; Ostrom, 2005, 2010), our understanding about the influence of informal institutions and their hierarchy on entrepreneurial behaviour in emerging economies is still limited. Previous studies linked informal institutions with entrepreneurship from two separate perspectives. Firstly, empirical investigations inspired by Hofstede's quantitative measurement of national

culture dimensions (1980) concluded that specific national cultural dimensions such as individualism and masculinity are positively associated with entrepreneurship, whereas power-distance and uncertainty avoidance can have a negative impact (e.g. Shane, 1992, 1993; Shirokova *et al.*, 2018). Secondly, informal institutions, which are largely assimilated to social networks and social capital (Puffer *et al.*, 2010), are conceptualised as alternative mechanisms that regulate and stabilise entrepreneurial behaviour in transition economies such as China (Ahlstrom *et al.*, 2000; Puffer *et al.*, 2010).

Although national cultural aspects may promote entrepreneurial behaviour by encouraging personal striving, the supporting social networks also play critical roles in facilitating entrepreneurial behaviour (Batjargal, 2010; Puffer *et al.*, 2010); in this regard, scholars have called for more explorative research to understand the link between culture, social networks and entrepreneurial behaviour in a given society (Klyver *et al.*, 2008). Such knowledge gaps are largely due to the lack of a hierarchical conceptualisation among culture, social network and social capital (Klyver and Foley, 2012), while reliance on quantitative-based studies of national culture cannot adequately demonstrate causal effects on social behaviour (McSweeney, 2013). Particularly, within this discourse, we argue that social networks are mostly discussed as substitutive resources to overcome formal institutional voids (Puffer *et al.*, 2010). The result is a limited understanding of social network formation and influences shaped by cultural aspects (Klyver *et al.*, 2008). Furthermore, the constructs of social networks and social capital often overlap with each other and are discussed at the same level (McKeever *et al.*, 2014), as interchangeable concepts leading to misleading conclusions. Although social networks can facilitate entrepreneurial behaviour by filling in formal institutional voids (Puffer *et al.*, 2010), the inherent social capital may exert mixed impact on entrepreneurial behaviour, depending on the nature of social interactions (Woolcock and Narayan, 2000). Therefore, given such theoretical and empirical gaps, we aim to contribute clarity to the field of informal institutions and its causal relationship on entrepreneurial behaviour by developing an integrated framework that links the constructs of culture, social networks and social capital from a multi-layered perspective. In doing so, we draw on the institutional theory and social capital theory to explore how the hierarchy of informal institutions shapes the entrepreneurial behaviour of family firms in the context of China. Building on the hierarchy of institutions (Hitt, 2016; Ostrom, 2005, 2010) and social capital theory (Putnam, 2001), this paper contributes to the institutional theory literature by suggesting a

hierarchical order of informal institutions: cultural aspects being the highest level informal institutions which inform the sub-level informal institutions of social networks. This study also contributes to the application of social capital theory in family business and entrepreneurship research by (1) providing distinctive clarification of social networks and the resources generated from them, i.e. the social capital, and (2) by identifying novel sub-categories of bonding and bridging social networks in a specific context, i.e. family businesses in China.

We conducted a multi-case study of eight Chinese family firms. Such a qualitative approach enabled us to address the gaps by focusing on how Chinese family entrepreneurs frame cultural aspects, and how such aspects inform the construction of social networks (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). We employed an abductive approach that allowed us to combine deduction and induction (Eriksson *et al.*, 2015; Suddaby, 2006).

We selected China as an appropriate context, as informal institutions have been frequently linked with entrepreneurship in China (Puffer *et al.*, 2010), and Chinese family firms usually have no separation in ownership and management, as both are closely held by family members (Carney, 2007; Cao *et al.*, 2015), thus facilitating the analysis of how social capital is acquired through family networks.

Our findings reveal that informal institutions exert their influence on entrepreneurial behaviour through multiple levels, the highest level being cultural aspects and the second level being social networks. Within this framework, social capital is not an informal institution, but a resource derived from the interaction of the two levels of informal institutions. Thus, the influence of social capital on entrepreneurial behaviour is shaped through culturally informed social networks. The nature of social networks impacts on the type of social capital that family firms can access. Both family and non-family social capital shape entrepreneurial behaviour of Chinese family firms; yet social capital that reflects collective interests seems to create hesitation which leads to incomplete entrepreneurial behaviour, while social capital that signals social hierarchy tends to facilitate the pursuit of entrepreneurial behaviour. Such findings extend the hierarchy of institutions perspective with a more in-depth focus on culture broadly conceptualised as an informal institution at the highest level of the institutional hierarchy.

This paper is organised as follows. In the next section, we build our multi-level theoretical

framework by reviewing the literature on institutional theory, social networks and social capital and its relevance to entrepreneurship and family business research. Then we outline our research methodology and the rationale behind our data collection and analysis, followed by the presentation and discussion of our findings. Finally, we conclude our paper with limitations and recommendations for future research.

3.2 Theoretical framework

3.2.1 The Multiplicity of Informal Institutions

Institutions are the “rules of games” that structure human interaction and behaviour by devising constraints and incentives in a given society (DiMaggio and Powell, 1991; North, 1990). Scholars have distinguished formal and informal institutions to specify the influence of institutions (North, 1990). Formal institutions typically refer to codified and explicit rules, as well as the structures that are built via various supporting entities, such as “regulatory agencies, capital and labour markets, and key elements of infrastructure (e.g. communication, utilities, or transportation).” (Webb *et al.*, 2019). To clarify the conceptualisation in the present study, we view formal institutions as “products of governmental action. (...) government develops and implements formal institutions (...)” (Hitt, 2016, p. 208). Informal institutions comprise uncodified and intangible shared values, norms and beliefs, which prescribe tacit constraints on societal participants through “codes of conduct, norms of behaviour, and conventions” that are generally informed by culture (North, 1990, p. 36).

Institutions exist at multiple levels and reflect hierarchical orders (Hitt, 2016; Ostrom, 2005). The geographic hierarchy suggests that national, regional and municipal governments all possess the power to develop and implement formal institutions (Ostrom, 2005), whilst political hierarchy addresses the order of political decision-making power within a nation, including constitutional law-makers, groups of decision-makers (i.e. government officials), and individual actors (i.e. organizations or entrepreneurs) (Kiser and Ostrom, 1982; Ostrom, 2009). Thus, institutions emanate from different centres of power, and they are polycentric (Ostrom, 2005, 2010), and should not be viewed as exerting universal influences on behaviour. Although the polycentric view enriches the specificity of institutional context (Hall and Thelen, 2009; Ostrom, 2005, 2010), formal institutions

are often assumed as the primary force that shape behaviour (Holmes *et al.*, 2013; Ostrom, 2005, 2010). Informal institutions are often discussed as the alternative governance mechanisms that substitute or replace the debilitating effects of weak or inefficient formal institutions (Carney, 2007; Estrin, and Prevezer, 2011; Webb *et al.*, 2010; Webb *et al.*, 2019), especially in China (Peng and Khoury, 2008; Puffer *et al.*, 2010).

As the primary driver of entrepreneurial behaviour (Puffer *et al.*, 2010), informal institutions provide alternative measures to regulate and stabilise it in transition economies, where formal institutions offer insufficient support (Ahlstrom *et al.*, 2000; Chen *et al.*, 2015; Peng, 2001;). For instance, social networks are often portrayed as informal institutions that secure private properties in transition economies where the legal infrastructure does not effectively protect property rights, i.e. *guanxi* in China, and *Blat* in Russia (Puffer *et al.*, 2010). Following this line of thinking, the formation of family firms has been viewed as a rational response to formal institutional voids, as the social closeness within a family provides security for organizational governance (Carney, 2005; Liu *et al.*, 2012), which reduces the agency cost arising from weakly enforced formal monitoring mechanisms (Soleimanof *et al.*, 2018). Family involvement in family businesses also enables family lending as a crucial informal financial resource in China, where banks are mostly state-owned, often serving inefficient state-owned businesses (Yiu *et al.*, 2013).

However, the above view implies that informal institutions, by themselves, may not exert effective influence on individuals' behaviour when formal institutions are functioning fairly and consistently (Judge *et al.*, 2008; Lee *et al.*, 2007). To re-address such an imbalance, Williamson (2000) proposed a different hierarchical order of institutions, which includes culture as the highest-level institution. It is argued that culture is more enduring than tangible rules, because change in cultural traditions could take centuries to occur (Holmes *et al.*, 2013), whereby culture influences the effectiveness and development of formal institutions (Estrin *et al.*, 2013). We argue that such a view is appropriate to examine institutions' influences on entrepreneurial behaviour in China. For instance, Atherton and Newman's (2016) historical perspective on Chinese entrepreneurship suggested that as Chinese culture worships tradition, even in modern days (Zapalska and Edwards, 2001), the historically established tradition of 'rule ambiguities' is still highly influential, to the extent of rendering formal institutions ineffective. As ambiguities provide low-quality information and do not strictly define and punish non-conforming behaviours, complying with formal institutions is often associated with high risk and

uncertainty (Epstein and Schneider, 2007, 2008, 2010); thus entrepreneurs in China may seek intangible social agreements to establish personalised measures to mitigate risk and uncertainty in modern business transactions (Atherton and Newman, 2016). Although rule ambiguities can be depicted as an underdeveloped formal institution (Atherton and Newman; Puffer *et al.*, 2010), they are developed through the influence of cultural traditions rather than appearing independently. Hence, culture provides the foundation and stability for the effectiveness of formal institutions (Hofstede, 2001).

Furthermore, with regard to family businesses in China, hiring family members may not only improve the quality of organizational governance (Carney, 2005; Liu *et al.*, 2012), but is also reflective of Chinese cultural aspects such as collectivism and social hierarchy (Sheer, 2012; Zapalska and Edwards 2001). Therefore, given the above considerations, we argue that the theoretical perspective of informal institutions requires attention, and needs to be extended to better understand their influence on entrepreneurial behaviour. To address this issue, we extend the hierarchical order of institutions and, particularly, apply it to informal institutions, to include both national cultural aspects and social networks.

3.2.2 Linking Culture and Social Networks

Culture is at the apex of informal institutions. Inspired by Hofstede's cultural dimensions (1980), Western scholars have established a link between national culture and entrepreneurial behaviour (Davidsson and Wiklund, 1997; Shane, 1992, 1993). The general argument is that individualism and masculinity are positively associated with entrepreneurship, whereas power-distance and uncertainty avoidance can have a negative impact (e.g. McGrath *et al.*, 1992; Lee and Peterson, 2000; Shane, 1992, 1993; Shirokova *et al.*, 2018). However, culture has received mixed views regarding its influence on entrepreneurship in China. One view indicates that Chinese Confucian culture disparages merchants and promotes rote learning⁵ and learning for advancing bureaucracies (Hamilton, 1984; Lam *et al.*, 1994; Liao and Sohmen, 2001; Wang, 2012; Weber *et al.*, 1964), which focuses on collective interests of the nation and community, rather than promoting individual advancement (Kim and Gao, 2013, Zapalska and Edwards, 2001). Such collectivism contradicts the entrepreneurial spirit, as it constrains independent

⁵ A learning or teaching technique based on memorizing and reputation, which is highly adopted in the Chinese culture throughout the history (Lam *et al.*, 1994; Wang, 2012)

thinking (Friedman, 2005), innovativeness and self-determination (Anderson *et al.*, 2003), and risk-taking (Mourdoukoutas, 2004). Chinese culture also worships traditional authority as the direction for life, even throughout modern times (Zapalska and Edwards 2001), resulting in the paternalism prevalent in Chinese private businesses, especially in family firms (Sheer, 2012). Paternalistic benevolent behaviour is often exerted in exchange for respect and unquestioned trust, obedience and loyalty (Zhou and Long, 2005), thus creating a hierarchical order of family relations that largely impedes personal autonomy and self-actualisation, which may subsequently hinder entrepreneurial behaviour.

According to Hofstede's cultural dimensions, the Chinese cultural aspects that emphasise collectivism (as opposed to individualism) and power-distance (the acceptance of social hierarchy) seem to harm entrepreneurial behaviour (Hofstede Insights Model, 2019). However, the opposing view suggests that Chinese culture can be entrepreneurial-friendly. Redding (1996) argues that the Confucian culture has helped Chinese entrepreneurs to cope with institutional uncertainty through the unified value of the interpersonal relationship. Within an underdeveloped formal institutional setting, the emphasised value of family forges strong networks between family members (Sheer, 2012). This provides vital social capital for securing family wealth, social status and reputation to be passed on to the next generation (Wang, 2010), thus facilitating family firm creation in China (Kim and Gao, 2013; Luo and Chung, 2013). Moreover, strong family ties also provide effective informal communicative channels, which allow the transmission of timely and high-quality information between leaders and members (Luo and Chung, 2013), thus leading to better opportunity identification, efficient resource allocation and commitment, and more educated decision-making (Khanna and Rivkin 2001; Miller *et al.*, 2009).

Scholars argued that research examining cultural dimensions with a quantitative approach (e.g. McGrath *et al.*, 1992; Lee and Peterson, 2000; Shane, 1992, 1993; Shirokova *et al.*, 2018) may not be sufficient to explain the causal relationship between national cultural and behaviour in a given country (e.g. McSweeney 2002; Baskerville, 2003). McSweeney (2002, 2013) argued that a questionnaire-based calculation of macro-level culture could not demonstrate a causal link between culture and individuals' behaviour because statistical analysis excludes observation of social interactions. For a qualitative example, Shantz *et al.*'s (2018) recent case study of entrepreneurship in a Ghanaian rural area found that both the national culture of collectivism and the social appreciation of fatalism force individuals to obey spiritual guidance and fulfil their "natural" occupational obligation to

serve the community. Their findings suggest that entrepreneurial behaviour is not only informed by a unified national level of culture, but also by peculiar cultural aspects that determine how people socially interact in a specific group (Sivakumar and Nakata, 2001; Kirkman *et al.*, 2006). Although national cultural aspects may encourage personal striving, the supporting social networks also play critical roles in entrepreneurial behaviour (Batjargal, 2010; Puffer *et al.*, 2010); in this regard scholars have called for more explorative research to understand the link between culture, social networks and entrepreneurial behaviour in a given society (Klyver *et al.*, 2008; Klyver and Foley, 2012).

Against this background, for this study, we draw on the hierarchy of institutions (Hitt, 2016; Ostrom, 2005, 2010) and take our lead from locating culture at the apex of informal institutions (Williamson, 2000). Culture guides the development of second order informal institutions - social networks at the organizational and /or individual level. With regard to China, the extant literature offers collectivism and social hierarchy as antecedents of social networks (Dunning and Kim, 2007; Lee and Humphreys, 2007; Sheer, 2012; Zapalska and Edwards, 2001). Some scholars contend that supporting social networks are more likely to take root where culture values long-term reciprocal relationships, such as *guanxi* in China, and *wasta* in the Arab world (Soleimanof *et al.*, 2018).

In particular, the Confucian collectivism value promotes the harmonious interactions between individuals (Dunning and Kim, 2007; Sheer, 2012), whereby the formation of informal networks is not only a response to formal institutional voids, but also a culturally informed behaviour. Regarding the social hierarchy, it is often connected to paternalistic intrafamily networks, and a clear hierarchical order of family relationships in Chinese family firms (Sheer, 2012); however, how social hierarchy informs the formation of social networks outside the family is still unclear. Within this discourse, a key theoretical and empirical issue is that descriptions of social networks remain unorganised and often overlap with the concept of social capital (McKeever *et al.*, 2014). For instance, the term 'social networks' refers to the variety of relationships that can be cultivated through social interactions with acquaintances, friends and family (Evald *et al.*, 2006), whereas 'social capital' represents the resources embedded in said relationships (Coleman, 2003). Some studies have used social capital as an explanatory peg on which to hang all types of informal agreements that entrepreneurs might engage with (Dasgupta, 2002; Gedajlovic *et al.*, 2013).

As a result, the extant literature concerning informal institutions' influence on entrepreneurial behaviour contends that social networks universally facilitate entrepreneurial behaviour in emerging economies (Puffer *et al.*, 2010). Such an assumption creates confusing theoretical implications, because social capital theorists claim that social capital can be advantageous (Adler and Kwon, 2002; Gedajlovic *et al.*, 2013), or constraining to entrepreneurial behaviour (Light and Dana, 2013; Malecki, 2012; Woolcock and Narayan, 2000). The lack of a clear distinction between social networks and social capital also implies that a certain type of social network must generate a specific type of social capital. However, as often discussed by social capital theorists, the typology of social networks can be complex, and may generate different types of social capital for different purposes (Johnson, 2007; Putnam, 2001; Woolcock and Narayan, 2000). Therefore, in the present study, we draw on social capital theory to clarify that social capital is the resource embedded within networks of relationships (Anderson *et al.*, 2007; Nahapiet and Ghoshal, 1998).

3.2.3 Social Capital Theory and Entrepreneurial Behaviour

Originating from sociology and political science, social capital is generally defined as the resources embedded in interpersonal relationships and capitalised through social connections (Bourdieu, 1990; Coleman, 2003), in pursuit of economic and/or political benefit (Putnam, 2001). Social capital is an important source of competitive advantage (Adler and Kwon, 2002). It provides a theoretical foundation for understanding entrepreneurial behaviour flowing from social interactions (Stam *et al.*, 2014). Specifically, for business activities, the concept of structural social capital distinguishes the typology of resources based on different configurations of social networks (Borgatti and Foster, 2003). For instance, in comparison to intimate social ties, relationships that have a relatively distant structure may increase the flow of innovative ideas among the members. Putnam (2001) articulated the much-cited distinctions between bonding and bridging social networks. Bonding refers to relationships that share similar characteristics and status and are often 'inward' or 'intra-community' (Johnson, 2007; Putnam, 2001), such as relationships with family and close friends. Bonds entail horizontal ties with actors who communicate frequently and develop similar levels of trust, interests, moral value and mutual empowerment (Patunly and Svendsen, 2007; Woolcock and Narayan, 2000). Bonding social interaction results in bonding social capital. Bridging refers to planned and calculative social interactions across diverse social cleavages and is often 'outward' or

‘extra-community’ (Johnson, 2007; Putnam, 2001; Woolcock and Narayan, 2000), such as relationships with business partners and government officials in China. Bridging entails dissimilar vertical ties, where actors communicate infrequently and may not share a similar level of trust, interests and moral value. This, in turn, results in bridging social capital.

Bonding social capital is particularly relevant in family firms. As bonding networks enhance the efficiency of social interaction (Coleman, 1988; Krackhardt and Kilduff, 2002), family relationships are often portrayed as invaluable financial and emotional support for start-ups (Jenssen and Greve, 2002; Morris *et al.*, 2010). However, scholars argue that over-reliance on bonds can lead to parochialism, which reduces tolerance to newness (Malecki, 2012; Woolcock and Narayan, 2000), while less intimate bridging networks breed flexibility to adopt newer information (Gargiulo and Benassi, 2000). For instance, family firm founders may invest a great deal of time in a small family group in order to preserve emotional connections (Burt, 1997; Gargiulo and Benassi, 2000; Xiao and Tsui, 2007), and are therefore more likely to be risk-averse compared with non-family firm founders, who invest more time in building bridging networks (Morris *et al.*, 2010). Family founders also tend to make strategic decisions that reflect the family’s collective interest, while non-family founders are more likely to adopt a risk-seeking strategy, as their goals are aligned with less emotionally attached stakeholders (Miller *et al.*, 2011). In the Chinese context, social capital has been largely oversimplified as informal networks such as *guanxi*, which provides alternative governance mechanism to underdeveloped formal institutions (e.g. Chun *et al.*, 2015; Puffer *et al.*, 2010). Few studies have conceptualised *guanxi* based on social closeness (Ko and Liu, 2017), and it is often viewed as the social interactions with various sources of industrial, political and bureaucratic authorities to gain economic or political benefits (Peng and Luo, 2000; Puffer *et al.*, 2010). This approach tends to view *guanxi* as bridging networks, while it doesn’t acknowledge its influence on bonding networks such as the family network. *Guanxi* was not only developed to achieve economic goals, but is also shaped by both the Chinese collective culture (Dunning and Kim, 2007) and the whole traditional value system that favours durable bonds over other types of social ties (Gu *et al.*, 2008).

Furthermore, we argue that how bonds and bridges are defined may differ in the context of Chinese family firms when compared with the definitions held by their Western counterparts. For instance, although the Chinese household registration gives formal prescriptions of a legal family by defining identities, generational status and blood

relations between members of each household (Afridi *et al.*, 2015), the cognitive definition of family remains deeply rooted in Chinese Confucian culture (Slote and DeVos, 1998; Tu, 1998). The valued social hierarchy shapes an altruistic relationship between superiors and inferiors, thus underpinning the hierarchical family order that informs harmonic interactions among family members (Child and Warner, 2003; Dunning and Kim, 2007; Yan and Sorenson, 2004). However, as an intangible institution, culture does not provide an explicit definition regarding which members are considered family, and how should they be treated (Soleimanof *et al.*, 2018).

Drawing on the previous discussion, we argue that the formation of family ties cannot be fully explained by studying culture or any single institution independently. An integrated framework that includes culture, social networks and the resources derived from said networks is needed to deepen our understanding of how informal institutions influence the entrepreneurial behaviour of family firms. In the present paper, we contribute to the literature by building on the hierarchy of institutions and social capital theory. We develop a multi-level theoretical framework that clarifies the hierarchical relationship among cultural aspects, informal institutions and their manifested resources (see diagram 1). Instead of viewing informal institutions only as informal governance mechanisms that substitute weak formal institutions (e.g., Puffer *et al.*, 2010), our framework views sub-level informal institutions as social networks that are informed by the higher-level cultural aspects.

Although existing literature lacks both theoretical discussion and empirical evidence regarding the link among cultural aspects, social network and social capital in China, a few studies on Chinese culture indicate that bonding networks fit well with the collective Chinese culture (Xiao and Tsui, 2007). The emphasised family harmony also suggests that Chinese family firms excel at building bonding social capital with family members (Sheer, 2012; Westwood, 1997; Zapalska and Edwards, 2001). Furthermore, much of the existing literature portrays bridging social capital (i.e. *guanxi* with government officials) as the most discussed mechanism supporting entrepreneurial behaviour in China (Puffer *et al.*, 2010). However, we lack knowledge of how a Confucian culture that favours bonding social networks can lead to the prevalence of bridging networks. To address these gaps, we explore the following question: how does the hierarchy of informal institutions influence entrepreneurial behaviour of family firms in China?

3.2.4 Conceptualising Entrepreneurial Behaviour in Family Firms

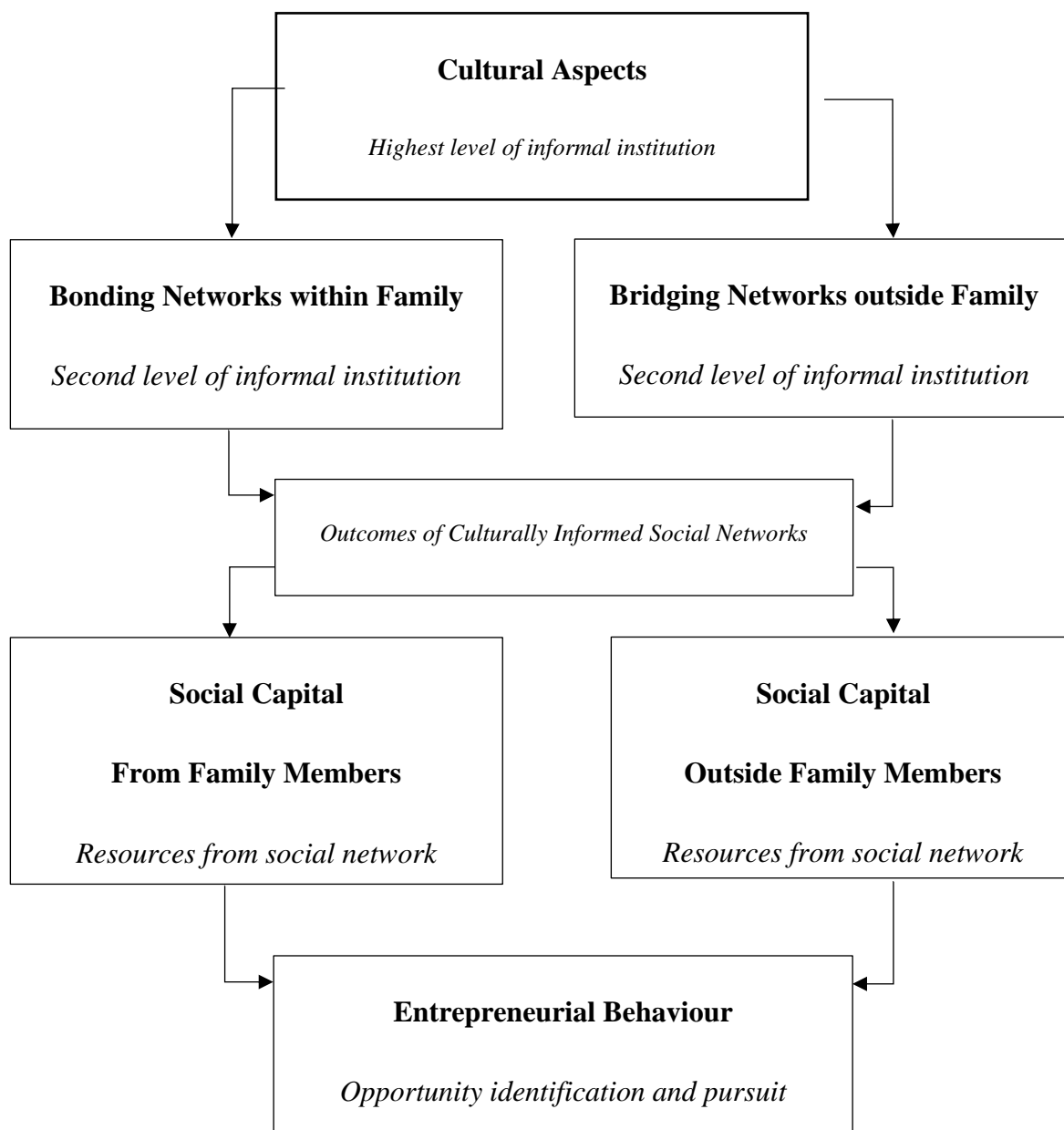
The theoretical framework guiding our empirical study adopts the view of entrepreneurial behaviour with an emphasis on both opportunity identification and pursuit (Mair, 2002). The traditional theoretical perspective of entrepreneurial behaviour takes the ontological view of entrepreneurial opportunities as objectively existing and awaiting discovery (Alvarez *et al.*, 2014; Shane and Venkataraman, 2000). Such a 'discovery approach' leads to a causation perspective of entrepreneurship (Sarasvathy, 2001, 2009), which views entrepreneurial behaviour as a set of planned activities that include discovery, evaluation and exploitation of opportunities (Baker *et al.*, 2003; Shane and Venkataraman, 2000). Such a conceptualisation has been largely adopted in family business research at an organizational level (e.g. Eddleston *et al.*, 2010; Kotlar and Siegar, 2019). This view conceptualises entrepreneurial behaviour as a well-designed structured process appropriate for the study of relatively large family firms with a wide range of stakeholders (Eddleston *et al.*, 2010; Kotlar and Sieger, 2019). This view neglects small family firms that typically rely exclusively on family resources which are otherwise inefficient and risky to acquire in emerging economies (Webb *et al.*, 2015, p. 120; Soleimanof *et al.*, 2018).

Furthermore, although we investigate the behaviour of family firms, entrepreneurship is essentially initiated by individuals within an organizational context (Kotlar, and Sieger, 2019; Cuervo *et al.*, 2007). In small family firms, organizational authority is often concentrated in one or a few people who possess the decision-making power to minimise the agency cost (Carney, 2005; Soleimanof *et al.*, 2018). Thus, for this study, we conceptualise entrepreneurial behaviour at the individual level as "... a set of activities and practices by which individuals at multiple levels, autonomously generate and use innovative resource combinations to identify and pursue opportunities ..." (Mair, 2002, p. 1). This definition views entrepreneurial behaviour by focusing on opportunity identification and pursuit without a specific expectation regarding economic goals. Such a view highlights how individuals initiate and execute entrepreneurial behaviour that could be characterised by different challenges as the opportunity unveils itself (Robichaud *et al.*, 2007), rather than defining it as relatively measurable and predictable, with clear economic goals (Shane and Venkataraman, 2000). For this study, we conceptualise entrepreneurial behaviour at an individual level, as Chinese family firms usually have no separation between ownership and management, of which both are closely held by family members (Cao *et al.*, 2015). Thus, entrepreneurial behaviour and its link with hierarchical informal

institutions is largely reflected through an individual-level perspective.

Based on such a conceptualisation, Figure 1 demonstrates our multi-level framework, indicating that cultural aspects, as the highest informal institution, exert influence on how social networks are formed within and outside the family business. Subsequently, social networks generate distinctive social capital that drives or constrains entrepreneurial behaviour.

Figure 1: Theoretical framework



3.3 Methodology

3.3.1 Research Context

We apply a multi-case study approach to investigate how the hierarchy of informal institutions influences the entrepreneurial behaviour of family firms in China, as this approach allows us to account for similarities and differences across cases (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). The unit of analysis for this study is a small family

firm. Examining informal institutional influences on small family firm entrepreneurial behaviour in the context of China is particularly appropriate for various reasons. First, as the largest emerging economy in the world, informal institutions have been heavily linked with entrepreneurship in China (e.g. Puffer *et al.*, 2010). Second, small family firms play a central role in the Chinese economy and contribute disproportionately to economic growth (Li *et al.*, 2015). Third, Chinese family firms usually have no separation in ownership and management, as both are closely held by family members (Cao *et al.*, 2015), thus facilitating the analysis and understanding of how social capital is acquired through family channels.

3.3.2 Research Methods and Data Collection

Our research approach is abductive in nature. The rise of entrepreneurship in the Chinese institutional environment has been increasingly discussed by scholars from an institutional perspective (Ahlstrom *et al.*, 2000; Ahlstrom and Ding, 2014; Puffer *et al.*, 2010). The fundamental assumptions of institutions shaping behaviour in a given society provide a deductive framework that accounts for such phenomena with an emphasis on the institutional context. However, more exploratory research is called for, as inconclusive results and fragmented knowledge have been identified by family business scholars (Soleimanof *et al.*, 2018). Particularly regarding the influence of informal institutions on individual behaviour, i.e. the link between culture and individual behaviour, the over-reliance on deductive research approach has been criticised (McSweeney, 2003). Therefore, we chose an abductive approach that moves back and forth in the sense of combining both deduction and induction (Eriksson *et al.*, 2015; Suddaby, 2006) to bridge the knowledge gaps in the originally proposed theoretical framework (Van Maanen *et al.*, 2007). Specifically, our inductive methodological approach allowed us to account for the social constructionist nature of cultural influence, especially regarding how individuals interact with each other, i.e. building social networks.

The data was collected through social networks and the Chinese Entrepreneur Development Federation (CEDF). The cases were purposefully selected with three clearly defined criteria. First, the sample businesses had to align with the definition of family business provided. Particularly, in selecting family firms, we were guided by Chua *et al.*'s (1999, p. 25) family business definition, that is, "The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business

held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families”. All the selected case firms, which were owned 100% by one family, explicitly expressed their intention of maintaining the family ownership across generations, and showed a considerable degree of family involvement in crucial management positions. Second, the sample businesses had continuously pursued, but not necessarily executed or finished, new entrepreneurial opportunities after the establishment of the firm. Third, the authors had access to these companies to collect reliable and genuine information regarding the research questions.

After assessing data accessibility, data was collected from a final sample of ten selected firms, of which two were left out of the cross-case analysis since, after the initial within-case analysis, they did not strictly qualify as family firms. An overview of the selected eight case firms is shown in Table 3. Four semi-structured interviews were conducted at each firm with informants from different management and operational levels, including the founder(s), general manager, project, product, or customer managers and operational staff. At least three informants were from the controlling family or had a kinship tie with the founder(s). Forty semi-structured interviews were conducted initially between August 2014 and October 2015, and, excluding the two case firms that did not qualify as family firms, 32 interviews were included in the final data analysis (Table 4). Each interview lasted approximately one hour, a few extending to over 100 minutes, and a few reduced to 45 minutes. All interviews were recorded on a digital device, then transcribed and translated into English to ensure reliability. Interviews aimed to capture each family firm’s entrepreneurial behaviour by focusing the questions on (1) how opportunities were recognised, (2) how decisions were made regarding whether to pursue each mentioned project, (3) how social ties contributed to the said opportunity recognition and decision-making.

Table 3. Case overview

Firm	Core business	Secondary business	Founding year	No. of initiated new projects	No. of completed new projects
------	---------------	--------------------	---------------	-------------------------------	-------------------------------

A	Automobile tyre exporting	None	2002	5	1
B	handcrafts exporting	None	1998	6	1
C	Clothing Manufacturing	None	2005	6	2
D	Jeans Manufacturing	None	2003	3	0
E	Real estate developing	Property management, hotel, agriculture	1994	14	8
F	Real estate developing	Interior designing, community planning contracting	2007	5	3
G	Real estate developing	Restaurant	1995	9	5
H	Holiday village developing	Luxury residential building developing	1993	8	6

Table 4. Interview participants

Firms	Virtual name (Gender)	Position and family status	Tenure	Educational background	Recruitment channel
Firm A	Alan (M)	Co-founder, husband	12	Vocational Secondary School Diploma	Co-founder
Firm A	Abbey (F)	Co-founder, wife	12	Vocational Secondary School Diploma	Co-founder
Firm A	Alice (F)	Sales representative, daughter of founding couple	3	Master of Mathematics (overseas)	Recruited by the couple-founder directly
Firm A	Amy (F)	Accountant, cousin of founding wife	12	Vocational Secondary School Diploma	Recruited by the couple-founder directly
Firm B	Barry (M)	Co-founder, husband	16	High School Diploma	Co-founder
Firm B	Beth (F)	Co-founder, wife	16	Vocational School Diploma	Co-founder
Firm B	Barbie (F)	Senior sales representative, family friend	10	Vocational School Diploma	Recruited by the couple-founder directly
Firm B	Beatrice (F)	Sample maker, non-family	12	Junior High School Diploma	Recruited by the couple-founder directly
Firm C	Charlie (M)	Co-founder, husband	13	Vocational Secondary School Diploma	Co-founder

Firm C	Carrie (F)	Co-founder, wife	13	Vocational Secondary School Diploma	Co-founder
Firm C	Carly (F)	Factory manager, cousin of founding husband	8	Vocational Secondary School Diploma	Recruited by the couple-founder directly
Firm C	Claire (F)	E-business manager, daughter of founding couple	3	Vocational Secondary School Diploma	Recruited by the couple-founder directly
Firm D	David (M)	Co-founder, husband	11	High School Diploma	Co-founder
Firm D	Donna (F)	Co-founder, wife	11	Vocational Secondary School Diploma	Co-founder
Firm D	Daisy (F)	Senior sales representative, friend of founding wife	9	Vocational School Diploma	Recruited by the couple-founder directly
Firm D	Derik (M)	E-business manager, nephew of founding husband	4	Bachelor of Computer Science	Recruited by the couple-founder directly
Firm E	Ethan (M)	Founder	10	Bachelor of International Finance	Founder
Firm E	Elise (F)	General manager, Ethan's second wife, who was involved in the business later with very little ownership.	8	Vocational School Diploma	Recruited by founder directly
Firm E	Erik (M)	Project manager, non-family	7	Bachelor of Civil Engineering	Open recruitment
Firm E	Emma (F)	Client manager, cousin of founders' wife	7	Bachelor of Finance	Recruited by general manager
Firm F	Frank (M)	Founder	20	Vocational Secondary School Diploma	Founder
Firm F	Fred (M)	CEO, nonfamily	17	Bachelor of Civil Engineering	Open recruitment
Firm F	Finn (M)	Head of property management, nephew of founder	4	Bachelor of Civil Engineering and Property Management	Recruitment by the founder directly
Firm F	Finley (M)	Company representative, friend of founder	12	Military College Diploma	Recruitment by the founder directly
Firm G	Garry (M)	Founder	21	Bachelor of International Finance	Founder
Firm G	Grant (M)	General manager, son of founder	5	Bachelor of International Business	Recruitment by the founder directly
Firm G	Glory (F)	Head accountant, daughter of family friend	13	Bachelor of Insurance and Finance	Recruitment by the founder directly
Firm G	Glenn (M)	Project manager, nephew of founder	8	Bachelor of Civil Engineering	Recruitment by the founder directly
Firm H	Harry (M)	Founder	24	Vocational Secondary School Diploma	Founder
Firm H	Hanson (M)	General manager, son of founder	9	Bachelor of Civil Engineering	Recruitment by the founder directly

Firm H	Helen (f)	Property manager, niece of founder	4	Bachelor of Psychology and Education	Recruitment by the founder directly
Firm H	Haman (M)	Representative, personal driver, friend of founder	16	Military College Diploma	Recruitment by the founder directly

3.3.3 Data Analysis

The techniques for the multi-case study analysis involved pattern matching, linking data to the conceptual framework, explanation building, and cross-case synthesis (Yin, 2003). The full coding structure is shown in Figures 2. We first open coded the text with major cultural aspects that have been discussed in literature concerning Chinese culture, including collectivism (Luo and Chung, 2013; Sheer, 2012; Wang, 2010), social hierarchy (Zapalska and Edwards 2001; Zhou and Long, 2005), power distance (Dunning and Kim, 2007), paternalism (Sheer, 2012), for instance, *collective interest of family members* and *hierarchical relationship with government officials*. Specifically, we found that family business entrepreneurs tend to perceive Chinese traditional culture in relation to the social network (*guanxi*), especially when they answered question numbers 5, 6, 7, respectively. A common pattern of answers emerged, with an indication of forming relationships that are informed by cultural aspects, including collectivism and social hierarchy. Particularly, collectivism was reflected through entrepreneurs' values regarding relationships with family members, while social hierarchy was reflected in their acceptance of government officials, who usually held the fate of their family businesses.

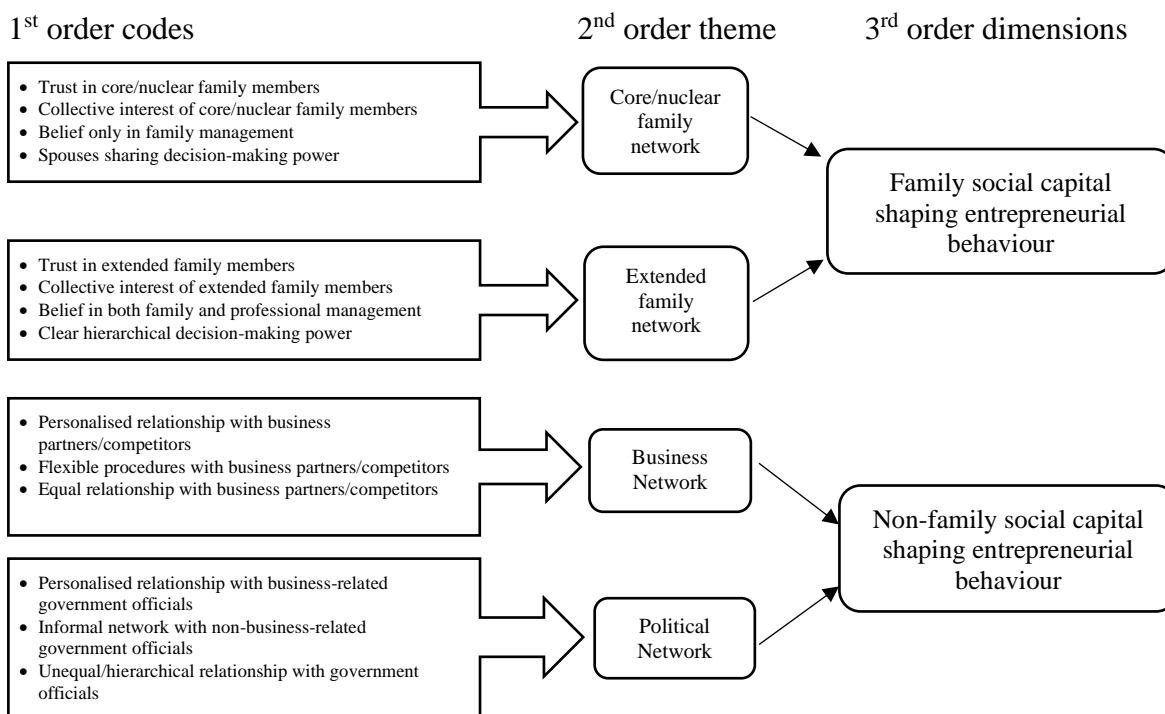


Figure 2. Data structure

Additional 1st order codes emerged from the text, e.g. *personalised relationship with business partners or government officials*. After we organised the 1st order codes, we categorised them into four themes that demonstrated different types of social networks (coding explanation see Table 5). Although we followed the Putnam's (2001) categorisation of social capital, we identified two distinctive bonding social networks that formed through kinship (Putnam, 2001), i.e. core/nuclear family network and extended family network, and two distinctive bridging networks that formed through business associations and political connections, i.e. business network and political network.

Table 5. Coding explanation

2 nd order themes	Coding explanation
Core/nuclear family network	Refers to the family network that focuses on a limited number of family members, usually comprised of nuclear family members, i.e. the couple and their only child.

Extended family network	Refers to the family network that focuses on a wide range of family members, usually comprised of extended family members, and sometimes friends.
Business network	Refers to the network that focuses on equal reciprocal exchange with business partners and competitors.
Political network	Refers to the network that focuses on unequal hierarchical relationships with government officials.

3.4 Findings

Our data revealed two major findings that confirmed our originally proposed theoretical framework. First, within the Chinese context, informal institutions comprise two levels: the highest level being cultural aspects and the second level being social networks which confirmed the proposed hierarchy model of informal institutions. Second, we found that entrepreneurial behaviour in a family context was comprised of two distinctive aspects: identification and pursuit, which also confirms our original conceptualisation of entrepreneurial behaviour. However, although these findings align with the deductive approach of forming our theoretical framework, the inductive nature of our data analysis added knowledge to extend the originally proposed theoretical framework. Specifically, the hierarchical order subsequently determined how different types of social capital are acquired and the way such capital shapes entrepreneurial behaviour. We found that the two most influential cultural elements were *collectivism* and *social hierarchy*, which provided the foundation of how family firm members frame their social networks within their respective family and shape the networks built outside the family. Our data also revealed that extended family social capital and political family capital facilitated the *pursuit* of entrepreneurial behaviour; and, although the core/nuclear family social capital and business social capital improved opportunity *identification*, they seemed to create hesitation regarding the pursuit of entrepreneurial opportunities. In the following sections, we first present the different types of social capital. Then we reveal the link between social capital and entrepreneurial behaviour in Chinese family firms.

Family networks

We explored how family networks were framed among the participants as the second level informal institution. Our understanding of family network was attributed by the culturally informed relationships derived from 1st order codes, as shown in Figure 1. Specifically, the interpersonal relationship within a family is largely shaped by the Chinese collectivist culture. Participants stressed that as a member of a family, especially a male leader, they bore responsibility for the collective well-being of family members.

“Family is the core motivation for me to establish a business in the first place. As the leader of a family, it is my responsibility to ensure and protect my family’s well-being. Our tradition passed on hundreds of generations to ensure that we always look after each other in a family, especially when times are difficult...If we only cared about personal interests, we wouldn’t be respected.” (David, Co-founder, Husband, Firm D)

However, our data revealed that although the general collectivist culture does emphasise the importance of family, family networks are not universal across all family firms, which indicates that under the bonding networks, there are sub-categories of social networks that also subscribe to the highest level cultural aspects. Specifically, our data suggested two different types of family networks that were acquired by family firms, as follows: *a) core/nuclear family network* and *b) extended family network*.

Core/nuclear family network vs. Extended family network.

Although all participants expressed their gratitude towards the *core/nuclear family network*, some of the participants (firms E, F, G and H) revealed that the *extended family network* is also essential for building effective social capital.

In particular, the *core/nuclear family network* gave rise to the paramount family social capital that provided the foundation of support and motivation for building a family firm. However, as the family firms developed, firms A, B, C and D only focused on building and maintaining the *core/nuclear family network*. Such types of family network particularly emphasised *collectivism* with a less clear *social hierarchy* within the network because of the relatively small size of the network. Typically, such a network concerns the interpersonal relationships among nuclear family members, and the decision-making

power is often shared by the co-founders. Interestingly, such over-emphasis on collectivism seems to concentrate the control within a small group of family members; however, it also puts pressure on management succession, as the lack of clear social hierarchical order tends to discourage family firm leaders from trusting non-family employees to obey their orders, thus constraining family firms from building up effective networks outside the family.

“You have to consider that every decision is up to two people, my husband and me. We have to be on the same side, otherwise how could we work together as a couple? ...the only person I can trust to take over the business is my daughter... I don't really think it is worth it to invest in nonfamily employees. They just leave whenever they want, and I would thank them if they would not do anything stupid to hurt my business. I would like to keep the relationship as distant as possible...” (Anita, Co-founder, wife, Firm A).

“If I could not even trust my brother to obey my orders, I would not expect professional managers to do whatever I want them to do. I honestly think it is better for us to maintain control within the family.” (Barry, Co-founder, husband, Firm B).

Differently, firms E, F, G and H expanded their social networks towards extended family members by building the *extended family network*, reaching beyond kinship and blood relations to include friendship as a part of their respective network. Some participants even stressed that close friendship could be more reliable than a blood relationship.

“...even though I have been betrayed before, I still believe that people are good in general. My employees (extended family members and nonfamily employees) prove that to me every day... As you know, Fred (nonfamily CEO) has been with me for almost 20 years. He can always provide professional knowledge for me, especially when my business started to grow larger. (Frank, Founder, Firm F).

“I have been working with him (founder) for 17, 18 years now, and we are just like brothers, if not closer compared to normal brothers. Our children are like brothers as well.” (Fred, Non-family CEO, Firm F).

However, despite the fact that extended family networks concern the collective interest of family members, they usually require a much clearer hierarchical order within the family firm to ensure stability.

“...they (involved second generations) have to know that even though they have some ownership, they have no say in decisions at this moment. I don't need unstable management situations at the moment. Their moment will come when I say so... I am not reluctant to let control go; it is not like that. I just think we should always remember the old saying that “one kingdom cannot have two rulers”. Strong and singular leadership is emphasised throughout our history. Democracy may work in other countries, but concentrated power works just fine in China. This will also ensure my authority when I deal with government officials. They have to be very clear that I am and the only one in charge of my business, then

they will be confident to talk to me. Nobody wants to waste time with the person who cannot make 100% decisions.” (Garry, Founder, Firm G).

In summary, family firms that favour core/nuclear family networks seem to highly regard collectivism, while lacking a clear sense of social hierarchy within their family relationships. Family firms that favour extended family networks also value collectivism; however, they seem to emphasise social hierarchy more in building the family network. As a result, extended family networks provide the foundation for family leaders to open up their future horizons and explore more choices in building social networks, including hiring professional managers and networking with government officials. Although such extended family networks still reflected characteristics of bonding social networks (Putnam, 2001), the focus of social hierarchical order was smoothly transferable to building bridging networks.

Non-family networks

We then explored how networks outside the family were framed among the participants. The participants explained that the informal social networks with business associates and various political officials defined how they develop their businesses. This was evident in various business contract negotiations, licence and permit acquisitions and business disputes resolutions, which required different types of social connections to reduce cost and uncertainty, minimise risk, or increase the success rate. Some social networks were fundamentally crucial for the stability and survivability of family firms, while others might provide access to otherwise unforeseeable opportunities. Our data revealed two most influential non-family networks: *a) Business networks* and *b) Political networks*.

Business networks vs. Political networks

The participants framed their non-family networks by stressing the importance of business networks or political networks. Firms that emphasised building business networks (firms A, B, C and D) seemed to seek equal relationships with business partners, which reduced uncertainty and improved stability. Specifically, business networks concern the harmonious relationships between business actors of equal rank. For instance, firm C

focused on building business networks with equal competitors within the market as a strategy to reduce uncertainty.

“... if I had a huge order that I could not fulfil, somebody could help me finish this order in time, and in turn, I will give them a percentage of the profit for the trouble. Once we established this camaraderie, we became closer and closer. Now we play poker with ‘competitors’ every weekend.” (Carrie, Founding Wife, Firm C).

Business networks reflect the characteristics of bridging networks (Putnam, 2001), which are built with less intimate actors. However, in our cases, such business networks were largely informed by the collectivism of Chinese culture, which values common interests and the same moral standards. For instance, firms that do not value informal business networks with similar businesses are likely to be isolated by competitors.

“...we make friends rather than enemies in most cases. Other similar businesses sometimes introduce their customers to us because they might need help for large orders in the future. Sometimes we even loan money to each other...From my experience, people who do not play well with others were eventually out of business.” (Daisy, Sales representative, Friend of founding wife, Firm D).

On the other hand, firms that emphasise building political networks (firms E, F, G and H) relied on establishing or accepting social hierarchical orders with political officials, which not only reduced uncertainty but also enabled them to extend the path to further acquire social capital from a wider range of political networks. Political networks did not just include directly relevant officials, but also politicians disconnected from the business area. As political networks were often built through frequent *quid pro quo* with government officials, the bigger size of such networks may have granted easier access to potentially useful political connections.

“We live in a guanxi society, and guanxi is not fair. We work so hard to acquaint government people that we do not like or cannot even help us, for what? For the opportunities to acquaint more people and some of them may eventually be of help. We have to appear to admit their authority and pretend we respect them even though we do not, because this is a hierarchical social order. Some entrepreneurs fail because they have too much pride to swallow. I was the same when I was young, and I paid the price. You have to understand that this is how Chinese people work for centuries to develop our society. Had we tried democracy in China? We had, and look what happened, civil war, millions of people died for no reason. Same thing will happen for a business if the leader did not know how to bow down to the authority.” (Gary, Founder, Firm G).

In summary, family firms that favour business networks seem to regard collectivism highly, while the lack of a clear sense of social hierarchy encourages them to maintain existing networks. Family firms that favour political networks seem to emphasise social hierarchy by accepting that expanding the political network would inherently benefit them regarding the pursuit of opportunities. Overall, our data analysis revealed two types of social networks dimensions: family networks and non-family networks. Although social capital theorists tend to suggest that family networks are an example of bonding networks, and non-family networks include fewer intimate relationships and are characterised as bridging networks, our findings suggest that within each type of network dimension, there are two distinctive types of culturally informed networks. In particular, the core/nuclear family networks and business networks in our cases seemed to be largely informed and encouraged by the collectivism of Chinese culture. Extended family networks seem to be influenced by both collectivism and social hierarchy, while political networks are essentially informed by social hierarchy only. For a clearer review of how cultural background informs the social network, see Table 6 below.

Cultural aspects \ Social Network	Core/nuclear family network	Extended family network	Business network	Political network
Collectivism	√	√	√	×
Social Hierarchy	×	√	×	√

Table 6. Cultural aspects shaping social networks

Social Capital Shaping Entrepreneurial Behaviour

After uncovering the different types of social networks, we established that the second level informal institutions (social networks) are largely informed and encouraged by the highest-level informal institutions (cultural aspects). However, both levels do not exert a direct influence on shaping entrepreneurial behaviour. Specifically, cultural aspects only

have a direct influence on building specific types of social networks, while the type of social network defines the type of social capital.

Our data revealed that different types of social capital have different influences on entrepreneurial behaviour. In the cases of the present study, participants revealed that entrepreneurial behaviour is divided into two distinctive tendencies: *pursuit* and *hesitation*, which are both shaped by social capital. Some family firms (firms E, D, G and H) demonstrated a greater tendency to continuously pursue the initiated projects, while others (firms A, B, C and D) were more likely to give up at some point during the development of an initiated project (See Table 3, for a case overview).

Opportunity identification vs. pursuit

Entrepreneurial behaviour is known to occur under conditions where risk and opportunities can be well-defined (Alvarez *et al.*, 2014; Shane and Venkataraman, 2000). Therefore, it is typical for entrepreneurs to acquire substantial information, analyse situations, and consult many stakeholders before they decide whether to pursue an opportunity or not. Our findings revealed two general causal relationships between social capital and entrepreneurial behaviour. First, between the two types of family social capital, only extended family social capital tended to facilitate family firms to pursue opportunities. Specifically, extended family networks provided a wider range of human resources that could bring special expertise to project development and professional management skills, thus increasing the confidence of decision-makers to pursue new opportunities.

Furthermore, the relatively concentrated decision-making power that reflects a strong and stable hierarchical order within a family firm tends to expedite the decision-making process, thus eliminating unnecessary hesitation. Interestingly, even though sometimes the sole decision-maker could make wrong decisions, other family members tend to accept the social hierarchy and appreciate the expedited entrepreneurial behaviour.

“...the ultimate decision-making power is with him (the founder) alone. I would handle daily operations and small decisions, but everything big needs to go through him... Sometimes I do have different opinions, but it is probably for the best that he is the one and the only one to have the ultimate power, because even though the decision was wrong, at least we could be wrong fast and move onto something else. I tried to argue with him when I was younger but then I realised that he created the business after all and he is the man of the family, I should have respected that.” (Elise, general manager, wife of founder, Firm E).

By contrast, core/nuclear family social capital tends to limit the available human resources and expertise that could potentially support new project development. Therefore, even though such capital motivates opportunity identification or a certain level of entrepreneurial thinking, it does not seem to push the family to pursue opportunities.

“I had already seen the factories on site and had a verbal agreement with the owners. However, I could not go through with it because my son is in the U.S and I could not find anybody else to manage the factories. If I had another son, I would definitely buy my own factories. I needed someone I can trust to manage the factories...I do have two brothers, but they were farmers, what could they do for me? Nothing. And I probably have to take care of them.” (Barry, Co-founder, Husband, Firm B).

Furthermore, since this type of social capital is acquired from an equal partnership between co-founders, it provides unclear instructions during the decision-making process, thus creating hesitation regarding entrepreneurial behaviour.

“Although I have 51% ownership, my wife handles all the money and accounts...I have to consider her opinion because she could offer perspective not only as an accountant but also as a wife and a mother... I think most of the initiated projects were given up because of my indecisiveness. However, I think that is inevitable for being a family firm leader. I have to constantly evaluate situations based on both financial reasons and family reasons.” (Charlie, Co-founder, Husband, Firm C).

Second, among the two types of non-family social capital, political social capital seemed to facilitate the pursuit of entrepreneurial behaviour, while business social capital primarily helped with stability, although created hesitation regarding entrepreneurial behaviour. Specifically, political social capital offered a certain degree of security and expedition by overcoming complex business procedures that involved various government authorities.

“...we had to obtain 32 different stamps from several different government agencies to just start our project... Thanks to my boss’s connection with the head of the construction bureau, we could start our project without all the permits. We could deal with the documents later without any serious troubles.” (Glenn, Project manager, nephew of founder, Firm G).

Furthermore, such political social capital also enables family firms to continuously expand their political social networks, thus reinforcing the availability of political social capital. Increasing the size of the political network is often regarded as the key facilitating factor for entrepreneurial behaviour in some family firms.

“...we have to keep the momentum and stay altered with political networks. More connections mean more choices... Who knows if this person could lead you to the person that might help you in the future? I don’t know how policies will change, and I don’t know if my next project will be in a new district...”

Having a large political connection prepares me for difficult situations. Whenever I need help, I could just ask somebody to introduce me to the right authority.” (Frank, Founder, Firm F).

By contrast, business social capital is often linked with improving the stability of family firms, as such social capital is also acquired from equal relationships, similar to the core/nuclear family social capital. Such type of social capital results in equal reciprocal favour exchange. No actors in such a business network maintain a position of actual power, thus the social capital acquired from such networks can only be effective in maintaining common interests.

“The best thing of doing this work is to meet and bond with my business partners from other countries. I have good relationships with my customers from Japan and Korea. We visit each other several times every year... Maintaining a good relationship with them is important for me, because they gave me a sense of security and stability with my business. We are sharing the same market, and if their business is good, it means my business will be also good as their supplier.” (Amy, Co-Founder, Wife, Firm A).

However, our data indicated that business social capital is rarely discussed regarding the pursuit of new opportunities. Instead, in some cases, it could work against the pursuit of an initiated project, because re-deploying resources to new projects may jeopardise existing business social capital for some family firms.

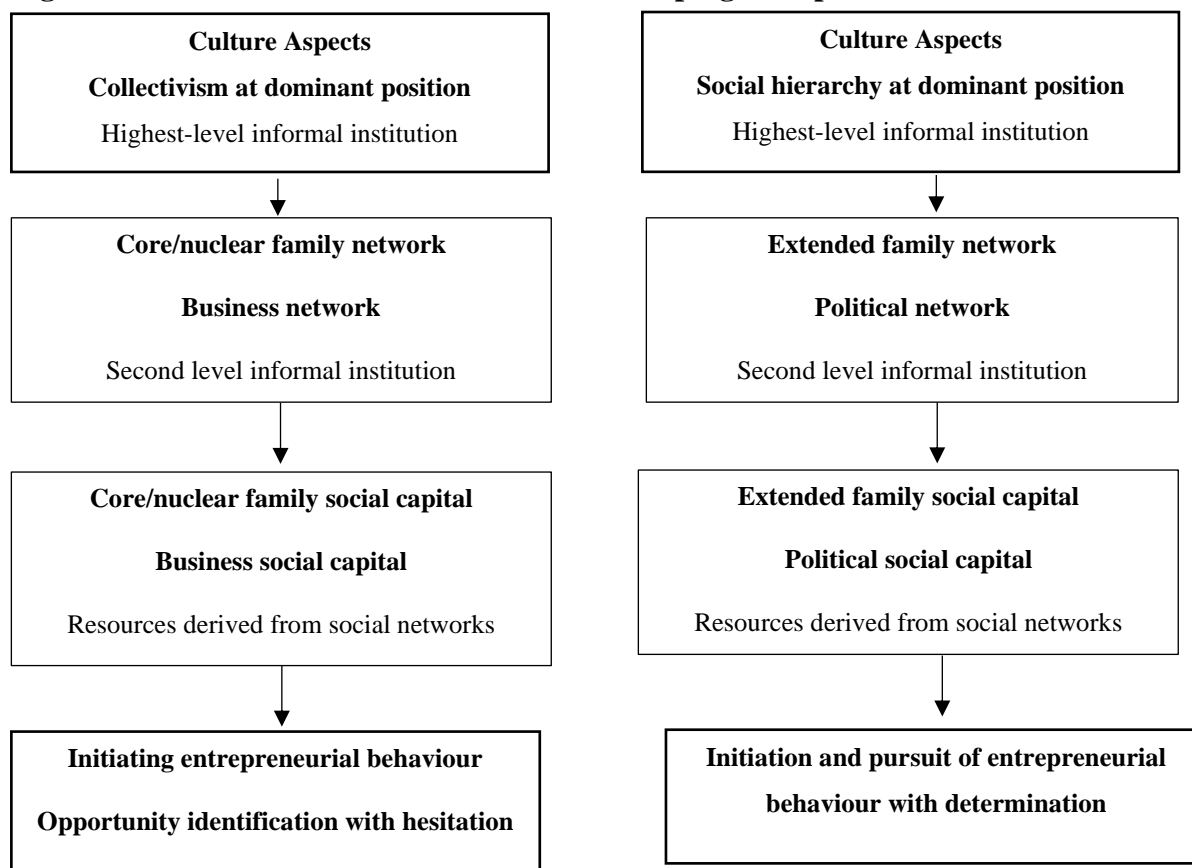
“Whenever I wanted to do something else, I think about my oldest customer. She is almost 80 years old and she is still conducting business negotiations in person. We have such a close relationship and it keeps me motivated... We had already done the market research of importing baby formulas, but we eventually gave up because taking up the new business will decrease our business volume with existing customers.” (Beth, Co-Founder, Wife, Firm B).

3.5 Discussion of Findings

Our data revealed two major findings that confirm our originally proposed theoretical framework. First, within the Chinese context, informal institutions comprise two levels: the highest level being cultural aspects, and the second level being social networks. Second, we found that entrepreneurial behaviour in a family context comprises two distinctive aspects: *identification* and *pursuit*, which confirms our original conceptualisation of entrepreneurial behaviour. However, the inductive nature of our data analysis added newly emerged knowledge that enabled us to refine our framework based on the informal institutional hierarchy in the Chinese context. In particular, our findings revealed two variations of hierarchies regarding the link between informal institutions and

entrepreneurial behaviour in Chinese family firms. This variation is largely based on family firms' different emphasis on different cultural aspects, rather than viewing culture as a generalizable concept that exerts the same influence across all types of social networks. First, we found that one of the highest-level cultural aspects, collectivism, informs the core/nuclear family network and business network, which subsequently generates core/nuclear family and business social capital that maintains and improves family firms' stability. However, very often, this type of social capital may not be directly conducive to the pursuit of opportunities, since it may lead to entrepreneurial hesitation. The other highest-level cultural aspect, social hierarchy, largely informs and encourages the extended family network and political network, which in turn generates the extended family and political social capital that facilitates the pursuit of entrepreneurial behaviour (see Figure 3).

Figure 3. Multi-levelled informal institutions shaping entrepreneurial behaviour



Our findings make two contributions. First, we contribute to the application of institutional theory on entrepreneurship research in emerging economies by demonstrating a multi-levelled hierarchical informal institutional framework that effectively influences

entrepreneurial behaviour through generating appropriate social capital. Such a hierarchical order of informal institutions is largely based on the differences in cultural aspects; therefore, each cultural aspect could subsequently lead to different variations of hierarchies. To date, much of the existing literature has viewed informal institutions as taken-for-granted supporting mechanisms that fill formal institutional voids in emerging economies (Webb *et al.*, 2019). Such a view often conceptualises informal institutions as ‘informal agreements’ that facilitate business transitions, such as *guanxi* in China, *blat* in Russia (Puffer *et al.*, 2010), and *wasta* in the Arab world (Soleimanof *et al.*, 2018). However, such informal agreements have largely been discussed independently from their cultural roots (Klyver *et al.*, 2008). As some scholars have already proposed that culture may be the most influential institution regarding individuals’ behaviour (Williamson, 2000; North, 1991), social agreements may be effective regardless of the status of formal institutions. Our findings revealed that the types of such informal agreements are largely informed and encouraged by different cultural aspects that subsequently inform different hierarchies, in this case, collectivism and social hierarchy. Particularly from a cultural perspective, collectivism and social hierarchy (power-distance) have mostly been discussed within Hofstede’s (1980) cultural dimension, and are found to be negatively associated with entrepreneurship (McGrath *et al.*, 1992; Shane, 1992, 1993; Lee and Peterson, 2000). However, other scholars argue that statistical measurement does not provide a direct link between culture and individual behaviour (McSweeney, 2002, 2013; Williamson, 2002).

Our multi-case studies revealed that culture, the highest level informal institution, does not have a direct link with behaviour. Instead, cultural aspects influence the types of social networks that family firms build. Specifically, the core/nuclear family network is highly associated with the Chinese collectivist culture. Collectivism has been defined as a collectively orientated individual obligation to pursue the common interests of the community of which he/she is embedded within (Hofstede, 1991). However, our data shows that such a cultural aspect does not uniformly inform the family networks across family firms, and only a core/nuclear family network is deeply rooted within collectivism. An extended family network is found to be associated with social hierarchy. Although existing literature rarely independently discusses social hierarchy, it has been conceptualised by Hofstede as power distance, which refers to the extent to which the less powerful members of a society accept that power is distributed unequally (Hofstede, 1991). A high-level power distance often indicates a low level of entrepreneurship

(McGrath *et al.*, 1992; Shane, 1992, 1993; Lee and Peterson, 2000), as traditional authority directs life choices (Zapalska and Edwards 2001), which result in less independent thinking (Anderson *et al.*, 2003) that is vital for entrepreneurial behaviour. However, our findings suggest that social hierarchy informs family firms to expand their social networks from horizontal groups that possess equal powers, to vertical groups that are in positions of higher power. The social capital generated through accepting the social hierarchy subsequently facilitates the pursuit of entrepreneurial behaviour, as family firms may actively seek networks that possess higher powers which may be decisive for the success of their new projects.

Second, our findings contribute to the application of social capital theory in family business research by 1) clarifying that the social networks exist as the second level of informal institution, and that social capital is not an informal institution, but the resources acquired from those social networks; and 2) distinguishing that under the condition of family businesses, there are specific sub-categories of family and non-family networks that are largely informed by cultural aspects.

Although studies provide insights on how social capital shapes entrepreneurial behaviour in family firms (Acquaah, 2011, 2012; Carney, 2007; Miller *et al.*, 2009; Miller *et al.*, 2010), social capital has not been discussed with a clarified conceptualisation. Our proposed framework of hierarchical informal institutions clarifies that social capital is essentially the resources that shape entrepreneurial behaviour, which is not on the same level as social networks. The networks themselves do not necessarily contain the resources that may or may not directly influence entrepreneurial behaviour; however, some family firms actively seek political connections with government officials that are not relevant to their business, because such connections may breed growth in the size of the political network, which may increase their potentially available social capital.

Our findings also indicate that not all intimate reciprocal relationships subscribe to the typical characteristics of bonding networks, as suggested by existing social capital literature. Social capital theorists proposed that over-reliance on bonds typically leads to parochialism, which reduces the tolerance to newness (Malecki, 2012; Woolcock and Narayan, 2000), while less intimate bridging networks breed flexibility to adopt newer information (Gargiulo and Benassi, 2000). Such a view has been linked with family business research, as family social capital provides emotional support for family firm

founders; however, such social capital may also hinder the subsequent entrepreneurial behaviour of the family firm, as the founder may be afraid of losing such bonding social capital (Morris *et al.*, 2010). Family founders' strategic decisions are more likely to be aligned with family investors' interests, thus demonstrating reluctance in pursuing risky opportunities (Miller *et al.*, 2011). By contrast, bridging social capital seems to facilitate entrepreneurial behaviour by providing access to new financial and materialistic resources (Kwon and Arenius, 2010), and knowledge that enhances opportunity recognition (Mosey and Wright, 2007). Our findings extended this argument by accounting for the influence of the hierarchical informal institutions, which in turn inform different sub-categories of social networks.

Although the two types of family social capital both reflect characteristics of bonding social capital (Putnam, 2001), extended family social capital offers opportunities to build bridging social capital with non-family members, and subsequently other social groups that possess higher power. Contradictory to the view that bonding social capital is likely to reduce tolerance to newness (Malecki, 2012; Woolcock and Narayan, 2000), under the Chinese cultural background, the value of social hierarchy may encourage certain family firms to seek new vertical social capital. Furthermore, our data also revealed that although business social capital seems to reflect some characteristics of bridging social capital, it may not necessarily facilitate entrepreneurial behaviour. Instead, as the bridging social capital is acquired through equal social groups that share common interests and moral standards, i.e. business partners, such financial support and knowledge may only provide stability to the existing business.

Therefore, under the Chinese cultural background, social networks and their derived social capital are not defined by the intimacy of the relationship, but are shaped by the underlying influence of the cultural aspects. Although both collectivism and social hierarchy exert influence, the degree to which family firms are influenced by these cultural aspects is heterogeneous among family firms. As shown in Diagram 2, sub-categories of social capital, i.e. core/family and business social capital, are generated through social networks that are only informed by collectivism. Although such a cultural aspect does promote opportunity identification or initiating entrepreneurial behaviour, the lack of focus on social hierarchy may hinder family firms' ability to acquire other sub-categories of social capital, i.e. the extended family and political social capital that facilitates the pursuit of opportunities.

3.6 Conclusion

Building on the hierarchy of institutions and social capital theory, this study adopted a multi-case study that explores how informal institutions shape entrepreneurial behaviour in Chinese family firms. Our findings contribute to the hierarchical perspective of institutions on entrepreneurship research in emerging economies by demonstrating a multi-level framework, which highlights that informal institutions have unique influences on entrepreneurial behaviour, rather than being a supporting mechanism that only fills the formal institutional voids. Our findings also contribute to the application of social capital theory in family business research in China by clarifying the differences between social networks and social capital, and the cultural influences on the types of social networks and their derived social capital.

This study has several limitations. First, our framework of informal institution is exclusively based on a macro-meso level demonstration that focuses on vertical influences. Although such an approach links the general cultural aspects with social networks and their derived social capital, horizontal influences, such as geographic differences are not considered in this paper. Although culture may provide uniformity, regional cultural differences may also exert unique influences on individual behaviour (McSweeney, 2002, 2013), especially in a geographically large nation such as China (Chan *et al.*, 2010). Furthermore, some scholars have argued that Chinese culture is slowly changing with the ascendancy of the Chinese economy (Lee and Humphreys, 2007). Such changes may not appear at the macro level, but they may take place at the provincial level. Future research could draw on the findings of this paper and compare different regions within China. Second, our multi-level framework does not account for the heterogeneity of family firms; therefore we are unable to fully explore why some family firms are highly influenced by collectivism and others by social hierarchy. Our findings demonstrate differences regarding family firms' preferred types of social networks; however, whether these two cultural aspects are mutually exclusive regarding their facilitating effect on entrepreneurial behaviour requires detailed analysis at an organizational level in comparison. Indeed, scholars have argued that the heterogeneity among family firms is the key to explain inconsistent empirical findings in family business research (Chua *et al.*, 2012; Pindado and Requejo, 2015). Future research could distinguish between the types of family firms in

detail, therefore providing a better understanding of why such different emphasis on social network exists across family firms.

Chapter 4. Paper 2

How Initial Set-up Impacts on SMEs' Entrepreneurial Behaviour: Couple-Founders versus Single-Founders in Chinese Family Businesses

Abstract

Our study draws on the institutional logics perspective to investigate how coexisting family and commercial logics impact on family firms' entrepreneurial behaviour. Based on the analysis of eight case studies in China, we found that family logic is the logic which mainly shapes the entrepreneurial behaviour of 'couple-founder' (CF) family firms, whereas both family and commercial logics complement each other and guide the entrepreneurial behaviour of 'single-founder' (SF) family firms that exhibit a higher level of entrepreneurial behaviour. We contribute to the family business literature by adding the 'initial set-up' as a new dimension of family heterogeneity and demonstrating how initial imprinted logics impact on the subsequent development of family firms, with implications on what and how family/business goals are pursued. The findings offer both theoretical and practical contributions to the family business literature.

4.1 Introduction

The study of family businesses has been rapidly expanding in recent decades (Chrisman *et al.*, 2018; Sharma, 2004). A plethora of studies have shown that family businesses differ from non-family businesses in a variety of ways: they differ in terms of driving factors of innovation (Werner *et al.*, 2018), strategic behaviour (Miller *et al.*, 2011), and as sellers in buy-outs (Ahlers *et al.*, 2018). A key reason for these differences is that family firms are not only exposed to commercial logics, but also, and in contrast with non-family firms, to family logics due to the unique combination of both family and firms' values (Block *et al.*, 2013; Greenwood *et al.*, 2010). Family values are a part of family firms' socio-emotional wealth (SEW) (Berrone *et al.*, 2012). Scholars define family logic as family goals, values

and norms that benefit family interests, and commercial logic as encompassing goals, values and norms of profits, efficiency and market status that facilitate economic and entrepreneurial interests (Jaskiewicz *et al.*, 2016; Thornton *et al.*, 2012). Many family business studies have been devoted to comparing family firms with non-family firms on the basis that family firms are rather homogeneous (Jaskiewicz *et al.*, 2016). Recent scholarly debate has, however, increasingly acknowledged the considerable heterogeneity among family firms (Chua *et al.*, 2012; Pindado and Requejo, 2015).

Scholarly debate in family business research has developed along two opposite perspectives: on the one side, it is argued that family logic is theoretically incompatible with commercial logic, thus potentially undermining the pursuit of entrepreneurial activities (Gómez-Mejía *et al.*, 2007; Gómez-Mejía *et al.*, 2011); on the other side, family logic is not seen in conflict with commercial logic, but can be leveraged to improve commercial performance (Nordqvist, 2005; Zellweger and Nason, 2008) and facilitate entrepreneurial behaviour (Sieger *et al.*, 2011). The opposite perspectives are the result of neglecting the heterogeneity among family firms (Chua *et al.*, 2012), which might have led to findings that are not comparable in family business research (Ahlers *et al.*, 2017).

Although the recent focus on family firms' heterogeneity has led to important findings, such as the positive effect of generational diversity on decision-making (Tsai *et al.*, 2018), the question of how the interplay of commercial and family logics impacts on family firms' entrepreneurial behaviour under specific conditions remains under-explored (Pittino *et al.*, 2018). Furthermore, research on family businesses in emerging markets is still in its infancy (Akhter *et al.*, 2016; Gonzalez *et al.*, 2015), despite their importance in almost all emerging economies, such as India (Aswhin *et al.*, 2015; Ray *et al.*, 2018) and China (Dou and Li, 2013; Zhang and Ma, 2009). We address these research gaps by investigating Chinese family businesses to add further empirical evidence on the influence and interplay of institutional logics on family business behaviour, and we provide opportunities for theoretical and practical insights in a rather under-researched regional context, China. The Chinese context is interesting, not only because family firms have experienced above average growth in China, which represents the world's second largest economy (Li *et al.*, 2015), but also because China's recently abolished One-Child policy can be expected to have influenced the interplay of family and commercial logics throughout most of Chinese family business history. Hence, our study was guided by the question: how do family and commercial logics, under the conditions of China's One-Child policy, impact on the entrepreneurial behaviour of Chinese family firms?

Due to the scarcity of research on Chinese family businesses, we adopted an inductive and exploratory multi-case study design with eight cases. Our exploratory research was guided by an initial understanding of institutional logics in the Chinese family business context. During the research process, it emerged that the firms' founding structures proved to be particularly relevant; couple-founder family businesses (CFs) and single-founder family businesses (SFs) differed markedly in terms of the interplay of family and commercial logics.

We contribute to the recent recognition of family firms' heterogeneity in family business research by considering the 'founding structure' or 'initial set-up' as a salient dimension of family heterogeneity. We add to the family categorisation perspective by revealing family structures that are socially constructed (Berger and Luckmann, 1971) with subsequent implications on the notion of 'family' that is relevant to the business in China. Our findings show that different notions of 'family' can exist in the same institutional context, with implications on the types of business/family goals that are pursued, how resources are obtained, and which aspects of SEW are more pronounced. The initial 'set-up' of Chinese family businesses – CF and SF – moderates the interplay between the family and commercial logics with subsequent consequences on entrepreneurial behaviour. In the case of CFs, their entrepreneurial behaviour is mainly guided by family logics, whereas in the case of SFs, commercial and family logics are equally important and complement each other.

4.2 Theoretical Framework

4.2.1 Multiple Logics and Family Firm Behaviour

Institutional contexts comprise multiple divergent but interconnected institutional logics (Bruton *et al.*, 2010; Jennings *et al.*, 2013) that impact on organizational actions, since organizations in all fields are affected by institutional complexity (Battilana *et al.*, 2015; Greenwood and Suddaby, 2006; Thornton, 2004). Regarding family firms, it is often argued that their entrepreneurial behaviour is mainly shaped by two fundamental institutional logics, family and commercial logics, since their action is respectively shaped by family goals, norms and values in addition to the commercial goals and values typically pursued by non-family firms (Ward, 1987). The interplay of the family and commercial

logics has led to different behavioural outcomes, such as differences in terms of governance arrangements and financial performance of Italian family firms (Miller *et al.*, 2017) when compared with the entrepreneurial behaviour of non-family firms.

Many family business scholars suggest that family logic is theoretically incompatible with commercial logic (e.g. Block *et al.*, 2013; Chrisman *et al.*, 2012; Sorenson *et al.*, 2009), since the decision-making process and subsequent entrepreneurial behaviour in family firms is mainly impacted by the family logic, which is embedded in the family's SEW, rather than the pursuit of commercial benefits (Gómez-Mejía *et al.*, 2007; Gómez-Mejía, *et al.*, 2011). SEW captures the "family's stock of social, emotional and affective endowments vested in the firm" (Gomez-Mejia *et al.*, 2018, p. 1370). The SEW approach contends that socioemotional and financial goals conflict with each other (Cennamo *et al.*, 2012). Scholars argue that these dimensions shape family firm behaviour. Ahlers *et al.* (2017) showed the relevance of SEW factors in influencing specific antecedents (i.e. goal congruence and trust) of entrepreneurial behaviour on private equity buyouts of family firms. Preserving SEW and focusing on family longevity could lead family firms to adopt a behaviour conflicting with the commercial logic (Van Auken and Werbel 2006; Zahra, 2005) and resistance to change (Hall *et al.*, 2001).

Other studies have proposed that family goals, values and norms can provide commercial benefits whilst pursuing SEW (Nordqvist, 2005; Sieger *et al.*, 2011). Long-term family relationships breed trust as additional resources for solving agency problems (Chrisman *et al.*, 2007), while innovativeness and proactiveness could be positively associated with family longevity (Lumpkin *et al.*, 2010). Cennamo *et al.* (2012) found that families that aim to preserve "binding social ties" are more likely to adopt proactive stakeholder engagement activities because emphasising social networks with external stakeholders will be likely to enhance the social capital embedded in social ties. Under this circumstance, a strong commitment to family logic seems to be complementing commercial logic, in that preserving social ties with external stakeholders can ultimately enhance social capital, which is critical to the pursuit of commercial goals. In sum, this alternative perspective suggests that family firms' performance and entrepreneurial behaviour could be positively influenced by integration of both family and commercial logics (Miller and Le Breton-Miller, 2006).

The opposing views of whether family and commercial logics contradict or complement each other might be the result of neglecting the heterogeneity of family firms (e.g. Chua *et al.*, 2012) and the heterogeneity of contexts in which family firms are embedded (Wright *et al.*, 2014).

4.2.2 Heterogeneity of Family Firms and Contexts

Scholars have increasingly argued that family firms are not homogenous and that sources of heterogeneity must account for differences in family firms' behaviour and outcomes (Sharma *et al.*, 1997). Sources of heterogeneity mostly reside in goals, governance structure and resources.

Regarding goals, the mix between economic and non-economic goals is a source of heterogeneity (Gomez-Mejia *et al.*, 2010). Goal-related sources of heterogeneity are inherent to the strength of a firm's vision (Barnett *et al.*, 2012) and which dimensions of SEW the controlling family aims to emphasise. Furthermore, in family-controlled firms, the greater the extent of family involvement and influence, the greater emphasis is expected to be placed on non-economic goals (Chrisman *et al.*, 2010), with effects on the interplay of family and commercial logics.

Furthermore, the contexts in which family firms are embedded are characterized by heterogeneity. Important types of context are institutional and temporal. Institutional environments can vary substantially, especially between developed and emerging economies. Supporting institutional contexts in Western economies have influenced the growth of family firms. As surprisingly few family business studies have been conducted in emerging economies, the latter context remains under-explored. The temporal contexts in which family firms operate can also contribute to heterogeneity (Chrisman *et al.*, 2014). The One-Child policy in China is a case in point that continues to have considerable effects on local family firms launched under this policy (Li *et al.*, 2015).

Governance-related heterogeneity is identified through the differences between family-influenced firms and family-controlled firms, and external non-family owners and board members (Arregle *et al.*, 2012); different types of professionalization in family firms (Stewart and Hitt, 2012); and diverse combinations of formal and informal governance mechanisms (Chrisman *et al.*, 2018). Family governance structures also refer to whether family businesses are jointly owned and managed by married couples as "copreneurial

businesses” (Barnett and Barnett, 1988; Dyer *et al.*, 2012; Marshack, 1998). It is found that family firms with married partners typically outperform family firms with non-married partners (Belenzon and Zarutskie, 2012). However, studies on “copreneurial businesses” are largely focused on Western economies even though many family firms in developing economies are owned and managed by married couples (Blenkinsopp and Owens, 2010).

A key reason for the heterogeneity of family firms regarding resources is the nature, depth and extent of ties through which they access resources. To survive and grow over the long term, family firms require adequate financial and non-financial resources (Sirmon and Hitt, 2003). Such resources are often not internally available. In such instances, family firms need to access lacking resources through external parties. Family firms can involve external actors in their governance through board representation and ownership. The heterogeneity among family firms regarding resources is, to a considerable extent, caused by the varying willingness to open their governance to external resource providers. Yet, external parties’ involvement changes power dynamics within family firms, since external members seek influence in return for the provision of critical resources. As external actors do not necessarily share the objectives and preferences of family members, the acquisition of complementary resources not available internally can affect the nature of the interplay of family and commercial logics (Arregle *et al.*, 2012). There is little research on the above-mentioned issue in emerging markets, with the notable exception of Arregle *et al.* (2015), who analysed family and non-family ties of entrepreneurs in four countries, including Russia and China. Their study, however, does not exclusively focus on family firms.

In sum, to gain a better understanding of how the sources of heterogeneity of family firms impact on the functioning of family and business logics, and their impact on family firms’ entrepreneurial behaviour, more research, especially in emerging markets, is needed. Since not only are family firms heterogeneous, but also the institutional and temporal contexts in which they operate, we need to take these aspects into consideration. Given the paucity of research on family firms in emerging markets, an exploration of the interplay of family and commercial logics in the Chinese context is particularly promising.

4.3 Research Methodology

4.3.1 Research Context

We apply a multi-case study approach to investigate how family and commercial logics impact on the entrepreneurial behaviour of family firms in China, as this approach allows us to account for similarities and differences across cases (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). The unit of analysis of this study is a family firm currently operating in China. The interplay of family and commercial logics in emerging market family firms is under-explored. Analysing this phenomenon in the context of China is particularly appropriate for various reasons: (1) China is the world's largest emerging economy; (2) family firms play a central role in the Chinese economy and contribute disproportionately to economic growth (Li *et al.*, 2015); (3) Chinese family firms usually have no separation in ownership and management as both are closely held by family members (Cao *et al.*, 2015), thus facilitating the analysis and understanding of the functioning of family logics; and (4) the only recently abolished One-Child policy continues to affect Chinese family firms considerably and provides us with a unique institutional context (Zhang and Ma, 2009). Particularly, in selecting family firms we were guided by Chua *et al.*'s (1999, p. 25) family business definition, that is, "The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families". All the selected case firms, which are owned 100% by one family, explicitly expressed their intention of maintaining the family ownership across generations, and showed a considerable degree of family involvement in crucial management positions. The distinction between, and comparison of, CF and SF family firms emerged during the initial inductive research process when considering the founding structure of the selected firms. SFs created a private business venture without any help from their wives or other family members, but included more family members in the business at a later stage.

Our case selection was carefully focused on firms' entrepreneurial behaviour during the period 2010 to 2015. The number of projects undertaken during the period 2010-2015 and number of subsidiaries provided an indication of the extent of entrepreneurial activity. Focusing the exploration of entrepreneurial behaviour in the restricted time-frame 2010-

2015 enabled us to account for a more constraining institutional environment represented by the existence of a more restrictive financial policy. This gave us the opportunity to evaluate entrepreneurial behaviour more easily than in the time before 2010, when it was easier for all SMEs to grow with supporting policies.

4.3.2 Data Collection

One of the researchers contacted Chinese family firms through personal networks in China and the Chinese Entrepreneur Development Federation (CEDF). After assessing data accessibility, data were collected from a final sample of ten selected firms, of which two were left out of the cross-case analysis since, after the initial within-case analysis, they did not qualify as family firms. Out of the eight selected family firms, four firms operated in the real estate industry and two firms operated in manufacturing and international trade, respectively (see Table 7). Four semi-structured interviews were conducted at each firm with informants from different management and operational levels, including the founder(s), general manager, other managers and operational staff. At least three informants were from the controlling family or had a kinship tie with the founder(s). 40 semi-structured interviews were conducted initially between August 2014 and October 2015 and, excluding the two case firms that did not qualify as family firms, 32 interviews were included in the final data analysis (Table 8). Each interview lasted approximately one hour. All interviews were recorded on a digital device, then transcribed and translated into English to ensure reliability. Interviews aimed to capture each family firm's entrepreneurial behaviour by focusing the questions on (1) how founder(s) recognised the opportunities, (2) how decisions were made regarding each mentioned project (3) and the reason behind these decisions.

Table 7. Case overview

Firm	Founding structure	Core business	Secondary business	Founding year	Annual revenues (millions)	No. of subsidiaries	No. of projects (2010-2015)
Firm A	Couple-founder	Automobile tyre exporting	None	2002	\$3.0	0	0
Firm B	Couple-founder	Handcrafts exporting	None	1998	\$2.0	0	0
Firm C	Couple-founder	Clothing Manufacturing	None	2005	\$ 0.8	0	1
Firm D	Couple-founder	Jeans Manufacturing	None	2003	\$ 4.5	0	5
Firm E	Single-founder	Real estate developing	Property management, hotel, agriculture	1994	\$350.00	5	4
Firm F	Single-founder	Real estate developing	Interior designing, community planning contracting	2007	\$13.57	2	3
Firm G	Single-founder	Real estate developing	Restaurant	1995	\$75	1	4
Firm H	Single-founder	Holiday village developing	Luxury residential building developing	1993	\$275	1	4

Table 8. Interview participants

Firms	Virtual name (Gender)	Position and family status	Service time	Educational background	Recruitment channel
Firm A	Alan (M)	CF, husband	12	Vocational Secondary School Diploma	Co-founder
Firm A	Abbey (F)	CF, wife	12	Vocational Secondary School Diploma	Co-founder
Firm A	Alice (F)	Sales representative, daughter of CF	3	Master of Mathematics (overseas)	Recruited by the couple-founder directly
Firm A	Amy (F)	Accountant, cousin of CF wife	12	Vocational Secondary School Diploma	Recruited by the couple-founder directly
Firm B	Barry (M)	CF, husband	16	High School Diploma	Co-founder
Firm B	Beth (F)	CF, wife	16	Vocational School Diploma	Co-founder
Firm B	Barbie (F)	Senior sales representative, family friend	10	Vocational School Diploma	Recruited by the couple-founder directly
Firm B	Beatrice (F)	Sample maker, non-family	12	Junior High School Diploma	Recruited by the couple-founder directly
Firm C	Charlie (M)	CF, husband	13	Vocational Secondary School Diploma	Co-founder
Firm C	Carrie (F)	CF, wife	13	Vocational Secondary School Diploma	Co-founder
Firm C	Carly (F)	Factory manager, cousin of CF husband	8	Vocational Secondary School Diploma	Recruited by the couple-founder directly
Firm C	Claire (F)	E-business manager, daughter of CF	3	Vocational Secondary School Diploma	Recruited by the couple-founder directly
Firm D	David (M)	CF, husband	11	High School Diploma	Co-founder
Firm D	Donna (F)	CF, wife	11	Vocational Secondary School Diploma	Co-founder
Firm D	Daisy (F)	Senior sales representative, friend of CF wife	9	Vocational School Diploma	Recruited by the couple-founder directly
Firm D	Derik (M)	E-business manager, nephew of CF husband	4	Bachelor of Computer Science	Recruited by the couple-founder directly
Firm E	Ethan (M)	SF	10	Bachelor of International Finance	Founder
Firm E	Elise (F)	General manager, SF wife Elise is Ethan's second wife, who was included in	8	Vocational School Diploma	Recruited by founder directly

		the business later with very little ownership (undisclosed).			
Firm E	Erik (M)	Project manager, non-family	7	Bachelor of Civil Engineering	Open recruitment
Firm E	Emma (F)	Client manager, cousin of SF wife	7	Bachelor of Finance	Recruited by general manager
Firm F	Frank (M)	Single-founder	20	Vocational Secondary School Diploma	Founder
Firm F	Fred (M)	CEO, non-family	17	Bachelor of Civil Engineering	Open recruitment
Firm F	Finn (M)	Head of property management, nephew of SF	4	Bachelor of Civil Engineering and Property Management	Recruitment by the founder directly
Firm F	Finley (M)	Company representative, friend of SF	12	Military College Diploma	Recruitment by the founder directly
Firm G	Garry (M)	SF	21	Bachelor of International Finance	Founder
Firm G	Grant (M)	General manager, son of SF	5	Bachelor of International Business	Recruitment by the founder directly
Firm G	Glory (F)	Head of accountant, daughter of family friend	13	Bachelor of Insurance and Finance	Recruitment by the founder directly
Firm G	Glenn (M)	Project manager, nephew of SF	8	Bachelor of Civil Engineering	Recruitment by the founder directly
Firm H	Harry (M)	SF	24	Vocational Secondary School Diploma	Founder
Firm H	Hanson (M)	General manager, son of SF	9	Bachelor of Civil Engineering	Recruitment by the founder directly
Firm H	Helen (F)	Property management manager, niece of SF	4	Bachelor of Psychology and Education	Recruitment by the founder directly
Firm H	Haman (M)	Company representative, Personal driver, friend of SF	16	Military College Diploma	Recruitment by the founder directly

4.3.3 Data Analysis

The techniques for the multi-case study analysis involved pattern matching, linking data to the conceptual framework, explanation building and cross-case synthesis (Yin, 2003). We moved from raw data toward the identification of first order codes in both family and commercial logics. The family and commercial logic were coded based on the work done by Friedland and Alford (1991) and Thornton *et al.* (2012) who defined “family logic” as the commonly held goals and values that guide firms’ behaviour, which aims to satisfy family interest, and “commercial logic” as the commonly held goals and norms that guide firms’ behaviour, which aims to improve profit and efficiency. Our three-stage process in

data analysis is based on the work of Miles and Huberman (1994). First, we examined the interview transcripts of each firm to code text that indicated pursuit of family and commercial logics within each case. Second, we identified first-order themes. Third, we assigned the themes to four categories: family goals, family value, profit and growth. The first two represent sub-themes in family logic, and the latter two indicate sub-themes in commercial logic. Some of the themes were informed by extant literature, e.g. ‘family unity’ as a family goal by Jaskiewicz *et al.* (2016), whereas other themes were novel and inductively derived (e.g. ‘child’s higher education’). The full coding structure is shown in Figures 4 and 5. The coding explanation and sample quotes are shown in Table 9.

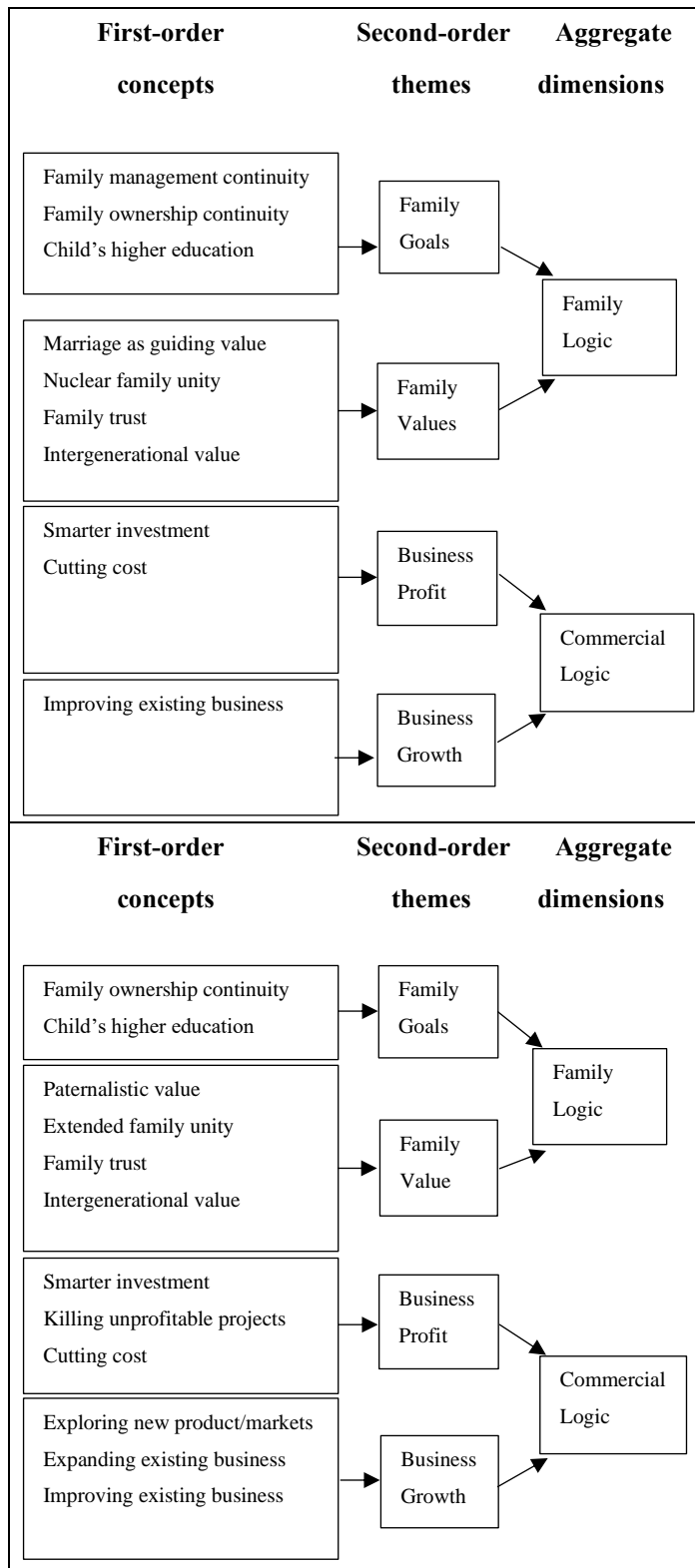


Figure 4: CF firm coding structure

Figure 5: SF firm coding structure

Table 9. Codes explanation and sample quotes from the data

Coding	Description	Sample quote
Family management continuity	Keeping the business continuously managed by family member(s).	<p>[1] "...I personally haven't really decided yet (to take over the management in the future), but my parents are trying very hard to convince me." (Alice, sales representative, daughter of CF, Firm A).</p> <p>[2] "If I had another son, I would definitely establish my own factories. I need someone (the son) I can trust to manage the factories" (Barry, CF, husband, Firm B).</p> <p>[3] "...how could all the family employees listen to an outsider while my wife and I were not here anymore? I just cannot imagine that, it would be so hard to work." (Charlie, CF, husband, Firm C).</p> <p>[4] "...this business wouldn't go this far if we didn't want to manage it ourselves...it is a symbol for our family journey." (Donna, CF, wife, Firm D).</p>
Family ownership continuity	Keeping the ownership within the family.	<p>[5] "...of course the best option is for us (the nuclear family) to keep this business for generations." (Abby, CF wife, Firm A)</p> <p>[6] "...no matter how bad things could go, we will always try to keep the business in the family for as long as we can." (Beth, CF, wife, Firm B).</p> <p>[7] "...I honestly have never thought about selling the business. We are not big, but we are doing more than well for our family, so I intend to keep things this way for a long time." (Charlie, CF, husband, Firm C).</p> <p>[8] "This (the family business) could be a safe net for my child and possibly my grandchildren...I wouldn't risk anything to let this (safe net) go." (David, CF, husband, Firm D).</p> <p>[9] "I already started to consider transfer my ownership to my daughter...It is going to be hers in the future anyway, this is just how family business should work." (Ethan, SF, Firm E).</p> <p>[10] "My brother always tries to convince my son to take over the business, but honestly, as long as the business is owned by my family name in the future, I would have no problem." (Frank, SF, Firm F)</p> <p>[11] "My son already has 20% ownership of the business...I slowly increased their (the involved second generation) ownership over the past three years...I want this transition to be slow but smooth...I will let them know that they will be responsible for the business in the future." (Garry, SF, Firm G).</p> <p>[12] "I already have 35% ownership of our family business...this is happening (passing the entire ownership to the son) sooner or later." (Hanson, general manager, son of SF, Firm H).</p>
Child's higher education	A part of the business income contributes to the higher education (usually abroad) of the only child.	<p>[13] "Now she is graduated from the university and we feel our job of raising a child is done." (Abby, CF, wife, Firm A).</p> <p>[14] "...I did that (referring to a profitable project) because I want to send my son to the U.S for university. I don't want him to worry about money, so he could focus on his study." (Barry, CF, husband, Firm B).</p> <p>[15] "The education fee of university was an important motivation for us to even consider starting a business." (Carrie, CF, wife, Firm C).</p> <p>[16] "I started to worry once my daughter started high school. I knew university would cost a lot of money and I did not want her to miss anything because of financial issues." (David, CF, husband, Firm D).</p> <p>[17] "The most important thing for a child is education, and a good higher education cost money... This is one of the reasons why I started my own business." (Ethan, SF, Firm E).</p>

Chapter 4

		<p>[18] "...he (founder's son) is studying finance in the U.S at the moment...I always tell him to remember and thank all his uncles and cousins who worked hard for the business, so I could pay for his university." (Frank, SF, Firm F).</p> <p>[19] "My son was never a great student...going aboard was his only chance to receive higher education because as long as you have money, all you need to do is take a language test...fortunately my son did well in the university and I was quite happy about this." (Garry, SF, firm G).</p> <p>[20] "...of course, the business has also paid for my son's education fee, which was not a small amount." (Harry, SF, Firm H).</p>
Paternalistic Value	The "father" figure of the family holds ultimate decision-making power over both family and business matters.	<p>[21] "...the ultimate decision-making power is with him (the SF). I would handle daily operations and small decisions, but everything needs to go through him eventually." (Elise, general manager, SF wife, Firm E).</p> <p>[22] "... I don't think he needs me to decide anything for him... I did provide my opinion, but this is his business after all..." (Fred, CEO, nonfamily, Firm F).</p> <p>[23] "...they (involved second generations) have to know that even though they have some ownership, but they have no say in decisions at this moment. Their moment will come when I say it comes." (Garry, SF, Firm G).</p> <p>[24] "All things have to go through him (the founder). He is not one to let things go, he has to be in control 24/7, otherwise he couldn't sleep." (Haman, personal driver, nonfamily, Firm H).</p>
Marriage guiding value	Two leaders hold the ultimate decision-making power over family and business matters due to the importance of marriage.	<p>[25] "You have to consider that every decision is up to two people, my husband and me. We have to be on the same side, otherwise how could we work together as a couple?" (Abby, CF, wife, Firm A).</p> <p>[26] "We have to support each other and always try to find a mutual ground." (Barry, CF, husband, Firm B).</p> <p>[27] "Although I have 51% ownership, my wife handles all the money and accounts...I have to consider her opinion because she could offer perspective not only as an accountant, but also as a wife and a mother." (Charlie, CF, husband, Firm C).</p> <p>[28] "...I always try to consult with my wife about important business matters, because that is how couple works. We help each other, and in this case (running a business); she is the one who helps me. She could just stay at home or do something else, but she chose to share the burden with me." (David, CF, husband, Firm D).</p>
Nuclear family unity	The concept of family only includes members from the nuclear family.	<p>[29] "...the business provides a good income for all three of us (husband, wife, and daughter) ...it is enough for us to have a decent living standard and we would like to keep it that way." (Abby, CF, wife, Firm A).</p> <p>[30] "Sometimes we hesitate (about business growth) because doing what we do at the moment is more than enough for my family's needs. Three people don't need that much." (Barry, CF, husband, Firm B).</p> <p>[31] "...my responsibility is my wife and daughter...I wanted to provide a good life for them, especially for my daughter." (Charlie, CF, husband, Firm C).</p> <p>[32] "Sometimes I just don't think we need to spend more energy on the business ...we can already provide a good enough living for ourselves (the nuclear family). (David, CF, husband, Firm D).</p>
Extended family unity	The concept of family is not limited to the nuclear family.	<p>[33] "It is not just about me anymore...I am responsible for many small families, or I could say a rather big family...nobody is capable to take this responsibility but me in this large family." (Ethan, SF, Firm E).</p> <p>[34] "...uncle (founder) always says that everything we do is for the longevity of this big family... the family members become so much closer because of our business." (Finn, cousin of SF, Firm F).</p>

Chapter 4

		<p>[35] “My uncle has a big heart...he always tries to include as much family members as possible in the business. It is his way to express that he deeply cares everyone (in the family)” (Glenn, nephew of SF, Firm G).</p> <p>[36] “I grew up with my cousin and we are very close...I guess my uncle (founder) really likes to keep the business as close as a family. I think ownership could give me that extra motivation to work hard since I am responsible for both the family and the firm...” (Helen, property manager, niece of SF, Firm H).</p>
Family trust	The trust between the founders and the family members is considered an important resource.	<p>[37] “...the only person I can trust (to take over the business) is my daughter. Maybe his husband someday, but he had no experience in management at all.” (Abby, CF, wife, Firm A).</p> <p>[38] “...you cannot even trust your brother these days...If I had another son, I would definitely have bought at least one factory of my own, but I wouldn't let anybody else touch this business.” (Barry, CF, husband, Firm B).</p> <p>[39] “I need somebody I can trust to help me, fortunately my wife decided to join me and helped me avoid potential problems...lots of business partners end up betraying each other” (Charlie, CF, husband, Firm C).</p> <p>[40] “...I would prefer to work with my husband because I know I can trust him. Our family provides an additional bond for the business, especially in the difficult times.” (Donna, CF, wife, Firm D).</p> <p>[41] “Their (extended family members and nonfamily employees) trust motivates me to work harder. Sometimes you need people to expect things from you; otherwise you would be satisfied too easily.” (Ethan, SF, Firm E).</p> <p>[42] “...even though I have been betrayed before, I still believe that people are good in general. My employees (extended family members and nonfamily employees) prove that to me every day. (Frank, SF, Firm F).</p> <p>[43] “I need their (extended family members and nonfamily employees) trust and support to sustain my ambition...After all these years I can still keep working hard because I know I can trust them (family members) to stand behind me...” (Garry, SF, Firm G).</p>
Intergenerational value	How 1 st generations think about the future generation of the family business.	<p>[44] “She (only daughter) is just one person...she will have a family, her own child...We cannot put too much pressure on her.” (Abby, CF, wife, Firm A).</p> <p>[45] “I want him (son) to explore on himself as much as possible, but realistically, I still want him to help us run the business and take over in the future.” (Barry, CF, husband, Firm B).</p> <p>[46] “I want my daughter to be as stress-free as possible. I have done the hard work, so she does not need to go through the process again. She only has to keep it as the way it is now.” (Charlie, CF, husband, Firm C).</p> <p>[47] “...I don't want her to worry about the business at such a young age, but it is impossible for me to say that I don't want her to take over someday...we build this (the business) for her.” (David, CF, husband, Firm D).</p> <p>[48] “I want her to explore her interests first; however, she still needs to understand business because even though she doesn't run the business, she needs to be able to evaluate it as an owner.” (Ethan, SF, Firm E).</p> <p>[49] “He can do whatever he wants with his life... I would pass my ownership to him eventually, but I do not want to push him to be the manager. I want all the second generations to be involved, to have a chance, so that the business could move forward in a healthy way with no major conflicts.” (Frank, SF, Firm F).</p> <p>[50] “I hope all of them (the 2nd generation) could become strong leaders...we will be bigger and bigger and will need more leaders in the future.” (Garry, SF, Firm G).</p>

Chapter 4

		<i>[51] “They (2nd generation) will be the future...they still need to learn but I can see their effort and I am relieved that I have many capable people to count on in the future.” (Harry, SF, Firm H).</i>
Smarter investment	Investing in projects based on profit rather than ego.	<i>[52] “It (the business contract) can raise our profitability...” (Amy, accountant, cousin of CF wife, Firm A). [53] “We actually did not have that much time to consider that contract, but we took it eventually because of the high profit.” (Barbie, Senior sales Representative, daughter of CF wife’s friend, Firm B). [54] “...the online business was actually quite profitable...It made things much easier and allowed us to cut some unnecessary costs.” (Claire, E-business manager, daughter of CF, Firm C). [55] “Our production volume is lower, but our profitability became higher.” (David, CF, husband, Firm D). [56] “The interior design business is still quite profitable, that is why we included this part of the business and kept it for years.” (Emma, client manager, cousin of CF wife, Firm E). [57] “Although it (a project) was a big smaller than what we used to do but the profit is high, and the construction time is very short, which brought us extra cash very quickly.” (Fred, CEO, nonfamily, Firm F).</i>
Killing unprofitable projects	Shutting down projects that are costing instead of making money.	<i>[58] “We shut down our hotels...they haven’t been profitable since the beginning. It was ok to keep them before the restricted policies but now we need more cash to help our core business.” (Fred, CEO, nonfamily, Firm F) [59] “The restaurants had to be shutdown...I started the restaurants only because I thought they made me look good, but they weren’t profitable at all and I had to learn to let go of unnecessary costs.” (Garry, SF, Firm G). [60] “...we sold the media business eventually because we are really not good at it and it only cost money.” (Hanson, general manager, son of SF, Firm H).</i>
Cutting cost	Cutting cost to ensure profitability or liquidity.	<i>[61] “...actually, letting them (some employees) go could reduce the cost...I just have to take a bit more work load. The truth is that the business isn’t what it used to be...” (Abby, CF, wife, Firm A). [62] “...we moved to a much smaller office, which saved us almost 50,000 CNY per year. I was not a lot, but every bit of cash could help our liquidity.” (Beth, CF, wife, Firm B). [63] “We chose a smaller factory...the reduced cost actually helped our cash flow a lot.” (Daisy, senior sales representative, friend of CF wife, Firm D). [64] “The interior design business actually saved us some money in the long run.” (Emma, client manager, cousin of SF wife, Firm E). [65] “We have to shut down the hotels...the cost of maintaining the hotels actually helped a lot with our cash flow problems.” (Fred, nonfamily CEO, Firm F). [66] “Running our own property management business is much cheaper than hiring other businesses.” (Helen, property manager, niece of SF, Firm H).</i>
Exploring new products/markets	Investing in new products or new ventures in unfamiliar markets.	<i>[67] “I want to try to explore something new...I did it because I saw a demand and no other business is providing the service.” (Ethan, SF, Firm E). [68] “...fingered citron (a plant) can be used as food, medicine, even decoration...I like to explore new things, so I bought a farm to grow them. (Frank, SF, Firm F). [69] “My father (founder) started to learn holiday resort...although it would be challenging and risky.” (Grant, general manager, son of SF, Firm G).</i>

Chapter 4

		<i>[70] “My father encourages me to try something new by myself... I am investing a small software business now... we could acquire them in the future if things go well.” (Hanson, general manager, son of SF, Firm H)</i>
Expanding existing business	Seeking and capturing new opportunities within their core business sector.	<i>[71] “Once I have succeeded, I wanted to take another one (similar project).” (Ethan, SF, Firm E). [72] “...it is just too difficult under the new policies...we still try to look for new project because we still have unsold properties. Once they are sold, we would have enough cash to start something new, but it is probably going to be much smaller than what we used to do.” (Frank, SF, Firm F). [73] “Generally speaking we aim to have at least one new project every two years...we are still looking for projects even though the policies are not in our favor...we still have cash to invest...” (Grant, general manager, son of SF, Firm G). [74] “...we are launching another hotel project, hopefully, in the next year...” (Harry, SF, Firm H).</i>
Improvement of existing business	Using new technologies or new secondary business to innovate the business model.	<i>[75] “We easily increased our profit margin in three months with our new online distribution...we basically sell these products close to retail price online, and people still think it is cheaper...” (Claire, E-business manager, daughter of CF, Firm C). [76] “I used to hire other businesses to design my residential buildings...we started our own designing business and then we can provide a full service from design to construction to the local government.” (Ethan, SF, Firm E). [77] “We invested in new technological devices to connect our project managers with our property managers.” (Fred, CEO, nonfamily, Firm F). [78] “...they (residents) always think you (developers) are responsible when they have problems with their properties, but in fact, the whole thing was managed by professionals...I think having my own property management business is the key to improve the service of our business. It also forces me to understand property management so that I could anticipate these little potential problems when I start my projects in the future.” (Frank, SF, Firm F). [79] “I invested in a software business on my own...my father (founder) is actually planning to update our business system with their software...” (Glenn, project manager, nephew of SF, Firm G). [80] “...our outdoor shower systems were out of date and probably was not that convenient in the first place...We bought the newest outdoor shower systems for our hot spring resorts in 2013 and we are still looking for new ways to improve.” (Hanson, general manager, son of SF, Firm H).</i>

4.4 Cross-Case Analysis: Findings

The case overview (Table 7) shows that between the years 2010 and 2015, SF firms had three or four new projects, while the CF firms had fewer to none new projects, with the exception of firm D. SF firms clearly showed a stronger intention in entrepreneurial behaviour. It is important to clarify that among five new projects of firm D, only one of them was started as an improvement of existing business. The other four were replacement business contracts, signed with four new smaller business partners after the end of a large business contract. They were never signed with an intention to grow the business, and the production volume and profitability remained similar for firm D during 2010 to 2015. Our cross-case study analysis revealed that the initial set-up at the founding stage of Chinese family firms acted as an antecedent of the interplay between the family and commercial logics, and that such interplay finally impacted on the entrepreneurial behaviour of these family firms. Particularly, the cross-comparative case analysis enabled us to distinguish two types of family firm set-ups at the founding stage, CFs and SFs, which had profound implications with regard to what, and how, values and goals shaped family and commercial logics, and impacted on their subsequent entrepreneurial behaviour. Four major differences emerged from our data analysis. First, CFs' view of *being a family* focused on the *nuclear family unit*, including the couple-founders and their only child, while SFs focused on an *extended family unit*, including the single-founders' siblings, cousins, their children and even close friends. Second, CFs' view of *intergenerational value* focused on the only child, while SFs' *intergenerational value* focused on every member of the extended family ties. Third, CF firms' *family trust* was restricted to the nuclear family (i.e. the couple and the only child), whereas SFs were prepared to trust members outside the nuclear family unit. Finally, SFs embracing the *paternalistic value* often facilitated entrepreneurial behaviour; by contrast, CFs' *marriage guiding value* often caused conflict, which ultimately hindered entrepreneurial behaviour (For a summary of the data analysis see Tables 10 and 11).

Chapter 4

CF Firms	Management continuity within the family	Continuity of family ownership	Child's higher education	Paternalistic value	Marriage as guiding value	Nuclear family unity	Extended family unity	Intergenerational value	Family trust
	Family Goals			Family Values					
CF-A	√	√	√	×	√	√	×	√	√
CF-B	√	√	√	×	√	√	×	√	√
CF-C	√	√	√	×	√	√	×	√	√
CF-D	√	√	√	×	√	√	×	√	√
SF Firms	Management continuity within the family	Continuity of family ownership	Child's higher education	Paternalistic value	Marriage as guiding value	Nuclear family unity	Extended family unity	Intergenerational value	Family trust
	Family Goals			Family Values					
SF-E	×	√	√	√	×	×	√	√	√
SF-F	×	√	√	√	×	×	√	√	√
SF-G	×	√	√	√	×	×	√	√	√
SF-H	×	√	√	√	×	×	√	√	√

Table 10. CF vs. SF family firms' pursuit of family logic

Chapter 4

CF Firms	Smarter investment	Killing unprofitable projects	Cutting cost	Exploring new product/markets	Expanding existing business	Improving existing business
	Profit			Growth		
CF-A	√	×	√	×	×	×
CF-B	√	×	√	×	×	×
CF-C	√	×	×	×	×	√
CF-D	√	×	√	×	×	×
SF Firms	Smarter investment	Killing unprofitable projects	Cutting cost	Exploring new product/markets	Expanding existing business	Improving existing business
	Profit			Growth		
SF-E	√	×	√	√	√	√
SF-F	√	√	√	√	√	√
SF-G	×	√	×	√	√	√
SF-H	×	√	√	√	√	√

Table 11. CF vs. SF family firms' pursuit of commercial logic

Family and commercial logics shaping entrepreneurial behaviour of CF family firms

CFs were started with a clear family goal, to provide benefits (financial and non-financial) to the nuclear family with an emphasis on the only child's well-being.

"I always felt inadequate when I saw the rich dads driving their little girls to school. We didn't want our daughter to give up anything just because of financial problems, so we decided to go for it (starting a venture as a couple). It is very satisfactory to know that we can take good care of our daughter. We only have this one child after all, we wanted her to have the best we could offer." (Charlie, CF, husband, Firm C).

In particular, providing the only child's higher education was a fundamental family goal, whereby starting the business was considered as the best way to secure funding for children's higher education (Table 9, quotes 13 to 16). All the four CF families had only one child, who were all attending/completing higher education degrees abroad. Amongst other family goals, CF firms also pursued the goals to *retain business ownership and management* within their nuclear family (Table 9, quotes 1 to 8).

Chinese CF firms came to operate under the One-Child policy that impacted on other family values, such as *nuclear family unity*, *marriage guiding value*, *intergenerational value* and *family trust*, which all influenced the way these firms had developed and engaged with entrepreneurial behaviour. CFs' view of being a family essentially focused on the nuclear family, including the couple-founders and their only child, thus setting close boundaries for the available family human capital (Table 9, quotes 29 to 32). Furthermore, the mutual trust and support, initially derived from marriage, were only available within the nuclear family's boundaries (Table 9, quotes 25 to 28). Such trust and support, which were paramount resources for the existence of CFs in the first instance, subsequently became a hindrance to family business development, since the couple-founders were not able or willing to trust/support immediate members outside the nuclear family, such as relatives or close friends. As a result, CF family firms were not able to afford additional investments due to the lack of inner-family human capital, which they seemed to exclusively rely on. In particular, once the only child had completed his/her higher education, entrepreneurial decisions were mainly guided by the well-being of that child. CF firms' view of *intergenerational value* focused on the only child was aimed at providing the child with future financial security, without the business being too onerous to the point of becoming a burden that could have compromised the child's overall well-being (Table 9, quotes 44 to 47).

“I had my wife to handle the clients and accounts, so it wasn’t too hard. I didn’t have anybody to manage a factory. You cannot even trust your brother these days...If I had another son, I would have bought at least one factory, but I wouldn’t let anybody else touch this business. Imagine what will happen after we retire, he (the only son) wouldn’t be able to control all of this by himself.” (Barry, CF, husband, Firm B).

Subsequently, the commercial goal of firm growth had to be aligned to the family goals and values shaping CF firms’ pursuit of family logic. Since running a larger business would have threatened the only child’s well-being and future control of the overall family business, CFs preferred to keep the business to a manageable size, while retaining its current profitability through *cutting costs* and pursuing *smart investments* (Table 9, quotes 52 to 55, 61 to 63).

“We had this dispute with a factory owner...we found two choices, first, we could buy a much bigger factory which was more than what we need and, second, we could reduce our production volume and rented a smaller one. After some discussion with my wife (who is also the accountant), we could even increase our profitability a little if we downsized, so we went for the second choice. We want to have a stable family business to pass on, so it was better not to take any unnecessary risks.” (David, CF, husband, Firm D).

Our cross-case analysis revealed a negative effect of the family logic on the commercial logic, in the form of *marriage guiding values*. CFs often compromised on entrepreneurial decisions to avoid potential conflicts and subsequent marital problems, because they needed to maintain the trust and mutual support from their marriage, which was paramount to the family business existence in the first place. Therefore, CFs tended to be reluctant to make quick decisions before they were 100% in agreement with each other (Table 9, quotes 25 to 28). The centralised *paternalistic values*, which facilitated entrepreneurial decisions in SF firms were absent in CF family firms; CFs needed more time to make entrepreneurial decisions. Such *marriage guiding values* often tended to cause lengthy discussions within the couple to achieve an agreement on new ideas; the latter were usually initiated by one member of the couple, and often given up after discussion, thus impacting on the subsequent entrepreneurial behaviour of CF firms.

Family and commercial logics shaping entrepreneurial behaviour of SF family firms

SF family firms were founded by single-founders, who at the time of founding the firm, unlike the CFs, were alone (i.e. without spousal involvement) and mainly driven by their commercial logic, particularly their personal ambition of pursuing firm growth, rather than just focusing on the only child’s well-being. In contrast with CFs, SFs held an ‘extended’ view of the value of *being a family*: it included not just the nuclear family members, i.e.

the married couples and their child, but also their siblings' families, cousins and close friends (Table 9, quotes 33 to 36). SFs were on their own at the founding stage, thus bearing all the negative emotions that the start-up stage usually involves (Morris *et al.*, 2010; Stanley, 2010). As firms grew bigger through their entrepreneurial endeavour, SFs increasingly needed more support and trust that, unlike CFs, they were willing to give to, and receive from, the extended family members (Table 9, quotes 41 to 43). Hence, SFs were willing to seek additional human capital beyond the boundaries of the nuclear family. The value of *family unity* was also considered as very important, both personally and emotionally, by SFs, who required positive motivations and emotions from the extended family to continue to secure firm growth.

“Building a business alone was terrifying and frustrating but I was young and ambitious, so I basically powered through all the difficulties by myself. At some point, I don't think your own ambition can sustain your goals anymore...I needed them because they (family members) put my mind to ease so I can keep pursuing my goals. After all these years I can still keep working hard because I know I can trust them (family members) to stand behind me and I know I don't have to be alone in this ever again. I do need their help to grow my business, but it is not just my ambition anymore, it is also a home for all of us.” (Garry, SF, Firm G)

Therefore, the SF view of *intergenerational value* was very inclusive, focused on all members of the extended family and even including the next generation's close friends. Such inclusiveness provided motivation for younger generations to get actively involved with the family business, since the potential successor was never pre-determined by the SFs (Table 9, quotes 48 to 51).

“...his (the only son) future is totally up to him, but he needs to be capable if he wanted to take over the business. I believe his cousins would all be capable by the time I retire. I never thought it would be a good idea to openly nurture my own son anyway. I don't want anybody to think that they are just working for my small family, no, the business wouldn't go this far without the effort of all of us in the big family (Ethan, SF, Firm E).

SFs were also committed to the goal of retaining ownership of the business - yet, in contrast to couple-founders, within the extended family - with a clear intention of passing the ownership to the next generation (Table 9, quotes 9 to 12), which showed that SFs met the criteria for family businesses.

“I slowly offered ownership to my son and his cousins over the years...technically I am working for them because the business will be theirs after all.” (Harry, SF, Firm H)

To acquire additional resources continuously from the extended family, SFs' pursuit of commercial logic becomes intertwined with family logic. Particularly, *exploring new products/markets* and *expanding existing business* increased SF firms' size and diversity so that more family members with different skill sets and education could be involved within the family businesses (Table 9, quotes 67 to 70). Subsequently, as more family members got involved, it became easier for SFs to seek continuous growth, due to the increasing levels of in-family human capital, trust and support. Hence, family and commercial logics complemented each other and enabled continuous firm growth.

"...he (the SF) always wants us (the firm) to be bigger...he even invested in a small farm...More importantly, this farm also offers job opportunities for those distant relatives who are living in the rural area...he could do whatever he wanted (in terms of firm growth) because he knew he had enough man power to try anything." (Fred, CEO, non-family, Firm F).

In brief, these two types of Chinese family firms used different approaches to pursue family logic, which ultimately influenced their pursuit of entrepreneurial behaviour. SFs were, in contrast to CFs, influenced by *paternalistic values*. The SFs decided completely single-handedly, including those firms with non-family CEOs (i.e. Firm F). Because of the presence of paternalistic values, SF firms usually made quick entrepreneurial decisions, which resulted in faster firm growth (Table 9, quotes 21 to 24).

"We would never grow so fast without his bold actions. If it was up to me, I would take my time before I make any decisions and probably refuse half of the projects, but I would also be regretting about the chances I missed, and we would be only half the size." (Fred, CEO, non-family, Firm F).

Such *paternalistic values* did not seem to cause any conflict due to the trust and mutual support existing between the SFs and their (nuclear and extended) family members. In particular, *paternalistic value* was considered an important family value amongst SF firms, since the SF was perceived as the 'father figure' who embedded the family values which all the other family members valued and respected (Table 9, quotes 21 to 24). In return, family members provided full support to SFs' decisions, as they knew that the leader who cared about the family would not put them in jeopardy. Informants also expressed admiration towards strong business leaders who were able to overcome difficult situations alone and continued to grow the firm.

"I trust his (single-founder) instinct...I wish I could be like him someday...no matter how difficult the situation was he always found a way to overcome it and made things look easy, so we wouldn't worry." (Finn, Head of property management, nephew of SF).

4.5 Discussion of the Findings

Our study investigates the interplay of family and business logics in the Chinese context of family businesses, and how it impacts on their entrepreneurial behaviour under the One Child policy. The abductive research approach led us to identify two different types of Chinese family firms – couple-founder (CF) and single-founder (SF) family firms – which differed significantly regarding the interplay of family and business logics and their impact on entrepreneurial behaviour, which we explain in the subsequent discussion. Our study makes the following contributions to the scholarly debate on family business, institutional logics and entrepreneurial behaviour.

Initial set-up as a new dimension of heterogeneity. We contribute to the increasing recognition of heterogeneity in family business research (e.g. Chua *et al.*, 2012) by adding the initial set-up as a new dimension of heterogeneity amongst Chinese family businesses. Scholars have emphasised that heterogeneity accounts for differences in family firms' behaviour and outcomes (Chua *et al.*'s, 2012). Our qualitative findings add insights on the antecedents and consequences of these sources of heterogeneity by focusing on two forms of initial set-up at the founding stage of Chinese family businesses, couple-founders (CF) and single-founders (SF). Such set-ups differently impact on the interplay of family and commercial logics with consequences on what types of family/commercial goals are pursued, how resources are gained and how entrepreneurial behaviour is manifested. Extant family business literature has focused on the comparison of CF family firms with single (or lone)-founder *non-family* firms (Miller *et al.*, 2011; Cannella *et al.*, 2015). Thus, the distinction between couple-founder and single-founder *family* firms, and the analysis of their differential entrepreneurial behaviour is a contribution to the heterogeneity debate (Jaskiewicz and Dyer, 2017; Nordquist *et al.*, 2014). Furthermore, we have taken the context into account and demonstrated how China's One-Child policy affects local family businesses (Chrisman *et al.*, 2014). We have showed that family businesses operating in the same institutional context dealt with this institutional constraint in very different ways: CF founders coped with this constraining policy by keeping their firms small and manageable for the successor, their only child, whereas SF founders involved as many members of the extended family as possible to sustain growth. The family business strategies to cope with the effects of China's One-Child policy are particularly relevant, given the fact that Deng *et al.*'s study of Chinese SMEs revealed that these firms struggle to recruit and retain skilled non-family employees (Deng *et al.*, 2013), possibly as a result of the relatively low-levels of

outsider trust in collectivist societies such as China (Sauerwald and Peng, 2013; Sharma and Chua, 2013). We now examine in more detail the implications of each set-up antecedent to show how the initial set-up impacts on the logics' interplay and entrepreneurial behaviour.

A. The antecedent of the CF initial set-up. CF family businesses' initial foundation is predominantly shaped by the family logic that, under the influence of the One Child policy, is inclusive of the values of nuclear family unity, family trust embedded in the nuclear family members and the only child intergenerational value. Such family logic has implications on the specific goals that are pursued by CF family businesses, as evidenced by an exclusive focus on the only child's higher education, continuity of business management and ownership within the nuclear family.

In such a set-up, commercial logics could be aligned with family logics to some extent, but this interplay remained shaped by family logics. For CFs, the main trigger for setting up a family firm was to make profits to finance the only child's higher education abroad; that is, the business logic served the family logic. Since this family goal put pressure on the CFs to reach and sustain profitability, the two logics were initially well-aligned. The completion of the child's higher education changed the logic's interplay. The overriding family goal became to keep the business not only profitable, but also small enough to be manageable by the child as the only future successor. Business growth is a rather unsuitable commercial goal for CFs, as it might work against the intergenerational value of the only child who, in the future, might not be able to cope with the burden of running a larger business and retaining management control within the nuclear family. Smart investments and cost cutting became the commercial logics that served the dominant family logics. Furthermore, three aspects of family logics increasingly came to the fore, clashing with business logics: first, the fact that trust remained confined to the nuclear family prevented the CF firms from involving members of the extended family in the business, thus limiting business growth; second, the marriage values of couple-founders led to slow decision-making processes; third, the intergenerational values led to risk-averse attitudes towards growth. To sum up, CF family firms were mainly influenced by family logics. Commercial logics could be aligned to family logics to some extent, but remained constrained by family logics.

B. The antecedent of the SF initial setup. By contrast, SFs were initially heavily influenced by business logics. Starting the business was more motivated by the single founder's ambition to pursue firm growth than the only child's well-being. As firms grew bigger, emotional support became increasingly important for SFs. Under the One-Child policy, SFs were increasingly pushed to seek resources beyond the boundaries of the nuclear family. For instance, they increasingly included extended family relatives and friends in their businesses to obtain that additional emotional support. This indicates a change in the interplay of the two logics, in that the family logics increasingly became more influential. Such interplay between the two logics pushed SFs to increase the size of the business to employ several members of the extended family with different qualifications; indeed, SFs explored new products and markets, as well as expanding the current business to realize that goal. Thus, business logics served family logics. For instance, the acquisition of a small farm in a rural area was not the most profitable investment opportunity, but was certainly motivated by consideration of specific family members' needs. On the other hand, family logics also served business logics. as they facilitated the recruitment of loyal employees to sustain business growth. The whole process was supported by paternalistic values: SFs took care of family members beyond the confines of the nuclear family; in return, family members fully supported the concentration of the decision-making authority in the SF. Thus, SF entrepreneurial behaviour was shaped by family and business logics which became closely intertwined over time.

C. Varieties of family patterns. Family business scholars have pointed to the increasing variety of family patterns within and across modern societies (Aldrich and Cliff, 2003; Jaskiewicz and Dyer, 2017). Family categorisations in the extant family business literature tend to focus on objective criteria, such as legal and biological aspects. In contrast, our study shows that diverse family patterns and structures are socially constructed (Berger and Luckmann, 1971). The eight Chinese family businesses did not differ regarding objective family structures; all families had only one child. The crucial difference between the CFs and SFs was their different notion of family. While the CFs did not even consider siblings as part of the 'business relevant' family, the SFs considered even extended family members as part of the family that was relevant in business terms. While the family business literature has suggested that family structures can be changed through 'pruning' (Lambrecht and Lievens, 2008) or adoption (e.g. Mehrotra *et al.*, 2011), diverse family structures resulting from differential social-constructivist interpretations have not yet been

considered, thus offering theoretical and practical insights for future research in emerging economies.

D. Temporal dimension of heterogeneity. Chrisman and Patel (2012) argued that owners and managers who attach more importance to long-term family goals are likely to invest in risky long-term projects. Our findings extend their argument by showing that it is important to consider the peculiarities of institutional settings, particularly in emerging economies like China, where the definition of ‘long-term’ might be different from the definition of the ‘long-term’ held by family businesses in developed economies. Long-term versus short-term orientations are usually an attribute of national culture (Hofstede, 2001). Zahra *et al.* (2004) identified long-term as a dimension of organizational culture that can contribute to distinct advantages in family firms. Our finding of the initial set-up as a new source of family heterogeneity may lead to different views of the long-term. CFs and SFs held different views of the long-term, which was dependent on the nature of their family/business goals in such set-ups. CFs’ view of the long-term seemed to be determined by a limited vision focused on the time necessary for the completion of the only child’s higher education. By contrast, SFs’ view of the long-term was mainly determined by the goal of business growth to create a sustainable business, which constantly created opportunities for extended family ties. These differing views of the long-term impacted on Chinese family firms’ entrepreneurial orientation. Lumpkin *et al.* (2010) found that innovativeness, proactiveness and autonomy are more likely to thrive in a climate where long-term values are favoured; and that risk taking and competitive aggressiveness are less likely to be highlighted in companies that manage for the long-term. Yet, they also highlighted that the entrepreneurial orientation of family businesses is rather complex, in that it is multi-dimensional. Hence, we add to this debate on integrating entrepreneurship literature with family business research, by pointing out that the initial set-up influences the nature of the long-term and longevity of family businesses in China. Under these circumstances, CFs, which are concerned about the overall well-being of their own child, seem to be more risk-adverse and less entrepreneurial than SFs; yet they are still committed to passing their business on to their children. By contrast, SFs, which are committed to business growth, seem to be more proactive, innovative and risk-taking. Also, risk-taking might be associated with the way that SFs started their businesses: SFs started their businesses alone, often feeling frustrated and without the initial support that could have emanated from marriage. Such negative early emotions are found to be associated with higher levels of risky behaviour with long lasting effects (Morris *et al.*, 2010; Stanley, 2010).

Family involvement and Socio-Emotional Wealth (SEW). Although China is increasingly moving towards a market economy under which self-interest and personal economic advancement are gaining in importance (Kim and Gao, 2013), the heavy reliance on family members, either in the CF's nuclear or SF's extended family, is indicative of the strong familial culture and relevance of Confucian values and norms (Kim and Gao, 2013), with implications on the nature of SEW in Chinese family businesses. Schulze and Kellermanns (2015) argue that "*in economies where family groups are prominent (e.g. China, India), the desire to maintain SEW may be particularly pronounced*" (2015, p. 454). There are strong indications that the behaviour of the Chinese family firms in this study was guided by SEW considerations, especially regarding transgenerational control, benevolent social ties, and emotions and affect (Zellweger, 2017). Both CFs and SFs intended to pass the business on to the next generation. While CFs only regarded the nuclear family as the 'relevant' family and their child as the only candidate for succession, SFs regarded the extended family as the 'relevant' family and did not rule out other family members as potential successors. Regarding benevolent ties, CFs only seized business opportunities if both founders supported the plan, to avoid internal conflict. SFs supported members of the extended family by generating employment opportunities, and these family members 'rewarded' the founders by fully supporting their business decisions. Regarding positive emotions, all founders benefited from their family businesses: CFs derived positive emotions from enabling their children to study abroad; while for SFs, the support and trust of family members being employed by the business was emotionally very important. In sum, this study shows that even family firms operating in the same institutional and cultural context can have quite different SEW goals, whereby dimensions of heterogeneity, such as the initial set-up should be considered.

In the recent search for a more 'positive' theory of SEW to counterbalance the negative view of the conflict between socioemotional and financial goals (Gomez-Mejia *et al.*, 2018), and given the fact that family firms are the dominant form of economic organization across the world, Schulze and Kellermanns argued, "*research that explains how, why, and when SEW might have a positive impact on the firm's financial and economic performance has yet to be developed*" (2015, p. 451). The findings of our study might give some inspiration for the development of such a theory. Both CFs and SFs provided examples of how SEW can support business goals, although we did not measure the performance of our case firms. In the case of CFs, the SEW goal to finance the children's higher education abroad provided additional motivation to make a profit. In the case of SFs, the founders'

need to receive emotional support led them to create employment opportunities for the nuclear and extended family. This provided them with additional motivation to grow the business, with a significant supply of highly motivated and loyal employees - their family members. Given that SMEs in the Chinese context struggle to attract and retain high-value employees, such a SEW goal could contribute to the economic vitality of family firms (Deng *et al.*, 2013) in China and other institutional contexts characterised by constrained access to resources.

4.6 Conclusions

This research has examined how family and commercial logics impact on the entrepreneurial behaviour of the first generation of Chinese family businesses under the One-Child policy and provides theoretical and practical contributions. The findings contribute the 'initial set-up' as a new dimension of heterogeneity in family businesses, to show that two types of founding structure, CF and SF, impact differently on the interplay of family and commercial logics, with subsequent implications on the types of family/commercial goals that are pursued, how resources are gained and how entrepreneurial behaviour is manifested. The findings contribute to the variety of family patterns in modern society (Aldrich and Cliff, 2003; Jaskiewicz and Dyer, 2017) by adding a social-constructivist perspective (Berger and Luckmann, 1971) of family structures. They show how heterogeneity of such structures can exist in the same institutional context with varying implications on the view of the long-term, subsequent entrepreneurial behaviour and types of SEW goals that are emphasised, thus also offering theoretical insights for the development of a more positive perspective of SEW (Gomez-Mejia *et al.*, 2018; Schulze and Kellermanns, 2015).

From a practical perspective, this research provides insights into the practicality of managing family firms in an evolving society such as China, which is moving towards a market-capitalist economy. Close kinship ties might not be enough to ensure expected business outcomes in the future generations. SFs must be more attentive to organizational contingencies and open to adapting Western management practices to ensure continued loyalty and commitment from extended family members. This is important to avoid potential negative agency effects, particularly as more power is expected to be delegated from the owners-managers. SF family businesses are expected to hire more external managers or members to overcome the lack of family successors and drive growth under

the lasting effects of the One-Child policy. Furthermore, under the evolving economy and changing policies in China, it is expected that institutional level changes may also impact on the evolution of family businesses in China. Whilst the removal of the One-Child policy is a step in the right direction, the findings of this research suggest that the government should develop policies targeted more directly at CF family businesses to support the development of such groups of family businesses.

The study's findings can be generalised to contexts which present collectivist and Confucian types of culture. Although the type of family business considered here (i.e. family firms with only one child) is typical of the Chinese context, it does not represent the broad spectrum of types of family businesses in other developing countries, which makes the generalisation of the findings to these countries more difficult. The large size of the Chinese economy combined with the prevalence of family firms, however, compensates for this limitation. Our research did not address the performance-entrepreneurial orientation (EO) relationship in Chinese family businesses. However future research could investigate this relationship. Furthermore, the study highlighted the importance of mutual trust existing amongst family members (Sundaramurthy, 2008). Future studies focusing on Chinese family businesses could investigate the role of trust embedded in the interplay of micro-macro contexts, and its impact on entrepreneurial behaviour to account for different initial set-ups of family businesses. This research has focused on the individual level of future orientation, that of the founder-owner of the first generation family business. As Chinese family businesses continue to expand, future research might focus on other perspectives of time orientation of those involved in the business, for instance non-owner manager, children, etc.

Chapter 5. Paper 3

How do tensions become salient in family firms? A paradox perspective applied to Chinese family firms

Abstract

Previous paradox research focuses on organizational strategies that move from a reductionist ‘either/or’ thinking towards a ‘both/and’ perspective that addresses “contradictory yet interrelated elements that exist simultaneously and persist over time”. Among different types of business formations, family firms are particularly prone to face paradoxical tensions due to the combination of family and business systems. However, most paradox studies focus on salient paradoxes, thus neglecting factors that render latent tensions salient. Institutional theorists argue that the role of institutional context could provide valuable insights on the salience of paradox as competing demands arise at institutional level. This paper explores how paradoxical tensions in family firms become salient within the institutional context of China. Particularly, we found that, although family liquidity and firm growth paradox is rendered salient by the increased family involvement, such organizational conditions are only impactful when institutional changes occur. Furthermore, we also found that industrial reputation and family reputation paradox become salient after leaders have formed informal responses to the ambiguous formal institutions within the industry. However, such paradox could also become latent again as formal institutions mature, as acceptable behaviour is better defined. Our findings contribute to the existing paradox research by demonstrating that (1) narratives through retrospective sensemaking of individuals enables researchers to capture how latent tensions become salient, and (2) paradoxical tensions in organizations are revealed through interactions of environmental conditions at multiple level, i.e. institutional, organizational and individual levels. Such interactions are the determinants of the latency and salience of paradoxes.

5.1 Introduction

This paper aims to explore how paradoxical tensions in family firms become salient within the institutional context of China. Paradox theory has been increasingly adopted in both organizational studies (Smith and Lewis, 2011), and in family business research (Ingram *et al.*, 2014). Previous paradox studies primarily examined strategies that moved from a reductionist ‘either/or’ thinking towards a ‘both/and’ perspective that addressed “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith and Lewis, 2011, p.382). Such a perspective has fundamentally changed how organizational tensions are viewed (Schad and Bansal, 2018). However, in family business research, it is still predominantly argued that tensions are pervasive due to the contradicting nature of family and business systems (Stewart, 2003), and that non-economic goals are often satisfied at the expense of business goals (Gomez-Mejia *et al.*, 2007). Such a selective view did not provide consistent empirical findings; therefore scholars propose that paradox theory, as an alternative view, may add insights on the prevalent inconsistent empirical findings in family business research (Zellweger, 2017).

The existing organizational studies on paradoxical tensions offer insights on managing paradoxical tensions in organizations; however, the underlying assumption was that paradoxes are inherently embedded within a given organizational context due to the interplay between sub-systems (Lewis and Smith, 2014). Although, previous theoretical discussion suggested that paradoxes may remain latent until environmental conditions such as plurality (Donaldson and Preston, 1995), change (Luscher and Lewis, 2008) and scarcity (Smith, 2014) render them salient, the role of institutional context that creates opposing institutional expectations has rarely been addressed (Smith and Tracey, 2016). Due to the underdeveloped and fast changing institutions in transition institutional contexts such as China (Smith and Tracey, 2016), actors may not easily perceive the tensions. Cultural aspects that inform individual framing differently across different cultural contexts may also shape the salience of tensions (Zhang *et al.*, 2015). However, to date, most paradox studies focus on salient, perceived tensions, ignoring the latent tensions (Schad and Bansal, 2018), which can be rendered salient by a given institutional context (Smith and Tracey, 2016). Thus, we address these gaps by answering the following research question: how do paradoxical tensions become salient in family firms?

This study adopts a qualitative approach and builds four narratives for four family firm leaders operating in the Chinese real estate developing sector. This approach enables us to

not only focus on the tensions that are inherently embedded within a family firm, but also the cognitive process of how and why leaders perceive certain tensions through a discussion of the broad institutional context, and how leaders respond to them (Dawson and Hjorth, 2012). We are able to establish the influence of specific environmental conditions that trigger organizational conditions, and have influence on actors' individual framing. Our narrative analysis revealed two themes: (1) the salience of family liquidity vs. firm growth, and (2) the salience of industrial reputation and family reputation.

We found that in Chinese family firms, tensions are not only inherently embedded within the organizational level, but are also mediated by the broad institutional context. Although the latent liquidity and firm growth tensions became salient when more family members were involved, the relatively immature formal institutions enabled leaders to pursue entrepreneurial activities without sacrificing family elements, thus satisfying both of the opposing demands. However, as formal institutions matured, leaders' ability to grow, diversify and raise cash became limited, thus triggering liquidity and growth tension at the transitional level. Additionally, our findings also show novel and unique industrial reputation and family reputation paradoxes that were latent until the leaders adopted an ambiguous way of conducting business, which contradicted the value of family image. However, such tension slowly became latent again as the formal institutions matured.

In the following sections, we first review the organizational studies that adopt a paradox perspective, how such a perspective is linked to family business research, and how an institutional level of analysis could contribute and broaden our understanding. Then we introduce our research context and give the rationale for our research design. Next we present the narratives, which are followed by the findings and discussions. Finally, we conclude our study with a promising future research path.

5.2 Theoretical Framework

5.2.1 Paradox Theory and Organizational Tensions

Organizations face competing demands on a regular basis in our increasingly interconnected and fast-changing world, such as exploration and exploitation (Andriopoulos and Smith, 2009; Smith and Tushman, 20005), global and local demands (Marquis and Battilana, 2009), and economic and social performance (Costanzo *et al.*, 2014; Margolis and Walsh, 2003). When framing tensions in organizations, linear and

unidirectional solutions are often adopted, as individuals seek consistency in cognition (Cialdini *et al.*, 1995), and experience confusion and anxiety when they face contradictions (Lewis, 2000; Schneider, 1990). This approach often results in defensive reactions where individuals only attend to one element to avoid inconsistency, and fail to recognise the interrelatedness of both sides of the tension (Jarzabkowski *et al.*, 2013; Smith and Tushman, 2005). Such defensive choices can fuel vicious cycles over time, as engaging only one element of the tension constantly triggers demands on the other (Andriopoulos and Lewis, 2009); thus, decision-makers may be paralysed by a choice between alternatives, which could consequentially threaten the fate of an organization (Jay, 2013; Smith *et al.*, 2011).

To avoid such vicious cycles and seek virtuous cycles, paradox theory has been increasingly applied in organizational studies, as scholars started to acknowledge that the selective approach may only aid short-term performance, but lacks long-term sustainability (Lewis, 2000). Such a line of research primarily considers how organizational participants are able to move away from a reductionist ‘either/or’ thinking towards a ‘both/and’ perspective, whereby they acknowledge the conflict and contradictions, but also appreciate their interrelated nature (Smith and Lewis, 2011; Smith and Tushman, 2005). For example, *acceptance* enables individuals to acknowledge the existence of paradoxes (Lewis, 2000), and to recognise and embrace conflicts without resolving the tensions (Smith, 2014). *Differentiation* refers to acknowledging the independence of each element (Smith *et al.*, 2011; Weick *et al.*, 1999). *Integration* involves the development of a novel synergetic approach that addresses both the opposing elements of a paradox (Cuganesan, 2017; Smith and Tushman, 2005). These studies address paradoxical tensions based on the assumption that tensions are inherently embedded within a given organizational context due to the interplay between complex, dynamic and ambiguous systems (Smith and Berg, 1987; Lewis and Smith, 2014).

Although paradoxes may exist in any organizational form, they are more pervasive in family firms, as the juxtaposition of competing yet complementary systems of family and business creates “an additional layer of complexity...that the tasks and priorities involved in learning to manage a family business lead to specific and enduring paradoxes” (Moore and Barrett, 2002, p.32). However, to date, family business research largely views family and business as mutually exclusive forces that require leaders to choose whose interests come first: business or family (Tapias and Ward, 2008). Aligning with the assumption of paradox theory, tensions are also largely viewed as inherently embedded within family and

business systems as “respectively, long-term generalised reciprocity and short-term balanced reciprocity” (Stewart, 2003, p. 383). Such unique organizational conditions do create tensions; for example, conflicting demands may stem from the plurality of internal and external stakeholders (Donaldson and Preston, 1995), and the change of new capabilities may sacrifice existing competencies (Luscher and Lewis, 2008). Specifically, family firms may have to hire professional managers to attract non-family investors for firm growth (Ilias, 2006); thus conflicting demands are triggered between family and non-family stakeholders (Pagliarussi and Rapozo, 2011; Young *et al.*, 2008). Increased family involvement may also trigger particularistic demands among different family members, especially when a family firm matures and potential successors value different strategies (Miller *et al.*, 2007). Strategies that have worked in the past are likely to be treated as traditions; thus leaders may face conflict when change is needed (Ward, 2009). Furthermore, the tradition-change tension is likely to persist through generations. As the founders are often creative, risk-taking and innovative, subsequent generations may rely on them, or feel constrained by the existing routines and norms, and thus fail to foster innovation and firm growth (Arregle *et al.*, 2007; Zahra *et al.*, 2008).

Particularly in consideration of the ‘family interest’, scarcity challenges family firm leaders to meet competing demands with limited resources (Smith, 2014). The reciprocal bonds seen within families and associated collective benefits (Cruz *et al.*, 2012) motivate family firm leaders to attend the wellbeing of family members (Brickson, 2005, 2007). As a result, family firm leaders may have to increase their ability to raise cash for family needs, thus reducing the firms’ ability to actively engage in entrepreneurial activities (Ingram *et al.*, 2014). Such a view seems to be in line with the fundamental assumption of paradox theory, which suggests that tensions are inherently embedded within a given organizational context due to the interplay between complex, dynamic and ambiguous systems (Lewis and Smith, 2014). However, scholars have recently argued that such a partial view only focuses on perceived tensions, while largely neglecting the underlying reality regarding latent tensions (Schad and Bansal, 2018). Although scholars have addressed increased plurality, change and scarcity in the environment, and how individual framing and lived experiences (Ashcraft *et al.*, 2009; Schad and Lewis, 2018) help surface latent tensions (Smith and Lewis, 2011), little empirical effort has been expended in the general organizational and family business contexts.

5.2.2 Paradoxical Tensions: beyond organizational context

Under complex organizational conditions, it seems as though tensions inherently exist in family firms between the normative orders of family and business (Kellermanns and Eddleston, 2004; Stewart, 2003). Such a view leads to the critical assumption that non-economic goals are often prioritised compared to business goals (for a review of socioemotional wealth perspective, see Berrone *et al.*, 2012), and thus contradict economic gains and firm growth (Miller *et al.*, 2011). However, some scholars hold opposing views, and propose that family and business systems together could provide a better field for nurturing growth-seeking behaviours, as family longevity may breed innovativeness and proactiveness (Lumpkin *et al.*, 2010). Moreover, family goals could channel the stewardship behaviour of family leaders into unique strategies of resource allocation that positively affect economic performance (Chrisman *et al.*, 2004), especially in societies that value family interests highly, such as China (Kim and Gao, 2013). As national culture informs individual thinking (Keller and Loewenstein, 2011), Eastern scholars have recognised that paradoxical frames may be dependent on how national culture or belief systems emphasize contradictory and interdependent relationships (Chen, 2014); thus, within specific cultural contexts, tensions could be influenced at macro-level. Apart from cultural context, formal economic transition also creates macro-level contradictions that require organizations to react (Soleimanof *et al.*, 2018). For instance, Taiwanese family firms may fire family CEOs or hire professional managers to demonstrate their voluntary adoption of professionalization, in order to attract external financial investment to face growing competition in a reformed market (Su and Lee, 2013).

Indeed, recent scholars have pointed out that multiple pressures at institutional level is often neglected in the current paradox research domain (Smith and Tracey, 2016). However, as institutional pressures have long been established as a force to raise competing demands by institutionalists, (Greenwood *et al.*, 2011), an integrated view that combines institutional theory and paradox theory could advance our understanding on the underlying reality of latent tensions and how they become salient (Smith and Tracey, 2016).

5.2.3 Institutional Complexity and Paradoxes

Institutional theorists suggest that competing demands arise from the complexity of broader institutional pressures (DiMaggio and Powell, 1983, Friedland and Alford, 1991;

Greewood *et al.*, 2011). Organizations and their leaders often face competing demands because they adhere to expectations from multiple institutional pressures that provide guidelines for acceptable behaviour (Thornton *et al.*, 2012). Such competing institutional pressures are often neglected in family business literature because prior research usually examines formal or informal institutions separately (Soleimanof *et al.*, 2018).

Formal institutions are often discussed in transition economies, where family firms emerge as a rational response to less developed formal institutions (Carney, 2005). Entrepreneurs are unable to acquire resources through market transactions efficiently due to weak capital markets, weak property rights systems, and inefficient contract enforcement (Webb *et al.*, 2015); therefore hiring family members could provide a level of certainty in underdeveloped institutional contexts (Soleimanof *et al.*, 2018). Furthermore, in transition economies such as China, growing international trade, increasing flow of foreign capital and the entrance of multinational enterprises may force family firms to adopt more competitive strategies that drive professionalization (Lien *et al.*, 2016; Zhang and Ma; 2009). Family firms may hire professional managers to meet the increasing competition (Chung and Luo, 2008a) and attract external investments for growth (Ilias, 2006; Su and Lee, 2013). By complying with such formal institutional prescriptions, family firms may gain legitimacy, which allows them to access more favourable resources and opportunities (DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

However, competing demands arise when considering that family firms are also heavily influenced by informal institutions. For example, a reformed market that emphasises arm's length relationships may pose unresolvable conflicts in societies that value kinship and networking. For instance, in Chinese and Arabic societies, building long-term informal and flexible relationships with stakeholders is highly valued, and therefore deemed legitimate (Carney, 2007). Furthermore, the social beliefs and cultural values in the perception of family have a major influence on how family firm leaders treat family members (Soleimanof *et al.*, 2018). For instance, in African societies, providing jobs for extended family members is a social obligation (Khavul *et al.*, 2009; Khayesi *et al.*, 2014). Similarly, in China, the traditional Chinese culture of Confucianism promotes "unity" and "collectivism" (Qian *et al.*, 2013), which drives family firm leaders to make decisions based on family harmony rather than economic gains. However, such contradiction derived from the clash between economic transition and cultural pressures can only be revealed through individual sensemaking.

Furthermore, tensions can be salient and well understood by leaders (Smith and Tracey, 2016) in mature institutional environments, which are relatively stable and unlikely to change (North, 1990). By contrast, transitioning institutional contexts are filled with under-developed institutions that usually change drastically (Puffer *et al.*, 2010). The unpredictable changing institutions may cast competing demands in flux, and constantly offer unclear prescriptions to guide organizations' behaviour (Smith and Tracey, 2016). As there is no relative clarity about which competing demands are salient, how actors perceive, and frame tensions is particularly important in such contexts. As national culture informs individual thinking (Keller and Loewenstein, 2011), cultural factors have tremendous influence on individual framing of tensions. For instance, Zhang and colleagues' (2015) "paradoxical leader behaviour" model found that Chinese leaders demonstrate comfort when facing contradictions, due to the deeply rooted yin-yang philosophy that emphasises "integration of two opposite cosmic energies" (Fang, 2012, p. 31). Such ability to embrace conflicts also positively influences their followers' role proficiency, adaptively and proactivity (Zhang *et al.*, 2015). However, to date, even though scholars have proposed that latent paradoxical tensions become salient through both environmental conditions and individual framing (Smith and Lewis, 2011), a direct call for future research has yet to receive enough empirical support with an emphasis on the institutional context. Only a few Eastern scholars have specifically linked Eastern philosophy with the perception of paradoxical tensions (Chen, 2014; Zhang *et al.*, 2015).

The biggest challenge to fill the discussed gaps is that the scholarly debates on environmental conditions manifesting competing demands are usually addressed through the lens of institutional theory, which assumes that individuals or organizations would choose to attend one of the competing demands to signal legitimacy (Greenwood *et al.*, 2011). This assumption seems to contradict with paradox theory (see Table 12), which views tensions by appreciating the interrelatedness of both elements without seeking immediate resolutions (Smith and Lewis, 2011).

Perspective	Paradox	Institutional complexity
Theoretical foundations	Cameron and Quinn (1988) Lewis (2000) Smith and Berg (1987)	DiMaggio and Powell (1983) Friedland and Alford (1991) Thornton (2004)
Source of tensions	Tensions are inherent in organizations. Triggered by increased environmental plurality, change, and scarcity, as well as individual sensemaking.	Tensions are merged from plurality of institutional pressures at the field and societal level.
Nature of tensions	Tensions are consistently contradictory and interdependent simultaneously.	Multiple institutional pressures are often contradictory but can be complementary under certain circumstances.
Response to tensions	Tensions persist overtime and cannot be resolved but can be sustainably managed and foster long-term success. Tensions can be managed through implementing acceptance, differentiation, and integration strategies to develop paradoxical thinking at organizational level.	Institutional pressures create challenges, external legitimacy and internal conflicts that require resolution . Institutional pressures can be managed through implementing effective structures at organizational and field level.

Table 12. Underlying assumptions: Paradox theory and institutional complexity

However, scholars have argued that consideration of institutional conditions has the potential to support paradox theorists' understanding of the salience of tensions (Smith and Tracey, 2016) through analysing both existing institutional pressures, and how actors make sense of paradoxical tensions; hence, providing a stronger theoretical basis for the understanding of the nature of paradoxical tensions in both the family business and general organizational contexts. Therefore, in this study, we aim to explore how paradoxical tensions become salient in family firms by adopting a narrative analytical approach to capture both the antecedence of salient tensions and individuals' sense making.

5.3 Methodology

5.3.1 Research Context

We apply a narrative approach to explore how tensions become salient in Chinese family firms, as this approach allows us to understand how family firm leaders realise the existence of tensions by focusing on complex, dynamic social interactions, which are prominent to the process through which the founders perceive tensions in family firms (Dawson and Hjorth, 2012). The unit of analysis for this study is one family firm leader who currently operates in the Chinese real estate development sector. We chose the context of Chinese real estate development sector for various reasons: (1) The fast growth of this

sector provides sufficient data of behaviours that pursue firm growth, thus providing opportunities to explore contradictions against traditional family values that promote family needs; (2) Such a sector has experienced radical institutional change through the early 2000s to the present day, thus enabling us to explore how such institutional changes influence the latency and salience of tensions from a temporal perspective; (3) Chinese family firms usually have no separation in ownership and management, as both are closely held by family members (Cao *et al.*, 2015), thus facilitating analysis at the individual level and providing implications for firm behaviour as well. In selecting family firms particularly, we were guided by Chua *et al.*'s (1999, p. 25) family business definition, that is, "The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families". All the selected case firms, which are owned 100% by one family, explicitly expressed their intention of maintaining the family ownership across generations, and showed a considerable degree of family involvement in crucial management positions.

Our case selection was carefully focused on the family firm leaders' entrepreneurial stories that overlapped with dynamic institutional changes from 2000 to 2015 (for data overview see Table 13). Such changes included formal policies regarding financial and industrial regulations, and improvements in the rule of law. The number of core and secondary business projects undertaken provided an indication of the leaders' pursuit in firm growth. How tensions were described and balanced in both relaxed (early 2000s) and restricted (after 2010) institutional framework enabled us to account for a more comprehensive influence of the environmental conditions. This gave us the opportunity to explore if the leaders' perceptions of tensions and strategies for managing tensions were influenced by changing institutions.

In recent years, the Chinese housing bubble has received scholarly interest. Much of the effort attempts to gauge any potential mispricing by comparing actual market values of a property with predicted fundamental prices (e.g. Chow and Niu, 2010). The Chinese government issued a set of restriction policies to regulate the growth of such sector. For example, "*the developer must invest at least 30% of the gross construction budget before applying a developing loan; the development must start before the application of the developing loan*", and "*Starting from 1st May, every local registered family has the legal rights to purchase two new property; families that are not registered locally can only*

purchase one property. Families that already own two properties will not be granted a property ownership certificate for any new properties” had been issued against both buyers and developers in 2010 (State Council, 2010). State-owned banks also limited loan access for all real estate related activities from 2010 (without formal record). Furthermore, as there is no separation of the judiciary system from the governmental power retained by the Communist Party, private property in China is usually considered as a privilege which is offered by the government, rather than a right in its own merit (Puffer *et al.*, 2010). Thus, the industrial business model requires businesses to work directly with local

Name	Previous occupation	Core business	Founding year	No. of family employees (total no. of employees)	No. of real estate projects	No. of secondary business projects	Year of core business transition	New core business after restricted real estate policies
Alan	Loan officer at a state-owned bank.	Real estate developing	2002	12 (33)	5	3	2013	Real estate project planning service (collaborated with local government)
Barry	Deputy director of the local Bureau of Finance.	Real estate developing	2001	19 (41)	6	4	2013	Financial service business
Carl	Manager of a state-owned international trading business.	Real estate developing	2001	13 (39)	5	3	2014	Travel agency
Dave	Project manager of a state-owned construction business.	Real estate developing	2003	9 (29)	4	2	2015	Architecture business

government agencies, which are key stakeholders that provide the essential assets for real estate developments, the land.

Table 13. Data overview

5.3.2 Research Design

We adopted a qualitative narrative approach, which brings the reader closer to the phenomenon being studied (Gartner, 2007). The interpretive nature of narratives could help us understand the behaviour of family firm leaders by focusing on complex, dynamic social interactions, which are prominent to the process through which the founders perceived and framed tensions (Dawson and Hjorth, 2012). We built four narratives for each one of four family firm leaders operating in the Chinese real estate development sector (See Table 2 for data overview). Narratives were developed through qualitative data collected from face-to-face semi-structured interviews, which were divided into 16 interview sessions. Interview sessions were conducted separately on different days, and interviewees were asked to reflect on their previous stories in subsequent sessions to validate the initial sense-making. Each session lasted 86 minutes on average, with a few exceptions that extended to over 120 minutes or shortened to 40 minutes. All interviews were recorded by a recording device. Each narrative was based on stories of how the family leaders decided to pursue a series of entrepreneurial projects, by focusing the questions on (1) the relevant institutions that influenced entrepreneurial projects, (2) how such institutions and family conditions changed while the family firms were developing, and (3) how such changes affected subsequent entrepreneurial projects. The interviews were conducted as openly as possible, which allowed interviewees to recall past events without constraint, and provided retrospective sense-making for the interpreter.

The narrative method extended the relevant empirical scope and included the antecedents of (Gartner, 1993), and the origin of (Hjorth, 2007) the leaders' decisions to seek firm growth, while being able to align with their family needs simultaneously. It also allowed us to account for the evolving nature of how latent tensions could be rendered salient by changing environmental conditions, and/or individual cognitive framing (Smith and Lewis, 2011). Our data analysis adopted Dawson and Hjorth's (2012) three-step technique. First, explication. We reconstructed the narratives by summarizing (Czarniawska, 2004), from the interviewees' perspective, the researcher's own interpretation (i.e. what the researcher thought had happened, based on the told stories). Each summarization was translated back into Chinese, and then reviewed and confirmed by each interviewee. Second, explanation. Narratives were deconstructed for understanding 'how' the case had become (Czarniawska, 2004). For instance, if we saw a latent tension had become salient, we understood the 'how' by describing the antecedents and consequences of a series of events connecting cause and effect (DiMaggio, 1995). Third, exploration. We discussed findings

emerging from the first two steps (Dawson and Hjorth, 2012) by staging a conversation between central concepts from the theoretical framing, such as the definition of paradox and prevalent tensions in family firms, and stories from the field. Specifically, the data were first transcribed into text, translated from Chinese to English language and then summarized in chronological order to capture the change in Chinese institutions and the development of the firms. This process allowed us to gain insights on how tensions emerged, and were perceived and managed by Chinese family firm leaders.

5.3.3 Data Summary

We identified two major tensions: (1) family liquidity vs. firm growth; (2) and family reputation vs. industrial reputation. Table 14 shows emerged findings on how Chinese family leaders framed business and family elements under the influence of the Chinese formal and informal institutional context, and specific institutions in the Chinese real estate development sector. Through summarizing and deconstructing the narratives, patterns emerged through language indicators that referred to conflicting demands. Based on the chronology of the narratives, we identified changed or changing institutions that rendered latent tensions salient. Specifically, we identified the tension between family liquidity and firm growth through the leaders' realisation of conflicting demands when they faced lucrative entrepreneurial opportunities (see Table 15). We also identified the tension between industrial reputation and family reputation through leaders' personal experiences of how business was conducted (see Table 16).

Table 14. Individual cognitive framing

Entrepreneurial elements		
Codes	Description	Sample quotes
Social status	Being an entrepreneur is considered respectable	<p>[1] “Compare to other business owners, real estate developers would demonstrate another level of confidence and dominance. People respect them in terms of the ability to get things done, because behind all this money they make, it was a large scale of planning that took years of time and tremendous efforts.” (Alan)</p> <p>[2] “I always wanted to start my own business...we didn’t have IT and these new things 20 years ago; the most successful businessmen were all real estate developers. It is not just about the money, they also know all the important people in the local area, that is something people always look up to, the ability to play with everybody.” (Barry).</p> <p>[3] “I just felt that I had to take control over my life. In my mind, real estate developers always have the highest level of control. Construction businesses, marketing businesses, even customers have to get in line to do business with you at that time.” (Carl)</p> <p>[4] “Words spread very quickly. All of a sudden people who used to ignore me started to call me...Then I asked my brothers to quit their meaningless jobs and work with me and the increased social status has been reflected in their lives as well.” (Dave)</p>
Industrial reputation	Being a fierce competitor is encouraged in the real estate industry	<p>[5] “...all I thought was to make something big on my own and ignored the fact that I had very little control in the entire process...People would think I am a push over. Sometimes you don’t have to actually do things; you just show people what you are capable of doing.” (Alan)</p> <p>[6] “...but sometimes I also regretted that I didn’t teach company X a big lesson. Even though that would be a bit risky, it would establish my power in the business so nobody else would dare to play dirty with me again...” (Barry).</p> <p>[7] “I knew it was risky, but If I could make it work, people would see how strong my business is. Taking over the project basically sent a message to everybody in the city: we know the most powerful people so do not try to mess with us.” (Carl)</p> <p>[8] “I was fairly young at that time, so people did not expect me to be so tough...after that everybody knew I was not just some small-time developer that only wanted to profit from one or two project then enjoy my rich life. They (competitors) had to start being careful with me after that project.” (Dave)</p>
Self-efficacy	Being capable and hardworking is considered important	<p>[9] “...Being my own boss and pursue something big was certainly a way of compensating my capability as a man...of course as you are more capable, your family would expect more from you.” (Alan).</p> <p>[10] “Obviously, real estate developing is highly competitive, so you have to be capable and tough to stay in the business. I am the oldest son in the family, so naturally I bear more responsibilities and I am ok with it. If you are more capable, you should do more.” (Barry)</p> <p>[11] “I just wanted to do something new and challenging that can provide a good life for my family and give me confidence...I also did not plan to stop, I wanted to show my ‘audience’ that I can do much more, I can take care more people (extended family members).” (Carl).</p>

Chapter 5

		<i>[12] "I was desperately seeking a way to prove my capability...another way to show that is how much you can do for you extended family. If you are rich and your cousins are poor, then you are not doing a very good job and people would judge you." (Dave).</i>
Family elements		
Codes	Description	Sample quotes
Family financial freedom	Being able to support family including extended family	<p><i>[13] "I was so ashamed at that time; I had no job, no family, and probably was not seen as a man by everybody I knew anymore... I had nothing to lose then...If I want to establish my position in my daughter's heart, I had to do better than her mother. So, what could make me the most amount of money in the shortest time? Real estate! The worst thing that could happen was losing my pathetic savings." (Alan).</i></p> <p><i>[14] "This project did not just provide a better life for my family, it made me become the man of the entire family (extend). Two of my cousins worked for me on the first project and this success also brought joy and pride to their families. I had never felt so important before that." (Barry).</i></p> <p><i>[15] "I just wanted to do something new and challenging that can provide a good life for my family and give me confidence...I didn't consider it was risky because of the huge demand in the housing market and good policies. Besides, making my whole family live a better life always outweighs the financial risks." (Carl)</i></p> <p><i>[16] "I got spoiled because I was the youngest, so I felt like I owe my family and I wanted to take this responsibility. I had always been the 'successful one' in the family, but I did not feel like a successful or a capable son anymore... it motivated me to make more money, to become more realistic." (Dave)</i></p>
Family reputation	Being a leader of a harmonic organization that appear to be trustworthy and reasonable.	<p><i>[17] "I knew nothing about interior design but I needed to fill in the gap or a void generated from the first project. I want people to know that we have the ability to handle everything as a real estate developing business. I decided to take the step and acquire the interior design business, so that I wouldn't have to risk of being looked as some gangs that only demand things by violence. It is like we can win the war, and clean after the bodies by ourselves afterwards. Personally, it did not matter to me, but I cannot let other people stereotype my family." (Alan)</i></p> <p><i>[18] "You cannot play by the rules in this business because nobody does, at least not the strong ones...I was so angry that I didn't react fast enough (to the dispute with business partners). I was indecisive because I have to consider how it looks. My customers respect me and prefer to buy my property because we are a well-adjusted family business. If I did something too loud, yes, I would gain more respect and probably avoid all the same type of problems in the future. However, it would also intimidate my customers and potentially my family if they knew. I have to adapt the situation and re-shape my thoughts on this situation. Otherwise I would be stuck in anger and nobody would be happy to see me at work like that." (Barry).</i></p> <p><i>[19] "My cousin tried so hard to convince me (to intimidate the restaurant), that was my initial reaction as well. It is not easy to establish your authority in this business, you have to cross some lines to demand respect. I would say that would be 50% of how we run the business, we need to be scary. But I wanted to be the bigger person and show my family that I am not reckless. If I agreed with my cousin, what are we then? A group of thugs? Our (real estate developers) reputation grows worse daily because the government tries to blame the uncontrollable housing market</i></p>

Chapter 5

		<p><i>on us, I wanted things to stay as harmonic as possible so our family business would at least look different from others'.</i>” (Carl)</p> <p>[20] <i>“I found out that they have been giving out these projects to private developers for years just because outsiders will bribe the guy who was in charge...It disgusted me and made me very angry and hurt my self-esteem as an ex-military. I don't want people to see me or my family connected to that project at all.”</i> (Dave)</p>
<p>Harmonious working environment</p>	<p>Feeling responsible for creating a working environment that does not cause familial conflicts</p>	<p>[21] <i>“Honestly, I expected that somebody would at least show some level of disagreement, but none of them did. I was not sure if my method was working or they were just afraid...I increased their salaries and benefits again after the success of this project to make sure that they knew that I care about them and they can relax and be comfortable when they work for me.”</i> (Alan).</p> <p>[22] <i>“The longer the project was stalled, the guiltier I felt for my employees and my family. One of my cousins (his general manager) even offered his entire family savings... At some point I even felt like I did not deserve to be their leader anymore. My presence should make their life easier, I didn't want them to bear so much pressure around family members.”</i> (Barry).</p> <p>[23] <i>“I also had to make sure that everybody works in a friendly family environment, so I wasn't just inviting every relative to the family business. I have to make sure that people get along. Family disputes are ugly, and I don't want those to impede my business and damage the harmony in the work place. That is very important.”</i> (Carl)</p> <p>[24] <i>“One of the reasons that I had to include my brothers because they were too proud to accept my help, I mean financial help. Then I can appoint them at whatever position I want and pay them how much I want without hurt their egos. They were older than me after all, we all know that older brothers should take care of the family, not the other way around. So, I need to be delicate daily to avoid showing obvious special treatments. I also want other members to feel equal, so they would work for me comfortably. Do you remember that It was also the time that we (the Chinese state government) were promoting harmony in our society? I was implementing state's ideology in my business as well.”</i> (Dave)</p>

Table 15. Tensions' latency and salience: Family liquidity vs. Firm growth

Time period (Years)	Tensions' status	Individual framing	Environmental conditions	Cultural aspects	Representative quotes
2000 to 2005	Latent	Complementary	Relaxed industrial entry regulation	Family support	[25] "... (starting his own business) I had to time for my wife and child, we had to cut our expenses for a few years. I knew the sacrifice I had to make, or my family (nuclear) had to make, but they supported me 100%. The business was not that complicated (regulated), anybody can do it as long as you have the will power". (Alan)
					[26] "I used our (nuclear family's) apartment as guaranty for my first loan, but they (nuclear family) knew I would succeed...I was very confident because I had the knowledge that I needed, and it was not difficult to start anyway." (Barry)
					[27] "To be honest my wife was not supportive at first, but she agreed when she knew that my cousin could help me with the permit and licenses...now as I look back, that was a bit too easy for me. I could not believe that I got two street houses for commercial purpose with a residential permit. It would be impossible to happen now." (Carl)
					[28] "I had to take more responsibility for my family (extended) after that (father's health issues). I realised that if I succeed, I could make their lives (extended family) much better as well...I had so many experiences with real estate developers, it was very easy to start, but I knew I needed to be very determined to succeed." (Dave)
2005 to 2009	Early sign of salience	Complementary, but need to consider the increased need for cash	Dramatic industrial growth rate Underdeveloped industrial regulation	Extended family responsibility	[29] "Acquiring a secondary business is not a small matter, even though we have enough cash. It was only a small interior designing business, but I knew I would not stop there, and nobody expected me to stop there. On one hand, I need these trustworthy people (family members) to help me, on not only my business, but also on the sense of security, support, and motivation. On the other hand, more and more lives also depend on my decisions and I had to consider their financial needs. It looks difficult at times, but I always knew there would be some sort of conflicting needs and I am always prepared to deal with these situations." (Alan)
					[30] "Without them, I would not be able to achieve those things. Although some of them did not really help that much because everybody could do their jobs, their growing presence gave me extra drive to achieve more, to take more responsibility. However, I was also fully aware of the possibility of ruining the lives of so many family members if this project was a complete failure. Most people did not understand when I talk about this, they just think 'oh you are the boss so you can decide whatever you want, how hard could it be?' The reality is that it is very hard to balance these situations. Imagine if all of our cash is put on a new project, and suddenly my sister's son need money for his wedding and down payment for an apartment, what do I tell her?" (Barry)

Chapter 5

					<p>[31] “My supervisor let me take the blame...my business partner tried to steal money from our restaurant (in early 1990s)...You can understand why I have issues with trusting people. I am still very meticulous on hiring my own blood family members, and this is always a two-way thing. I offer them well-paid jobs and they support me on every level of my business...he (cousin) moved his entire family to this city and all of their lives depend on me, so whenever I have an idea, I always think about them first. There could be very costly needs, health, schools, anything, and imagine two or three families need money at the same time as more people are getting involved...I am not only the leader of a business, but also a leader in this family, so I have to be responsible for both sides.” (Carl)</p> <p>[32] “Both of my brothers quit their stable jobs to work for me, this is the highest level of responsibility I can think of. I think such responsibility also drives me to achieve more, because I am so close to them and they always treat me well throughout my life. I want my business to get bigger because I want to make all of them to have a better life, however, you know things could be tight sometimes. This is real estate developing; one big project could make us freeze for years. Of course, we would have enough cash for daily expenses, but things can go wrong anytime and life does not give warnings sometimes, or most of the times, plus the expenses were growing as I involve more family. The contradiction can keep up at night sometimes, especially when I see the potential of a big project, I knew if I did it, I will have to bear the stress and pray nothing serious goes wrong (to family members).” (Dave)</p>
2009 to 2015	Salient	Complimentary, but at the same time, contradictions become clear	Restricted industrial policies	<p>Harmonious family values</p> <p>Extended family responsibility</p>	<p>[33] “Before policies were restricted, I could simply justify my decisions with money. I can increase their salaries very frequently because we can borrow whenever we have a new project. All the cash could be prepared for family needs. But after around 2010, we cannot borrow anymore, at least not 100% legally. We would have very limited cash if we kept going forward, and people (extended family) knew that...I had to give them a peace of mind even though I was interested in so many projects.” (Alan)</p> <p>[34] “Things were not looking good for us, our cash was basically stuck with those unsold properties (due to the industrial policy restriction)... I knew some of them (extended family members) started to panic, so I had to slow down and make smart decisions to maintain the harmony within our family...the risk just became bigger and bigger if I keep going after the big projects.” (Barry)</p> <p>[35] “Even though I wanted very much, I could not continue seeking more risky real estate projects anymore due to restricted policies. I don’t want them (extended family) to be scared. I have lived through the days that I had nothing, but some of them are still quite young and their families also depend on me, so I had to make things easier for everyone, not just pursue whatever I feel like.” (Carl)</p> <p>[36] “It was already very difficult for us so the best I could do was to at least maintain what we have since we cannot borrow new money from the bank anymore. After all, my brothers’</p>

Chapter 5

					<i>families depend on this business, the whole family needs this business. I can put my own ambition aside for a while and we could always do something less risky to get by". (Dave)</i>
2015 to future	To be determined	Could be complementary, but the contradiction could still be present	Uncertainty of changing institutions	Extended family responsibility	<p>[37] <i>"You can see the policies are changing back a little in these two years. Although it is still very hard to get loans, at least it is a trend... Who knows? I still think I will start focusing on real estate again once the policies got a bit relaxed. We are very familiar with all the work, and as long as I still have this family (extended), I am always motivated to take necessary risks." (Alan)</i></p> <p>[38] <i>"I have to say that I was a bit scared after I failed my last project. But the good news is that our properties are start getting sold after 2016, which is a good sign. I asked them (employees, including extended family members), and all of them wanted to focus on real estate developing again if we could. I think I will wait maybe another year to see if the government wants to play other games with us". (Barry).</i></p> <p>[39] <i>"I always knew that things would be much more regulated as time goes by, that happens to every country. However, I do not think other country would have such a huge demand like China, so even though it would not be as easy as before, I still want to build our business as a real estate developing business...I intend to build the family business that can guarantee good livings for generations, I still think this (real estate developing) is the best way to achieve that." (Carl)</i></p> <p>[40] <i>"This (the new architect business) is just a cover. I just want my wife to relax and worry less about me to be honest. I always knew the policies are going to change back in our favour, maybe not as much as before, but still, we have a huge population and they need places to live. You know the saying, 'once you see the sea, no water would matter to you anymore', we (extended family) are like that. This business (new business) is just a way to keep us busy while we wait. It (the relaxed policies) will come back." (Dave)</i></p>

Table 16. Tensions' latency and salience: Industrial reputation vs. Family reputation

Time period (Years)	Tensions' status	Individual framing	Environmental conditions	Cultural aspects	Representative quotes
2000 to 2005	Latent	No awareness	Early industrial competition was relatively low	Harmonious family reputation	[41] <i>"I was just a new comer...nobody knew me so I did not really have a reputation. To be honest, I did not even expect that I needed to establish some reputation like the gangsters in Hong Kong movies...I guess the competition was not that high before the 2000s as well because private business was still a quite new idea for most people."</i> (Alan)
					[42] <i>"I have to admit that I was a bit naive at the beginning. I read so many books about entrepreneurs that talk about how harmony builds long-term success, how 'win-win' is key to long-term success, and so on. Additionally, there were maybe only five big developers in the city, so naturally the competition was not that serious at first."</i> (Barry)
					[43] <i>"I think it is very important to know that when I started my business, the entire market was still quite new, so maybe people were still trying to stay calm and play well with each other. You can take this one, I'll take that one (project)."</i> (Carl)
					[44] <i>"I don't think people really want to compete in a ugly way, but whoever started this trend, much gained so much, so people will follow and maybe 'improve' the methods. Personally, I always wish things could be as civil as possible, and it was peaceful at the beginning. I think just in a few years, maybe from 2003 or 2004, people start to rush into this business. We only have so much land in a city, so naturally they have to find ways to kick competitors out of the area."</i> (Dave)
2005 to 2009	Salient	Realising the contradictory yet interrelated nature of	Industrial characteristic, weak rule of law	Harmonious family reputation	[45] <i>"I wasn't prepared for crossing so many lines, but this is how the business works, if I didn't threaten them (competitors) back, I will look weak, then I will become a target. Law does not care about right or wrong, it only cares about who can pay them better. The only problem is that I worried about how people see my</i>

Chapter 5

		reputation for competitors, customers, and all family members			<p>family, or how my family see themselves. I don't want to force any 'names' onto them." (Alan)</p> <p>[46] "You cannot play by the rules in this business because nobody does, at least not the strong ones...I was so angry that I didn't react fast enough (to a previous dispute). I was indecisive because I have to consider how it looks. My customers respect me and prefer to buy my property because we are a well-adjusted family business. If I did something too loud, yes, I would gain more respect and probably avoid all the same type of problems in the future. However, it would also intimidate my customers and potentially my family if they knew. I have to adapt the situation and re-shape my thoughts on this situation. Otherwise I would be stuck in anger and nobody would be happy to see me at work like that." (Barry).</p> <p>[47] "I knew I would have to do things that I did not want, but to be honest, I enjoy it sometimes. I am not saying I enjoy hurting people or intimidating their families, I meant the results. When people know that you are capable of being cruel, you can sense their fear when they talk to you. I know some industries may have a similar way of doing business, but real estate is always the front seat for all the political and criminal dramas, just because we deal with them (the government) the most, and we make the most amount of money." (Carl)</p> <p>[48] "You know how things work in the military, some of us were like savages and new guys got beat up for no reasons all the time. I guess I got used to violence when I served in the military. I cannot deny that I feel bad when I have to intimidate or even hurt people to get what I want, but what choice do I have? I already stepped into this mess and I have to accept the reality that this industry requires me to act in this way, otherwise I will fail." (Dave)</p>
2009 to 2015	Latent	Realising the contradictory element no longer presents	Improved rule of law (anti-corruption campaign)	Harmonious family reputation and extended family responsibility	<p>[49] "I know it is getting better now because all the big arrests (corruption campaign), but I don't know if it is going to come back. Although it looks serious now and most people are behaving very well, it is hard to say." (Alan)</p> <p>[50] "I think now the public looks at us like a group of retired mafias. Although we cannot step over the line too much anymore, people still fear us. Anyway, I think we are just getting used to the fact that things are more regulated, and we don't need to look intimidating anymore." (Barry)</p> <p>[51] "The government started to hammer down such behaviours (corruption), however, I thought if I could get away with that (the investigation), I could get away with anything (doing an illegal project in the difficult time). The only thing I focused on at the time was how strong we would become, how intimidating we would become if we really made that project work. Then I realised that the time had changed, the</p>

Chapter 5

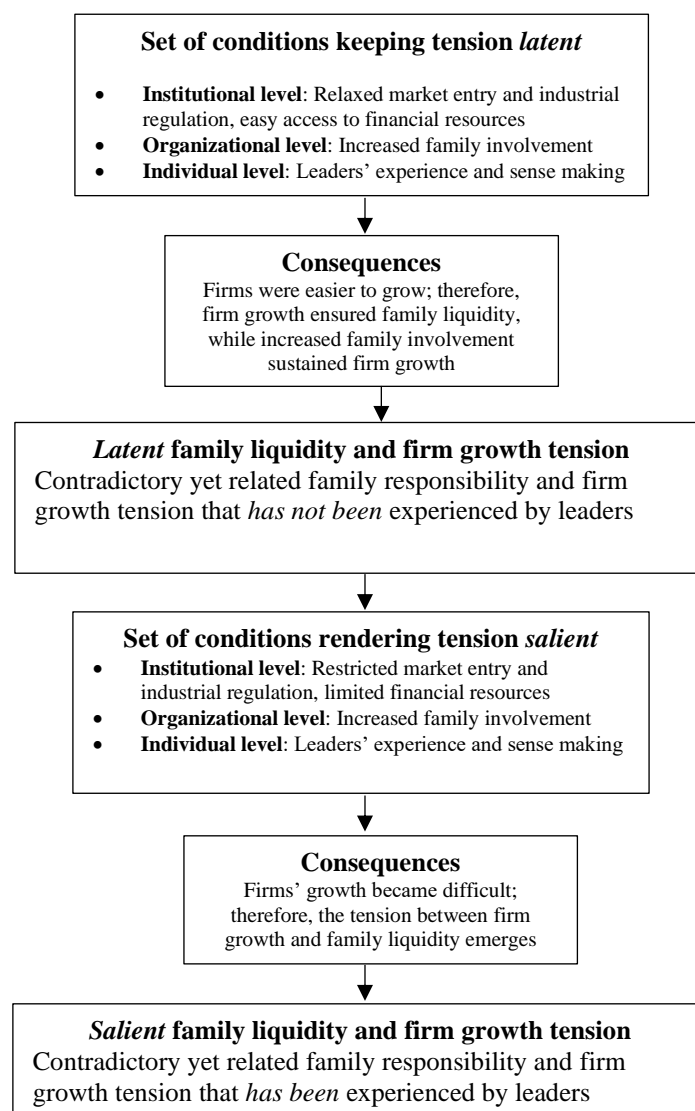
					<p><i>policies said do not do it we are not giving you money anymore (restricted banking polices targeted real estate developers), then I should not have done it. I bet people were probably laughing at me and my business whilst I thought I was improving my reputation and expanding my legacy.” (Carl)</i></p> <p><i>[52] “I should have stopped sooner. I was still relatively active in the business until he (the head of the local construction bureau) was arrested, including his wife. I realised that they (the state) are being serious this time, it is not just ‘behave yourself’ kind of warning, and it is a massive-scaled action. Nobody is safe, so we have to reverse our behaviour from one extreme to another.” (Dave)</i></p>
2015 to future	To be determined, but likely to become salient again	Anticipating that the strengthened rule of law is temporary	Property law (government owns land)	Harmonious family reputation and extended family responsibility	<p><i>[53] “I think it (the ambiguous rule of law) will comeback, just in different ways, or people invent different strategies. It is like in our culture and blood, we want to be flexible, and we want people to exploit the voids.” (Alan)</i></p> <p><i>[54] “...as long as people do not have ownership of the land, there is no way to make everybody to follow the rules. It is not about the rules; it is about the people who have the power in the government. I know some very big developers are still doing the same thing (the informal competition); there is no way to keep everything clean and tidy in this country...if I worry about my family’s reputation too much, I will just quit this business in the future. Who knows, maybe someday I will.” (Barry)</i></p> <p><i>[55] “There is no way to be sure what could happen in the future, but one thing is sure, that is we don’t have ownership of the land. We will always have to deal with government officials, who will always get greedy. Maybe people will behave better and better but who knows, we work like this for thousands of years, I honestly think this anti-corruption campaign would not last too long, therefore the old way will come back at some point.” (Carl)</i></p> <p><i>[56] “...I just don’t believe we have the man power to keep this (anti-corruption campaign) up. Think about it, now it looks like the state is very serious, and people will just pretend to be good for a while. When things calm down, people’s nature will raise again. It probably is not just in our business (real estate developing); I believe that every sector that does not allow 100% private ownership will be corrupted. Maybe some are more serious than others are, but there will be corruption...I would like to wait and see because my mentality is also changing. As I am growing older, my child will have children, and I would have much more to worry about in the future (about the family reputation).” (Dave)</i></p>

5.4 Findings

First theme: the salience of family liquidity and firm growth paradox

The narratives revealed a clear tension between family liquidity and firm growth, which refers to the conflicting demands between the ability to raise cash for the family, and the ability to proactively seek new business opportunities that could enhance firm growth. The emerging findings reveal that this tension remained latent until the change of certain institutional factors took place, triggering their salience later on. Figure 6 provides an overview of the process of how latent family liquidity and firm growth tension became salient.

Figure 6. The salience of family liquidity and firm growth tension



By analysing the narratives, it emerged that the tension between family liquidity and firm growth remained latent under relaxed regulations for market entry in the real estate sector, with easy access to financial resources (Table 15, 25 to 28). The increasing number of extended family members in a firm (Table 15, 29 to 36) seemed to be one of the motivating factors for seeking new opportunities for growth. Yet, at the same time this growth could potentially undermine liquidity for the family:

“...their growing presence gave me extra drive to achieve more, to take more responsibility. However, I was also fully aware of the possibility of ruining the lives of so many family members if this project was a complete failure... The reality is that it is very hard to balance these situations. Imagine if all of our cash is put on a new project, and suddenly my sister’s son needs money for his wedding and paying for an apartment, what do I tell her?” (Barry)

However, such tension between family liquidity and firm growth was not experienced by the family leaders. This tension only became salient with the introduction of stricter formal regulations for the real estate sector:

“Before policies were restricted, I could simply justify my decisions with money. I can increase their salaries very frequently because we can borrow whenever we have a new project. All the cash could be prepared for family needs. But after around 2010, we cannot borrow anymore, at least not 100% legally. We would have very limited cash if we kept going forward, and people (extended family) knew that...I had to give them a peace of mind even though I was interested in so many projects.” (Alan)

Specifically, under the rapid economic growth throughout the early 2000s, Chinese entrepreneurs proactively sought new opportunities, since self-interest and personal advancement became an increasingly important social norm (Kim and Gao, 2013; Ralston *et al.*, 1996; Shafer *et al.*, 2006). Such behaviour was encouraged by the new shared social value that being rich would grant to an individual powerful social status (Table 14, 1 to 4), whilst also demonstrating self-efficacy (Table 14, 9 to 12). Although Chinese culture expects family business leaders to behave responsibly in the interests of family financial well-being and reputation (Table 14, 13 to 16), risk-taking behaviour was increasingly incentivised by relaxed financial regulations over bank loans, specifically targeted at development of the real estate sector. Leaders of family real estate businesses could either grow their core business at a rapid rate, or decide to explore opportunities in new sectors with fewer constraints (Table 15, 25 to 29) without undermining their family wealth. Thus, within this favourable institutional context, the apparent tension between family liquidity and firm growth remained latent.

As more family members became involved in the business, the increased multiplicity of stakeholders raised more expectations concerning leaders' family responsibilities. Yet, under this organizational change, the tension between family liquidity and firm growth remained latent. Rather, such a change motivated leaders to pursue further growth and diversify their business so that they could involve more family members in the firm, thus fulfilling their family obligations (Table 14, 9 to 12). At the same time, greater family member involvement could support the growth of the business.

The tensions between family liquidity and firm growth only became salient as formal institutions matured, and increasingly restrictive financial regulations in the real estate sector started to constrain leaders' ability to increase firm size and liquidity, thus preventing them from fulfilling their family responsibilities. Such institutional change subsequently triggered resource scarcity at organizational level (Table 15, 33 to 36). Under an unchanging Chinese culture that values family responsibility, changed formal institutions represented the underlying factors rendering the family liquidity and firm growth paradoxical tension salient.

Second theme: the salience of industrial reputation and family reputation paradox

The family leaders' narratives suggest an additional paradox, which seems to be unique to the Chinese real estate development sector. Reputation in this industry demands a fierce and tough business image that intimidates competitors. By contrast, family reputation represents a harmonious, trustworthy and familial business image that is attractive to customers. These two contradicting dimensions of reputation are both needed for the success of family firms in the Chinese real estate development sector.

“My cousin tried so hard to convince me (to intimidate the restaurant), and that was my initial reaction as well. It is not easy to establish your authority in this business, you have to cross some lines to demand respect. But I wanted to be the bigger person and show my family that I am not reckless. Our (real estate developers) reputation grows worse daily because the government tries to blame the uncontrollable housing market on us. Also I wanted things to stay as harmonic as possible so both potential and existing customers can sense our familial value, therefore I could always be their first choice.” (Carl)

Figure 7. Industrial reputation and family reputation

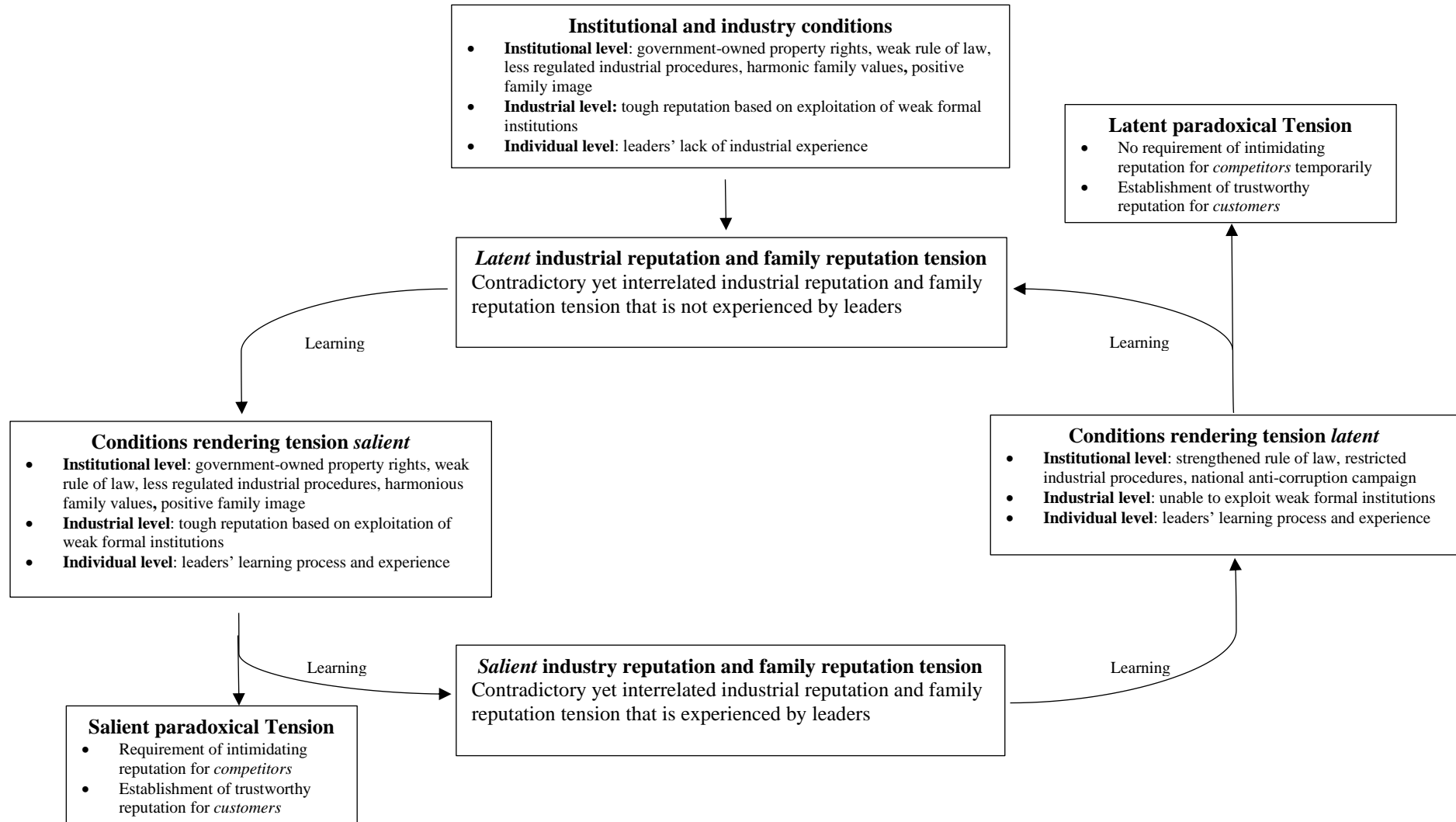


Figure 7 indicates that the tension between industry reputation and family reputation becomes salient once the family firms are well established in the business. Under the relatively under-developed legal system and governmental control of property rights in China, entrepreneurs will often need to be aggressive and operate illegally. Competing in the private sector, such as real estate, often requires business owners to resolve potential conflicts among competitors through informal methods, which may also include violent crime. Also, competitors are forced to deal directly with government officials using illegal methods in order to get access to that essential and scarce resource, land. Therefore, being able to do ‘whatever it takes’ to compete is critical to the survival of real estate developers in China (Table 14, quotes 5 to 8). A well-established industrial reputation of being strong and tough can intimidate competitors, thus reducing the potential number of those competing for the same project in the real estate sector. This, ultimately, will be beneficial to a firm, since it will reduce the inefficiencies inherent in lengthy bureaucratic procedures and initial costs.

However, a tough reputation may also intimidate customers, since in the public domain it is well-known that when disputes occur between developers and other parties (customers, construction firms, etc.), developers rarely lose, due to their powerful connections with various local government authorities. On the other hand, maintaining a positive family reputation that stands for harmony, caring and honesty can also help developers to compete with the regular non-family developers (Table 14, quotes 17 to 20). Here, the tough industrial reputation is in tension with the family harmonious reputation; hence in order to compete in the Chinese real estate development sector, family leaders need to attend to both family and industry reputation, which, at first glance, presents a paradox.

However, such a paradox remained latent until leaders started to perceive the opposing nature of the two elements during the overall development of the industry. Particularly, at the early stage of competition, the number of market players was relatively low, whereby the intensity of competition remained low in the sector (Table 16, quotes 41 to 44). At the early stage of sector development, leaders needed time to learn and understand the most efficient way to operate in the industry. In so doing, they slowly adapted their business strategies by exploiting the weak rule of law (Table 16, quotes 45 to 48). As a result of this learning process, leaders’ perceptions of the combination of weak rule of law, lack of

private property rights and the aggressive dynamics of competition in the real estate industry rendered the tension between industrial reputation and family reputation salient.

“You cannot play by the rules in this business because nobody does, at least not the strong ones...I was so angry that I didn’t react fast enough (to a previous dispute). I was indecisive because I have to consider how it looks. My customers respect me and prefer to buy my property because we are a well-adjusted family business. If I did something too loud, yes, I would gain more respect and probably avoid all the same type of problems in the future. However, it would also intimidate my customers and potentially my family if they knew. I have to adapt to the situation and re-shape my thoughts on this situation. Otherwise I would be stuck in anger and nobody would be happy to see me at work like that.” (Barry).

More specifically, although each leader had a different version of the cognitive framing of tension, depending on their specific situations (Table 16, quotes 45 to 48), the opposing nature of industrial reputation and family reputation was rendered salient through leaders’ accumulated business experience in the sector, and their commitment to maintaining a healthy external (Table 16, quotes 45 to 48) and internal (Table 14, quotes 21 to 24) family image. Such a process was largely constructed through leaders’ individual cognitive framing. The weak rule of law, lack of private property rights, family values and image are macro-level institutions, which permeate the functioning of the real estate sector and Chinese family firms within this sector. Such institutional conditions did not expose the latent tensions until the leaders experienced the constant need to deal with government directly to access resources and having to be tough with competitors, alongside the need to keep a positive external and internal image for customers and family members who became increasingly involved in the firm. As a result, such sense making contributed to the salience of family reputation and industrial reputation (Smith and Lewis, 2011; Smith and Tushman, 2005).

Interestingly, a rather unexpected finding is that, as the formal institutions matured, this tension started to become latent again, as specific changing institutional conditions (national corruption campaign) put constraints on the existing ‘ways of doing business’, whereby the requirement for a tough industrial reputation was temporarily relinquished. However, such a tension may potentially be rendered salient by future institutional change (Table 16, 49 to 52):

“I know it is getting better now because all the big arrests (corruption campaign), but I don’t know if it is going to come back. Although it looks serious now and most people are behaving very well, it is hard to say. I think it will comeback, just in different ways, or people invent different strategies. It is like in our culture and blood, we want to be flexible, and we want people to exploit the voids.” (Alan)

It is important to note that Figure 7 is descriptive of the insights emerging from the field at the time of the research, and may not be a perpetual cycle, as the institutional conditions rendering a tension salient or latent may change in the future. However, it is expected that property rights will continue to be regulated in the same way, with the government being the owner of the land. Furthermore, ambiguity resulting from the weak rule of law has been a constant in Chinese history (Atherton and Newman, 2016). It is likely that the government will always be highly involved in competition in the real estate sector, in order to exert control.

Informants also implied that their sense making of tensions may change, depending on non-business related conditions affecting family life, such as having grandchildren, or the need to set a good example of family leadership to future generations. Thus, the latent or salient status of the tensions between industrial reputation and family reputation will depend not only on changes in the macro-institutional conditions, but also on changes in the family system.

“...I just don’t believe we have the manpower to keep this (anti-corruption campaign) up. Think about it, now it looks like the state is being very serious, and people will just pretend to behave for a while. When things calm down, people’s nature will surface again. It probably is not just in our business (real estate developing); I believe that every sector that does not allow 100% private ownership will be corrupted. Maybe some are more serious than others, but there will be corruption...I would like to wait and see because my mentality is also changing. As I am growing older, my child will have children, and I would have much more to worry about in the future (about the family reputation).” (Dave)

5.5 Discussion and Contribution

This paper aimed to explore the paradoxical tensions experienced by Chinese family leaders in the context of the real estate sector, and how latent paradoxical tensions become salient. In so doing, a narrative approach was adopted to capture individual retrospective sense making and to reveal the antecedence of tension salience. Two sets of paradoxes emerged from the context of family firms operating in the Chinese real estate sector: (1) family liquidity and family firm, and (2) family reputation and industrial reputation. The emerging research findings make three distinct contributions to the paradox theoretical discourse and its application to family business within a developing economy.

First, previous research suggested that tensions are inherently embedded within family and business systems (e.g. Basco and Perez-Rodriguez, 2009; Stewart, 2003), and that certain organizational conditions, such as plurality (Donaldson and Preston, 1995) and scarcity (Smith, 2014) may expose latent tensions. The findings from the research suggest that, at an organizational level, increasing stakeholders' plurality through the increasing involvement of extended family in Chinese firms is not in itself a sufficient triggering factor for the salience of family liquidity and growth tension. Instead, the macro-institutional change due to the introduction of stricter financial regulations puts constraints on family firms' ability to grow, diversify and raise additional cash, ultimately rendering the latent tension salient.

Such a finding contributes to the paradox theory in organizational studies by accounting for the mediating role of the macro-level institutional context. The changing macro-institutions not only create underlying institutional complexity that informs paradoxical tensions, but also influence individual action and cognitive framing of the opposing elements.

Furthermore, the nature of tensions in business in general, and more specifically in the context of family businesses and their acceptance is highly impacted by the institutional context and level of its development. Previous studies focusing on cultural values in the family business context suggest that some cultural values and social norms exert certain influences on the family and the firm. For instance, family firm leaders in Africa feel responsible for providing jobs for any kinsmen (Khavul *et al.*, 2009; Khayesi *et al.*, 2014). Similarly, in China, the traditional Confucian culture promotes "unity" and "collectivism" (Qian *et al.*, 2013). It is argued that such cultural values can be costly to family firms seeking growth, as resources may become increasingly scarce when more family members are included (Khayesi *et al.*, 2014). However, sacrificing firm growth to maintain a healthy family liquidity would seem to be legitimate under such informal institutional pressures. Thus, the findings emerging from this research also suggest that in developing institutional contexts, the strong influence of macro-informal institutions such as culture, can lead to acceptance of the tensions experienced in business.

These research findings also contribute to the paradox theory in organizational studies by demonstrating the power of narrative to effectively capture individual sense making of the embedded environment, and reveal underlying latent tensions (Smith and Tracey, 2016).

As a powerful analytical tool, the narratives revealed that organizational conditions are only influential when institutional conditions change: the industrial reputation and family reputation paradox was rendered salient primarily through leaders' cognitive framing and experiences (Ashcraft *et al.*, 2009). Previous studies suggest that transitioning institutional contexts offer unclear prescriptions to guide organizational behaviour (Smith and Tracey, 2016); actors take time to understand and adapt such ambiguous formal institutions and make sense of the legitimate way of conducting business in such institutional environments. This study reveals that the strong influence of macro culture alongside the family institution may be at odds with the institutional requirements of the real estate business in the context of Chinese family firms, and ultimately leads to specific paradoxical tensions. Such tensions may not exist in non-family firms which are less influenced by family culture.

Finally, the research findings have important implications for the theory of paradox, since they suggest that some salient paradoxes could subsequently become latent under the influence of new institutional changes. Previous theoretical discussion has mainly focused on how paradoxical tensions could be managed through managerial strategies (Lewis, 2000; Smith, 2014), as if the paradoxes are temporarily 'resolved' in order to achieve the sustainable dynamic equilibrium of organizational tensions (Smith and Lewis, 2011). These conclusions are mainly drawn from studies conducted in developed economies, characterised by relatively stable institutions, so may not be fully applicable to transitioning economies characterised by unstable or evolving institutions. In particular, the findings from this research conducted in a transitioning economy such as China suggest that the tensions are revealed through interactions at macro-meso-micro levels. Family leaders may not have full control of some tensions, due to the constantly changing institutional framework. Therefore, western management approaches that could successfully integrate opposing elements at organizational and individual level (Cuganesan, 2017; Smith and Tushman, 2005) may not be feasible within the context of China, due to the evolving peculiarities of its macro-level institutions.

5.6 Conclusion

This paper provides grounds for a deeper theoretical understanding of the latent paradoxical tensions within the context of Chinese family firms and how these can become

salient. In particular, changes in organizational conditions alone are insufficient to determine the salience of tensions in under-developed institutional contexts. In such contexts, paradox salience is revealed through macro-meso-individual interactions. Furthermore, latent paradoxes may also be rendered salient through actors' individual sense making of what is legitimate behaviour in an ambiguous formal institutional context. As the formal institutions mature, salient paradoxes may become latent again with the provision of a clear description of acceptable behaviour.

This study also suffers from a few limitations that may represent opportunities for future research. First, our research context is specifically focused on family firms in the Chinese real estate development sector. Future research could extend these findings by investigating paradoxical tensions within family firms in other sectors in China, or in other transition economies where the social context may not impose obligations to include extended family members (Soleimanof *et al.*, 2018). Second, this study adopts a narrative approach, which focuses on an individual level of analysis based on retrospective sense making. Hence, it could not fully capture the details that a full longitudinal case study method could have provided. However, our findings do demonstrate interesting paradoxical tensions that might only exist in the real estate industry. To deepen the understanding of industrial specific paradoxical tensions, future research could conduct industry-level analysis through quantitative method (Dawson and Hjorth, 2012). Third, this study primarily focused on family liquidity and firm growth tensions from a paradox perspective. As family business scholars have pointed out, paradoxical theory is under-used in the family business domain (Zellweger, 2017), so future research could investigate other tensions, such as individual freedom versus family loyalty, and tradition versus change (Ingram *et al.*, 2014).

Chapter 6. Conclusion

6.1 Introduction

This chapter provides a recap of what has been covered in the preceding chapters, concluding with the implications and limitations of this thesis. Overall, the thesis explores how institutions impact on the entrepreneurial behaviour of Chinese family firms at the macro, meso and micro-level. The researcher conducted a multi-level analysis focused on institutional, organizational and individual levels. The thesis started by introducing the research context of the study and recognizing that understanding family business behaviour is vital for investigating general entrepreneurship development in China. From this point, we considered that although family businesses contribute to a major part of China's economic growth, we lack essential knowledge regarding how they are initiated and developed, how to facilitate entrepreneurial behaviour through policy-making, and the practical implications. To address this research gap, the thesis set out to answer the main research question: how is the entrepreneurial behaviour of family businesses shaped in China? In order to answer the proposed research question, we drew on institutional theory and conducted a multi-level study to investigate how institutions influence the entrepreneurial behaviour of Chinese family businesses in China at an institutional, organizational and individual level.

6.2 Revisiting the Research Questions and Objectives

6.2.1 Thesis Research Question and Objectives

Prior studies have devoted effort to comparing the differences between family businesses and their non-family counterparts in Western economies at an organizational level (e.g. Eddleston *et al.*, 2010; Kotlar and Siegar, 2019). The critical assumption across the studies is that in family businesses, the preservation of SEW is a key non-economic factor that drives decision making, the question therefore being when entrepreneurial behaviour will be sacrificed when needed for preserving SEW (Zellweger *et al.*, 2011). Such approach fails to address three major research problems. First, family business behaviour is primarily driven by the family involvement at an organizational level (Stewart, 2003; Yu *et al.*, 2012), which neglects the interaction of family businesses and the institutional context within which they operate (Soleimanof *et al.*, 2018). Second, discussing family businesses

primarily based on their differences with non-family businesses may neglect the heterogeneity of firms within the family business group (Sharma *et al.*, 1997). This leads to inconsistent empirical findings, as it assumes that all types of family involvement must exert similar influences on family business behaviour. Third, non-economic goals are assumed to be inherently in conflict with economic goals due to the incompatible nature of family versus business systems (Stewart, 2003). (Yu *et al.*, 2012).

To address these research gaps, this thesis suggests that a multi-level study with an emphasis on institutional theory would provide a deeper understanding. Through three distinct empirical studies, we aimed to answer the research question: how is the entrepreneurial behaviour of family businesses shaped in the context of China? We aimed to conduct a multi-level analysis focusing on the institutional, organizational and individual levels, to accomplish three major research objectives, investigating: (1) how macro-institutional aspects influence the entrepreneurial behaviour of family businesses, (2) how organizational complexity within family businesses in China influences their entrepreneurial behaviour, and (3) how competing demands in family businesses emerge and influence entrepreneurial behaviour.

Based on the social constructivism philosophy and exploratory nature of this research, this study adopted a multiple case study methodology and qualitative approach to investigate how institutions in China influence the entrepreneurial behaviour of family businesses at multi-levels, i.e. institutional, organizational and individual levels. The empirical work was made up of 12 case studies, with the participation of 44 interviewees across the east coast of China. The first wave of data collection (eight cases) in particular was responsible for fulfilling the first two research objectives, while the second wave of data collection (four cases) was responsible for addressing the third research objective.

6.2.2 Chapter 3 (Paper 1)

The first research objective was to investigate how macro-institutional aspects influence the entrepreneurial behaviour of family businesses. To fulfil this objective, the first paper focused on existing studies linking entrepreneurship with institutions and their implications for Chinese family businesses.

In order to establish the theoretical underpinning of the thesis, the researcher reviewed

previous studies linking institutions to entrepreneurial behaviour. Two major research gaps were identified. First, as the statistical measurement of national culture alone disconnected social networks from their cultural influences (McSweeney, 2013), social networks were mostly discussed as substitutive resources that filled formal institutional voids (Puffer *et al.*, 2010), which led to a limited understanding on their own formations and influences in relation to cultural aspects (Klyver *et al.*, 2008). Second, the constructs of social networks and social capital often overlapped each other and were discussed at the same level (McKeever *et al.*, 2014), which led to scattered knowledge. Although social networks could facilitate entrepreneurial behaviour by filling formal institutional voids (Puffer *et al.*, 2010), social capital might exert mixed impact based on the nature of social interactions (Woolcock and Narayan, 2000). Therefore, there was a need to fill the gaps with an integrated framework bringing together the constructs of culture, social networks and social capital. To address these gaps, we explored the following question: how does the hierarchy of informal institutions influence the entrepreneurial behaviour of family firms in China?

By conducting a multi-case study of eight Chinese family firms, the findings revealed that informal institutions exert their influence on entrepreneurial behaviour through multiple levels, the highest level being cultural aspects, and second level being social networks. Social capital is not an informal institution, but the resource generated from the two levels of informal institutions. Its influence on entrepreneurial behaviour is shaped by the culturally informed social networks. Second, both family and non-family social capital shape the entrepreneurial behaviour of Chinese family firms. However, social capital that reflects collective interests seems to create hesitation that leads to incomplete entrepreneurial behaviour, while social capital that signals social hierarchy tends to facilitate the pursuit of entrepreneurial behaviour.

6.2.3 Chapter 4 (Paper 2)

The second research objective was to investigate how organizational complexity within family businesses in China influences their entrepreneurial behaviour. In order to fulfil this objective, the researcher reviewed existing literature regarding competing logics in general organizational studies and family business research. The scholarly debate in family business research has developed along two opposite perspectives: on the one side, it is argued that family logic is theoretically incompatible with commercial logic, thus

potentially undermining the pursuit of entrepreneurial activities (Gómez-Mejía *et al.*, 2007; Gómez-Mejía *et al.*, 2011); on the other side, family logic is not seen to be in conflict with commercial logic, but can be leveraged to improve commercial performance (Nordqvist, 2005; Zellweger and Nason, 2008) and facilitate entrepreneurial behaviour (Sieger *et al.*, Zellweger *et al.*, 2011). The opposite perspectives are the result of neglecting the heterogeneity among family firms (Chua *et al.*, 2012), which might have led to findings that are not comparable in family business research (Ahlers *et al.*, 2017). Although the recent focus on family firms' heterogeneity has led to important findings, such as the positive effect of generational diversity on decision-making (Tsai *et al.*, 2018), the question of how the interplay of commercial and family logics impacts on family firms' entrepreneurial behaviour under specific conditions remains underexplored (Pittino *et al.*, 2018). Furthermore, research on family businesses in emerging markets is still in its infancy (Akhter *et al.*, 2016; Gonzalez *et al.*, 2015), despite their importance in emerging economies, such as India (Aswhin *et al.*, 2015; Ray *et al.*, 2018) and China (Dou and Li, 2013; Zhang and Ma, 2009). We address these research gaps by investigating Chinese family businesses to add further empirical evidence on the influence and interplay of institutional logics on family business behaviour, and we provide opportunities for theoretical and practical insights in a rather under-researched regional context, China. The Chinese context is interesting, not only because family firms have experienced above average growth in China, which represents the world's second largest economy (Li *et al.*, 2015), but also because China's recently abolished One-Child policy can be expected to have influenced the interplay of family and commercial logics throughout most of Chinese family business history. To address the mentioned research gaps, the second paper was guided by the research question: how do family and commercial logics, under the condition of China's One-Child policy, impact on the entrepreneurial behaviour of Chinese family firms?

Through a multi-case study of eight Chinese family firms, the findings revealed the 'founding structure' or 'initial set-up' as a salient dimension of family heterogeneity. The findings also contribute to the variety of family patterns in modern society (Aldrich and Cliff, 2003; Jaskiewicz and Dyer, 2017) by adding a social-constructivist perspective (Berger and Luckmann, 1971) of family structures. They show how the heterogeneity of such structures can exist in the same institutional context, with varying implications on the long-term, subsequent entrepreneurial behaviour and types of SEW goals that are emphasised, thus also offering theoretical insights for the development of a more positive

perspective of SEW (Gomez-Mejia *et al.*, 2018; Schulze and Kellermanns, 2015).

6.2.4 Chapter 5 (Paper 3)

The third objective was to investigate how competing demands in family businesses emerge and influence their entrepreneurial behaviour. To fulfil this research objective, the researcher reviewed existing paradox literature and its implication on family business research. He found that even though paradox theory has been increasingly adopted in both organizational studies (Smith and Lewis, 2011), and in family business research (Ingram *et al.*, 2014), it is still predominantly argued that tensions are pervasive, due to the contradicting nature of family and business systems (Stewart, 2003), and that non-economic goals are often satisfied at the expense of business goals (Gomez-Mejia *et al.*, 2007). However, previous theoretical discussion has suggested that paradoxes may remain latent until environmental conditions such as plurality (Donaldson and Preston, 1995), change (Luscher and Lewis, 2008) and scarcity (Smith, 2014) render them salient. The role of institutional context that creates opposing institutional expectations has rarely been addressed (Smith and Tracey, 2016). Thus, we address these gaps by answering the following research question: how do paradoxical tensions become salient in family firms?

In order to fill this research gap, this paper built four narratives for four family firm leaders operating in the Chinese real estate development sector. Through narrative analysis, the researcher established the influence of specific environmental conditions that trigger organizational conditions, and have influence on actors' individual sense-making.

6.3 Implications and contributions

6.3.1 Theoretical Contribution and Implications

Overall, this thesis fills a large research gap regarding entrepreneurship in the context of mainland China through qualitative empirical research. The thesis not only establishes the fundamental role of institutional context at a macro-level, but also explores how macro-level institutions subsequently influence entrepreneurial behaviour at a meso and micro-level. It is worth noting that the above theoretical discussion may also have implications on regular businesses, as family is embedded within any business (Aldrich and Cliff, 2003). Understanding how macro-culture, institutional logics and tensions caused by family

involvement would hugely advance general management and entrepreneurship research. Through investigating the entrepreneurial behaviour of family businesses in the context of China, this thesis provides three major theoretical contributions and implications for several disciplines, not only in family business research, but also in general management research.

First, by fulfilling our first research objective, building on the hierarchy of institutions (Hitt, 2016; Ostrom, 2005, 2010) and social capital theory (Putnam, 2001), the first paper contributes to the institutional theory literature by suggesting a hierarchical order of informal institutions: cultural aspects being the highest level informal institutions, which inform the sub-level informal institutions of social networks. This study also contributes to the application of social capital theory in family business and entrepreneurship research by (1) providing distinctive clarification of social networks and the resources generated from them, i.e. social capital, and (2) by identifying novel sub-categories of bonding and bridging social networks in a specific context, i.e. family businesses in China.

By addressing our second research objective, the second paper contributes to the recent recognition of family firms' heterogeneity in family business research by considering the 'founding structure' or 'initial set-up' as a salient dimension of family heterogeneity. We add to the family categorisation perspective by revealing family structures that are socially constructed (Berger and Luckmann, 1971), with subsequent implications on the notion of 'family' that is relevant to business in China. Our findings show that different notions of 'family' can exist in the same institutional context, with implications on the types of business/family goals that are pursued, how resources are obtained, and which aspects of SEW are more pronounced.

Following the recent call to adopt the paradoxical view in family business research (Zellweger, 2017); the third paper contributes to the paradox theory in organizational studies by demonstrating how narratives effectively captured individual sense-making of their embedded environment to reveal underlying latent tensions (Smith and Tracey, 2016). As a powerful analytical tool, narratives revealed that organizational conditions are only influential when institutional conditions change. The industrial reputation and family reputation paradox was rendered salient primarily through leaders' cognitive framing and experiences (Ashcraft *et al.*, 2009). Furthermore, the findings of the third paper also indicate that some salient paradoxes could also become latent again when certain

institutions changed. Tensions were revealed through interactions at the macro-meso-micro level. At organizational and individual levels, the actors may not have control over some tensions due to the constant institutional changes. Therefore, previously discussed management approaches that could successfully integrate opposing elements at organizational and individual level (Cuganesan, 2017; Smith and Tushman, 2005) may not be sustainable due to the peculiar changes at institutional level. Sustainable management approaches may be required to account for uncontrollable institutional conditions.

In summary, combing the findings and theoretical contributions of all three papers, the thesis revealed the drastic differences between how institutions influence entrepreneurial behaviour in Western economies and China. The general assumption of institutional theory states that individuals make efforts to align with institutional prescriptions (North, 1990), and numerous empirical studies in Western contexts have supported such assumption. However, it is rather surprising and refreshing to realise that instead of making efforts to seek alignment with current Chinese institutional pressures, entrepreneurs in China tend to focus primarily on developing various ways to appear to follow, but factually disobey the institutional rules, including both formal and informal ones. This behaviour is rather different from the concept of institutional entrepreneurs, which actively and intentionally leverage resources to create new institutions or alter existing institutions (Maguire *et al.*, 2004). Chinese entrepreneurs do not particularly have interest in changing the ‘unwanted’ or ‘inconvenient’ institutions, because they are well aware of the fact that formal rules are very unlikely to change in a single-party ruled communistic country. What they strive to achieve is to find that grey area that allow them to continuously fulfil their own agendas, while not being destroyed by the State. Therefore, the application of institutional theory in Chinese entrepreneurship research should account for certain characteristics that cannot be exclusively and clearly defined as formal or informal institutions.

A very good example that elaborates this phenomenon is Atherton and Newman’s (2016) recent publication in *Business History*, which discusses the historical development of ‘rule ambiguity’ that can be traced back to thousands of years ago. From their discussion, one could form the argument that at different stages of Chinese history, it seems that the State intentionally created ‘rule ambiguity’ to make the line of right and wrong rather blurred instead of being clear. Punishment, on the other hand, is also situational, despite what the law says, and therefore there are no real universal legitimacy seeking strategies for individuals to receive fairness and justice. This phenomenon may also be explained by

Hofstede's cultural dimension (1980), particularly the power-distance, which indicates the degree of acceptance of hierarchical order in a given cultural region. As China scores relatively high on the power-distance dimension, it seems logical for individuals, including entrepreneurs, to accept the fact that rules are very unlikely to change based on their benefits; instead, rules are made to serve the interests of whoever holds the power to alter institutions. Therefore, a general conclusion of this thesis is that even though institutions exert power and control over entrepreneurial behaviour in China, it is rather important to account for the 'rule ambiguity' nature of the Chinese formal institutions, i.e. some rules are not made to be followed to the exact letter: rather, they may exist to screen out those who do not dare to disobey or are not creative enough to find alternative ways to overcome formal institutional barriers without actually 'breaking the rule'.

6.3.2 Practical Implications and Contributions

Based on the theoretical discussion and empirical findings, this thesis benefits practitioners in three major areas. Firstly, from a macro-institutional perspective, the thesis benefits the policy makers who are responsible for constructing the operation of the general Chinese economy. As mentioned in Section 1.1, investigating the entrepreneurial behaviour of family businesses is particularly important for overall entrepreneurship development in a given context, because family-based kinship networks provide fundamental resources in the private sector (Benedict, 1968; Pistrui *et al.*, 2001). For example, 85% of all established private businesses started with some level of family sponsorship (Astrachan *et al.*, 2003). They also contribute to sustainable entrepreneurship development by breeding entrepreneurial talent through their emphasis on cross-generational development, loyal family values and long-term strategic commitment (Wang and Poutziouris, 2010). However, under the influence of OCP, there is a potential threat to the continuity of the development of Chinese family businesses (Cao, *et al.*, 2015). Even though this policy was revoked in 2015, a large number of family business owners would still face challenges in terms of intergenerational transfer. This thesis allows policy makers to understand that OCP has an impact on how private businesses are formed in China, and how a founding structure driven by the imprinted idea of 'providing for the only child' could constrain private businesses' subsequent entrepreneurship development.

Policy planners could benefit from the findings of this thesis by considering additional

ways to incentivise families that only have one child to continually grow their business ventures. For instance, the tuition fees for higher education seem to be a primary driver that motivates parents to establish private business ventures. However, such motivation may simply vanish after the only children complete their higher education, especially for couple-founded family businesses (Paper 2). This is primarily due to the fact that couple-founders seem to be reluctant to trust outsiders, because they are used to only trusting each other during the development of their businesses. Legal infrastructures that provide security of interpersonal trust (Bachmann and Inkpen, 2011) may enable couple-founders who only have one child to step out of their comfort zone and start looking for help outside their nuclear families.

Furthermore, as discussed earlier in the previous section, Chinese entrepreneurs seem to thrive on finding grey areas to survive. Therefore, focusing on creating new or altering existing institutions may not exert direct influence on entrepreneurial behaviour in China from a top-down perspective, which could become a waste of both human and financial resources. This is due to the highly disconnected knowledge base of policy makers and entrepreneurs in China. The current political scheme requires government officials to have a politic-related background, with the result that most policy makers who make up entrepreneurship-related institutions do not possess sound business expertise or practical experience. Even in cases where major policy changes are based on consultation with well-established entrepreneurs, it is very likely that these entrepreneurs only appear to be helpful and try to seem agreeable in front of government officials. In order to subtly encourage and maintain entrepreneurial behaviour, it could be beneficial to start recruiting and nurturing business actors as policy makers who can think, anticipate and understand how real life Chinese entrepreneurs work, instead of establishing rules and procedures based on statistical reports and consultation.

Secondly, from a meso-micro level, the findings of this thesis also benefit not only family business practitioners, but also regular entrepreneurs in China. As family is embedded within any business (Aldrich and Cliff, 2003), this thesis provides case studies that demonstrate what types of social networks, and founding and governance structure could breed continuity regarding entrepreneurial behaviour, especially for entrepreneurs who are able to identify opportunities but somehow fail to pursue them. In particular, the findings of Papers 1 and 2 pointed out that in the Chinese context, where paternalism and social hierarchy are highly valued (Sheer, 2012), adopting a centralised decision-making

approach may result in an expedited entrepreneurship process.

Finally, at a micro-macro level, the findings of Paper 3 also suggest that the learning experience in a relatively unstable formal institutional framework is essential to reconcile conflicts derived from both within and outside the family. It shows the importance of understanding that competing demands between family and business systems cannot be inherently resolved, and sometimes cannot be controlled at an organizational or individual level, as the general institutional framework simply changes faster than individuals' sense-making allows. Allowing the learning experience to emerge is important for business growth. While the seemingly prevalent 'family against business' debate only presents in family businesses, regular businesses could also adopt a paradoxical perspective to manage competing tensions rather than resolving them.

6.4 Research Limitations and Opportunities for Future Research

This thesis has several limitations that provide opportunities for future studies. First, our framework of informal institution is exclusively based on a macro-meso level demonstration that focuses on vertical influences. Although such an approach links the general cultural aspects with social networks and their derived social capital, horizontal influences such as geographic differences are not considered in this thesis. Although culture may provide uniformity, regional cultural differences may also exert unique influences on individual behaviour (McSweeney, 2002, 2013), especially in a geographically large nation such as China (Chan *et al.*, 2010). Furthermore, some scholars have argued that Chinese culture is slowly changing with the ascendancy of the Chinese economy (Lee and Humphreys, 2007). Such changes may not appear at the macro level, but they may take place at the provincial level. Future research could draw on the findings of this paper and compare different regions within China.

Second, although the type of family business considered in this thesis (i.e. family firms with only one child) is typical for the Chinese context, it does not represent the broad spectrum of family business types in other developing countries, which makes the generalisation of the findings to these countries more difficult. The large size of the Chinese economy combined with the prevalence of family firms, however, compensates for this limitation. Our research did not address the performance-entrepreneurial orientation (EO) relationship in Chinese family businesses. However, future research could investigate this relationship.

Furthermore, the study highlighted the importance of mutual trust existing amongst family members (Sundaramurthy, 2008). Future studies focusing on Chinese family businesses could investigate the role of trust embedded in the interplay of micro-macro contexts and its impact on entrepreneurial behaviour to account for different founding structures of family businesses.

Third, the research context for this thesis primarily investigates the institutional context as a whole, which results in the absence of specific comparison between different industrial characteristics. Future research could extend the findings of this thesis by investigating tensions of family firms across a number of different sectors in China. Furthermore, particularly for Paper 3, which adopts a narrative approach, the focus was primarily on an individual level of analysis. However, the findings demonstrate interesting paradoxical tensions that may only exist in the real estate industry. To deepen our understanding on industrial-specific tensions, future research may benefit from conducting industry-level analysis through quantitative method (Dawson and Hjorth, 2012). Additionally, due to the nature of the overall research objective, the competing demands in this thesis are primarily focused on family liquidity and firm growth which demonstrates the entrepreneurial behaviour of family businesses. This approach does not specifically target other types of prevalent competing demands, such as tradition vs. change and control vs. autonomy (Ingram *et al.*, 2014; Zellweger *et al.*, 2012). Future research could investigate other tensions, such as individual freedom and family loyalty, or tradition and change (Ingram *et al.*, 2014).

6.5 Conclusion

This chapter has revisited the guiding research questions and objectives for the thesis, together with the subsequent research questions for each individual paper in Chapters 3, 4 and 5. It specifically concluded how the findings of each paper contributed to the general research objective of the thesis. This chapter also underlined the theoretical and practical contributions for the entrepreneurial behaviour of family businesses in China, and the implications on general policy-related issues and business practices.

Appendix 1. Chronology of changes in the role and status of private enterprises in China from 1949 to 2004 (Adopted from Li *et al.*, 2015).

<i>Period</i>	<i>Development</i>
1949-1952	New government allows the operation of private enterprises. As a result, by the end of 1949 private business is responsible for 48.7% of total GDP.
1953-1956	The government's transition to socialism transforms all private businesses into joint state-private enterprises managed by the private owners.
1957-1966	Through purchases or takeovers, joint state-private enterprises are transformed into socialist state-owned enterprises (SOEs).
1967-1978	Nearly all means of production are owned and controlled by the State.
1979-1992	Beginning with the creation of township and village enterprises (TVEs), China begins to reform its economy, however, 'private business' is still taboo. The first generation of entrepreneurs takes over managerial control of the TVEs or small SOEs but does not own these enterprises in name and has to operate in a nominally socialist fashion.
1992-1999	In 1992 the government's new doctrine becomes 'Building socialism with Chinese characteristics': although private businesses are no longer taboo, they still lack legal status.
1999	The National People's Congress (NPC) amends the constitution to legally recognize privately owned enterprises.
2002	Business people become eligible for membership in the Chinese Communist Party, election to the NPC, and appointment as political advisors to the government.
2004	The constitution is amended to recognize that 'Citizens' lawful private properties are inviolable'.

Appendix 2. Research protocol (First wave data collection)

The interviews are expected to proceed in the following order: the owner, the CEO/leader, one employee with a management role, and one employee with an operational role. If the owner\leader is acting as a CEO, another employee with a management role is expected to fill in as a participant.

1. When did the business start? What is the core business of the firm? What is the annual revenue? Has the firm grown since the start of the business? If so, by how much?
2. Is the firm also conducting business in other sectors\launching new products\changing business model? If so, what are they? How did it go? (To determine whether the business has entrepreneurial activities at all).
3. When did your firm start to expand the business into other sectors\launching new products\changing business model?
4. Why did the firm choose to expand the business into the selected sector(s)\launching new products\changing business model? Was it easier? Was there an opportunity? Or a threat to react to? And how? Please explain.
5. How did the institutional environment influence your entrepreneurial plans? How about regulations, laws or other similar factors? Do you think our traditional cultural values interfered with your judgement?
6. What were/are the major difficulties for the firm during the growth phase? How did you overcome them?
7. Why don't you think the firm has shown sufficient growth so far?
8. Did the firm undertake any specific project in the past, which did not work particularly? Can you explain why? Did you do something to overcome those difficulties? If so, please explain.
9. Did the firm undertake any specific project which was a success? Can you explain why? And how did you achieve success? Could you have learned something out of it for transferring that knowledge to other areas of the business you wanted to get into? How?

10. Is the firm planning to try to expand again in the future? If so, how does the firm make those decisions and how does it plan to do it? If not, why don't you think the firm should try again?

Appendix 3. Business projects summary (First wave data collection)

Firm A

2002	Founding date.
2003	Signed manufacturing contract with 1 domestic brand and 2 foreign brands.
2004	Peaked in annual turnover.
2005	Thinking about starting a financial investment business. Eventually given up due to lack of experience, knowledge and human capital.
2007	Thinking about starting a real estate development business. Eventually given up because of the lack of risk-taking propensity and lack of human capital.
2008	Annual turnover dropped about 60%.
2008-	Remained profitable without entrepreneurial attempts.

Firm B

1998	Operational founding date.
2000-2005	Signed manufacturing contract with 3 domestic brands.
2003-2004	Looking to buy land for building factories, eventually given up due to the lack of human capital and trust in stranger managers.
2004	Officially registered the company name, legal founding date.

2007	Looking to buy a property for investment, eventually given up due to the preparation for funding their child's higher education in the US.
2009	Annual turnover dropped about 50% due to the drop in international market demand.
2010	Plan to import baby formula, eventually given up due to the high import value-added tax and lack of risk-taking propensity.
2009-	Still actively seeking opportunities. Having ideas such as online retail, and stepping into other sectors. However, the owner and the CEO both thought selling the business as a whole an acceptable option in the future.

Firm C

2003	Founding date.
2008	Started considering expanding the business due to the fact that the daughter of the owner was receiving higher education. Signed manufacturing contract with 2 domestic brands and 1 foreign brand.
2009	Signed manufacturing contract with 1 domestic brand.
2010	Signed manufacturing contract with 2 domestic brands. Started to engage in E-business by suppling online buyers in bulk.
2011	Signed manufacturing contract with 1 domestic brand and 2 foreign brands.
2012	Signed manufacturing contract with 2 domestic brands. Officially started E-business retail sale which was managed by the daughter.

Firm D

2005	Founding date.
2005-2011	Steady manufacturing contract with many domestic brands.
2011	Narrowed their production line to only manufacturing outwear and tops. Ended contracts with 4 brands.
2012	Officially started to supply online buyers. Reduced the size of the firm.
2013-	Preparing to start online retail.

Firm E

2007	Founding date.
2007	Acquired a decorating business.
2007	First major developing project. Acted as the risk-free developing contractor for government property.
2008	The second developing project. Acted as the risk-free developing contractor for government property again.
2010	Community planning project preparation.
2012-	Focusing on community planning contract with government owned residential developments.

Firm F

1994	Founding date.
1994-1995	First developing project.
1996-1998	First attempt to start a restaurant chain, eventually failed to generate profit due to the lack of experience and proactiveness.
1997	Hired professional manager as CEO. Agricultural production business founding date.
1998	Hired non-family CFO.
1998-2002	Two major development projects and two hotels.
1999	Property management company founding date.
2003	Qingdao branch founding date.
2003-2005	First development project in Qingdao.
2005-2007	Second development project in Qingdao.
2007-2010	One major development project in Qingdao and one small development project in Huangdao.
2010-2014	One project still under negotiation with local government.
2012-	Prepare to sell the unprofitable hotels.

Firm G

1996	Founding date.
1996	First development project for government use residential buildings.
1998-2001	Second development project for government use residential buildings.
2001	Started to expand into restaurant business.

2002	First restaurant built and operated. Was successful during the first year of operation.
2003	Business volume of the restaurant dropped dramatically due to the lack of experience and proactiveness.
2003-2005	Third development project for private residential buildings.
2004	Shut down the restaurant business and started to shift the focus back to real estate development.
2007	Two high-end apartment building projects.
2009	One residential development project. Had three ongoing projects simultaneously with a huge debt to the state-bank.
2011	The owner was asked to an inquiry for corruption investigation.
2013	Started to slow down the growth of the business due to the highly influential anti-corruption campaign. Also the restricted financing policy in the real estate sector.
2014	Brought in by the authority for official corruption investigation. Found not guilty. Brought in again within 6 months and found guilty of being related to corruption.
2014-	Stopped engaging with development business to focus on the lawsuit against the owners.

Firm H

1993	Founding date.
1993-1998	Contract developer for small local government building.
1999	Started to strengthen the network ties with local government for hot spring hotels.

2001	First 3-star hotel was built. Attracted huge attention for the Tourism Administration.
2003-2007	Two 3-star hotels were built. The owner won the local 'star entrepreneur' award in 2007.
2008-2013	Improved the hotel facilities and remains influential in the local area.
2013-	Under investigation by the authorities due to the close ties with local government officials who had already been arrested for corruption.

Appendix 4. Business projects (Second wave data collection)

The cases: Alan, Barry, Carl, and Dave's real estate developing business.

Case A: Alan

The beginning and the first project (2002 to 2005)

Before Alan became self-employed, he lost his job as a senior loan officer in a state-owned bank in 2002. Alan's job performance started to go down when his ex-wife won the full custody of their only daughter after their divorce in 1996. As being married (having a family) is an important informal requirement for job promotion in Chinese state-owned businesses, at the age of 38, Alan accepted that his time at the bank was officially ended.

However, due to his experience as a loan officer in the banking industry, he has obtained a tremendous amount of knowledge about private business in many sectors, especially in real estate development, which he chose to be his business venture later. The first project was a small residential development project for employees of local government, and it went very well with no dramatic difficulties. Alan specifically stressed that his nephew helped him a lot at the early stage of his start-up, and he always had felt responsible for the son of his beloved sister. Furthermore, being divorced and losing custody of his daughter also made Alan rely on the support from extended family.

Project A2 (2005 to 2007)

Alan's second selected project was acquiring an interior design business in 2005, shortly after finishing his first project. However, he was quite upset with the way local government gave the interior design contract to a local state-owned construction business without consulting him. Alan was not satisfied with the quality of the interior design; however, he understood that he needed to take a step further to gain more control of his private business.

Although acquiring a small interior design business was not considered a large expense, Alan felt that he was obligated to at least include other members for discussion as there were already four family members working in his business in 2005. After a brief

discussion, all family members agreed that if Alan thought it could benefit the business, they should do it. However, Alan started to realise that his desire to enhance his role as an entrepreneur may contradict his role as a family leader in the future.

Project A3 (2007 to 2010)

Alan's third selected project was a large residential real estate development project in 2007. Before the project, Alan had re-married, and his daughter graduated from high school and was accepted by one of the top universities in China, which largely exceeded Alan's expectations and also affected his confidence in choosing new projects.

These two events highly enhanced Alan's family identity, including being a good son, husband and a father, which translated into motivation in his entrepreneurial pursuit. Although choosing a larger project would bear higher risk, hence threatening the entire family wealth, Alan was excited to take a step further and grow the business more. He noticed that most family employees seemed to be reluctant to choose the larger project. He was very confident that the new project would yield far greater benefits than risk, but he did not want to make the decision in a dictatorial way, which might make other family members feel irrelevant and disrespected. Instead, he started to increase the salary and benefit for all employees based on their occupation in the business, and increased the frequency of meetings intentionally to express that he was confident in all employees' capability. After doing so for a few weeks, Alan decided to announce his decision with no formal discussion.

Project A4 (2010 to 2013)

Alan stopped the real estate development entirely and redeployed his resources on starting a real estate planning service business in 2010. The local government was experiencing a dramatic re-structuring and many districts needed new offices and residential buildings. Alan saw the potential and created a new business that exclusively provided community design work for government projects. Although Alan's family members, including his wife, nephew and cousin, all suggested that they could just expand their interior design business and wait for the best, Alan felt like that was admitting defeat.

Although it appeared to be a great opportunity to initiate his business idea, he was also worried that his family members would not understand why he had to go through more trouble doing something new when he had a perfectly functioning secondary business. He

felt it was hard to align his entrepreneurial identity and desire to explore new opportunities with his family identity. He also knew that he needed to be responsible for his employees, especially his family employees who were closely intertwined with him.

Case B: Barry

The beginning and project B1 (2000 to 2004)

Barry started his real estate development business in 2001. Before 2001, he worked as the deputy director of the local Bureau of Finance. In 2000, Barry's superior (the director) was leaving the position and he recommended Barry as his successor. However, the bureau transferred a new director from another department. Barry thought he had the promotion and he even told his family that, according to his superior, he was going to be promoted. Furthermore, being denied such a deserved promotion made him feel like he was unimportant and he had no control over his own life, which threatened his identity as a government employee and a hard worker. Furthermore, being 38 years old⁶ meant that he would never be promoted in the same government department again. Therefore, he started to actively seek control over his own life and started his own business.

Although Barry had to put his property on the stake for his first real estate project, his background and connection in government made things much easier than he expected. The project was a residential development which included six buildings. Although the location was not popular at the time, Barry's network in the government provided valuable information on city planning; therefore he was confident that the new city planning would shift the city centre towards the location of his project. He also brought two of his cousins to help him with the project.

Project B2 (2004 to 2008)

Barry established a property management business in 2005. Before this project, the property management service was provided by a well-known property management

⁶ In the Chinese government ranking system, there was an age limit for each person to be able to qualify for a certain position. In this case, since the term of a director in a local government agency was 3 years and age 40 was the limit, 38 year-old Barry had already missed his last window to become the director.

business in the city: Company X. However, the fee of property management service went up in 2004 for no clear reason. After several failed attempts to reach the manager of company X, Barry found out that similar incidents had happened with other real estate developers. When Barry refused to match the newly increased price, a bad rumour started to spread through his developments and some residents even started to sell their properties. One of his family members suggested resolving this situation by violence. Although Barry did have the resource to know the right people to solve this problem informally, he was worried that this method would actually damage the family business and its members' reputation even more, which would partially make the rumour true. Additionally, one of Barry's dearest childhood friends had had a massive heart attack and was in a critical condition. The incident happened a week before the wedding of the friend's son. Furthermore, seeing what had happened to his friend made Barry realise that he also was not a young man anymore and a similar thing could happen to him, so he should avoid creating conflict and build a business that could provide for his family.

Project B3 (2008 to 2012)

The third selected project of Barry's was the last development project of his in 2010. This project was not considered a success due to the tight policy in the real estate sector. Although all of the difficulties were anticipated by Barry and his business, and the risk was considered too high, one key event drove Barry to proceed with this project. He had been competing over this project with one of his competitors for around two years. Barry did not only want the project, but also wanted to establish his authority in the city by winning through whatever it took.

Barry's 'tactics' resulted in his competitor being accused of serious criminal offences and taken into custody by the relevant authorities. The entire operation was a secret that only five family members knew at the time. However, the project itself was too risky and presented a huge threat to the entire family wealth. Barry carried the confidence from eliminating his competitor to the project and motivated everyone in the business through increasing their salary and benefits. Unfortunately, the entire project was too large and put Barry in an extreme liquidity issue for almost three years, and no new project could be initiated during that time.

Project B4 (2012 to 2013)

The fourth selected project was driven by the failure of the third selected project. Although Barry's business did not decline in total value because of the massive scale of project B3, the liquidity issue made the entire business immobile for years, and therefore Barry considered project B3 as a failure. He started to make plans to transform his business to a service provider that did not need much initial capital. Although Barry's financial service business did not bring in much of a profit, it was a legitimate business without having to play 'dirty'. The real estate development business was completely put on hold, and he had no intention of trying to get it back in the near future. Two of Barry's cousins had a background in finance and accounting, and two of his nephews and nieces were studying finance at university. The new business would provide jobs for future generations.

Case C. Carl

The beginning and Project C1 (2000 to 2005)

Carl used to co-own a small restaurant in the early 1990s, which did not perform well and was shut down in 1995 after a serious dispute with his business partner. Then he worked as a manager for a state-owned international trading business until he established his own real estate business. Unfortunately, in 2000, Carl's superior fled the country during an embezzlement investigation. Carl was also involved in the case and the state-owned business desperately wanted to hold someone accountable, so Carl became the primary suspect in the case. After dealing with the accusations miserably for over a year, Carl avoided criminal charges. However, his career in the state-owned business was no longer viable and his reputation was severely damaged. Most importantly, Carl felt ashamed as he was always considered an upstanding man with a good job in the family.

Carl stated that his motivation to start his own business again was not only to prove to his family that he was still capable, but also to himself. Although he had failed one time before, he still wanted to become an entrepreneur who had control of his own life.

In 2001. Carl's first project was adding four buildings to an existing state-owned development, the first floor of each building being street houses⁷. Fortunately, Carl's cousin who worked at the local bureau of construction could help him. The permits for these four properties were surprisingly easy to obtain and increased the profitability of this entire project. Later, he convinced his cousin to quit his job and work for him. Carl's earlier experience regarding his first entrepreneurial attempt and his career in the state-owned business made him realise that he should be careful with whom he worked.

Project C2 (2005 to 2009)

Carl's second selected project was opening a restaurant in 2007. Due to the failure of his first attempt in the restaurant business in the 1990s, Carl had always been careful with this idea. The key event that drove Carl's decision was the astonishing 'entertainment fee' generated in 2005 for maintaining networks with local government. Carl could not really recall most of the bills and there was no way that he could officially investigate how much money he actually spent⁸; therefore he started to find a way to reduce and control this cost. Carl thought it could be a good opportunity to establish his own restaurant, since he had enough cash and he could use it for networking, and avoid potential energy-draining conflicts with the restaurant. However, his cousin was quite furious with this situation and stressed that if Carl did not react aggressively, it would risk his reputation as a powerful real estate developer. Coincidentally, Carl's sister had just lost her job and he could provide a new job for her, as well as finding a trustworthy accountant for his new restaurant. Carl opened his restaurant, a small high-end restaurant, in 2007. Although the restaurant did not make a profit, the cost of running it essentially became the cost of maintaining the network, which was much cheaper than it used to be. Later, his cousin also admitted that this was a good idea and the most appropriate action.

⁷ From a direct translation of Chinese, such space in a residential building would be called the "street house" by real estate developers, meaning the property would face the street and be permitted for shop use. This type of property is usually valued multiple times more than regular residential properties.

⁸ Most Chinese restaurants keep tabs for rich, regular customers. However, in the 2000s, it was quite common for a restaurant to add things that were not ordered onto the bill and charge more when customers were drunk or too busy to look at the entire bill. Once the signature is on the tab, there would be hardly any evidence to prove whether every item on the bill had been ordered.

Project C3 (2010 to 2014)

Carl's third selected project was the last real estate project of his business in 2012. The background of this project was a bit complicated, as Carl paused his real estate development business in 2010 due to the tight policies and ongoing anti-corruption campaign, which affected himself personally. Carl shifted his attention onto the restaurant; however, the anti-corruption campaign started to target government officials who attended dinner meetings with businessmen, and many high-end restaurants started to go out of business in 2010. Since Carl had never run his restaurant for a financial purpose, it became meaningless to keep it anymore. However, one key event drove Carl to re-start his real estate business.

The corruption investigation that involved Carl has finally cleared and he was not officially charged with anything, thanks to his close network with the local law enforcement. Although Carl did not share the exact details, he mentioned that he promised a well-paid job position to one of the judges who was planning to retire in the coming year. This action helped Carl to avoid any damage of his business and his reputation. However, he had to explain carefully to his employees, since it seemed to be unfair to some hardworking employees, especially during the difficult time when they could not start any new project. Carl decided to resolve this issue by taking on a very risky project, which may paralyse the business's liquidity for years. The local government had already shut down this particular project; however Carl thought he could take it over and make it work because of his connection with the district government. However, when the head of the district was arrested due to other corruption-related cases, the project was doomed to fail. As a result, Carl had to spend years resolving the issue of the project, and because of the large initial investment, his business was not able to be active for almost three years.

Project C4 (2014 to 2015)

The fourth selected project was a travel agency that provided many travel services in 2015. In early 2014, when Carl learnt that the head of the district had been taken by the local law enforcement for inquiry, he knew that it was important for him to be far away from the situation because he was not sure if he was going to be involved in the case. Although the case was about something else, there was still a possibility that the head of the district

might give out any names. Since the newly appointed head of the district immediately started to clean up every shady business deal in the city, Carl decided to do something completely irrelevant with real estate to protect his family and his business.

Case D. Dave

The beginning and Project D1 (2002 to 2003)

Dave started his own construction business in 2003 after working at a state-owned construction business for over 10 years. Dave's father needed bypass surgery in 2002, which would cost the family's entire savings. As both of Dave's brothers were ex-military, whose jobs did not pay very well, Dave decided to take most financial responsibility. Dave's working experience involved dealing with many private real estate developers who were rich and did not have to worry about financial burdens. Dave felt inferior being an employee of a state-owned business. During his father's critical condition, a classmate whose family were very close to the school principal bullied his son. Dave and his son only got an informal apology from the school without the presence of the bully's parents.

Dave realised that if he wanted to be the man responsible for his family, he needed to change and leave his comfort zone. Then he negotiated with his employer and started his own construction business. Dave's first successful private construction contract did not only fulfil some of his family's financial needs, but also officially put his name on every developer's radar in the city.

Project D2 (2004 to 2009)

Dave's second selected project was his first real estate development project in 2005. Dave had two choices before this project. One was a very small add-on project in a military community. It only required two additional buildings, and such a project would open some doors in the military for future construction business. Due to his family's connections in the local military, they could establish some networks to get this project easily. The second one was a residential development, which was much riskier financially. Although Dave had been working with countless real estate developers in the past, he had no experiencing

in conducting such business by himself. Dave was reluctant to try real estate development at first.

However, Dave found out that there was corrupt behaviour in his old military base. The local army gave development contracts to many shady developers. This situation was highly disappointing since Dave's original thought was to re-connect with his family's proud military background. Dave eventually gave up the choice that most closely related to his construction business and decided to transform his business completely as a real estate development business.

The success of this project made Dave realise that he was capable of being the real estate developer that he had always admired. He also convinced two of his brothers to work for him during these years. Although they had no experience in business, they were trustworthy and reliable. Furthermore, Dave always wanted to take more responsibility in the family, but his brothers had not accepted his financial help directly before. By including them in the business, Dave could officially pay them well.

Project D3 (2009 to 2012)

Dave's third selected project was his last real estate project in 2011 when the policies for the real estate development sector became very tight. Logically, he should not have done this project because it was very big and complicated, and they were already unable to get loans from banks anymore. However, his son had graduated from university and already got a good job in a large multi-national business in Beijing. Dave was thinking about abandoning his core business. However, the success of his own son seemed to have a larger impact on Dave's decisions. Dave established a university fund for his brother's children before he discussed this situation with them just to make sure the next generation had a good future. However, although the project was successfully initiated, Dave spent more than two years just getting all the necessary permits. Almost a third of the properties are still unsold to this day.

Project D4 (2012 to 2015)

The fourth selected project of Dave's was transforming his real estate development business into an architectural business in 2015. During the last real estate development project, Dave's health condition declined rapidly as he was constantly worrying, being anxious, and he had to drink heavily with government officials on a daily basis in order to put the business in motion. His wife and son asked him to consider retirement after the last real estate project. Although Dave knew that his family only did this because they cared about him, he was still not very happy about being seen as an incapable man, considering he was only in his mid-50s. He did not agree or give any promises to his family. Therefore, he desperately needed an opportunity to explore something new and challenging, but less risky so that his family wouldn't worry. As Dave's general manager had a degree in architecture and had some previous work experience, he started an architectural business. Although this business did not make as much profit as real estate, the workload was still quite high and learning about a new sector also excited Dave.

List of Reference

- Acemoglu, D., Robinson, J.A. & Verdier, T. 2012, *Can't We All Be More Like Scandinavians? Asymmetric growth and institutions in an interdependent world*.
- Acquaah, M. 2012, "Social networking relationships, firm-specific managerial experience and firm performance in a transition economy: A comparative analysis of family owned and nonfamily firms", *Strategic Management Journal*, vol. 33, no. 10, pp. 1215-1228.
- Acquaah, M. 2011, "Business strategy and competitive advantage in family businesses in Ghana: The role of social networking relationships", *Journal of developmental entrepreneurship*, vol. 16, no. 01, pp. 103-126.
- Acs, Z.J. & Audretsch, D.B. 1988, "Innovation in large and small firms: an empirical analysis", *The American Economic Review*, pp. 678-690.
- Acs, Z. & Armington, C. 2004, "Employment growth and entrepreneurial activity in cities", *Regional Studies*, vol. 38, no. 8, pp. 911-927.
- Adler, P.S. & Kwon, S. 2002, "Social capital: Prospects for a new concept", *Academy of management review*, vol. 27, no. 1, pp. 17-40.
- Afridi, F., Li, S.X. & Ren, Y. 2015, "Social identity and inequality: The impact of China's hukou system", *Journal of Public Economics*, vol. 123, pp. 17-29.
- Ahlers, O., Hack, A., Madison, K., Wright, M. & Kellermanns, F.W. 2017, "Is it All About Money?—Affective Commitment and the Difference Between Family and Non-family Sellers in Buyouts", *British Journal of Management*, vol. 28, no. 2, pp. 159-179.
- Ahlstrom, D. 2010, "Innovation and growth: How business contributes to society", *The Academy of Management Perspectives*, vol. 24, no. 3, pp. 11-24.
- Ahlstrom, D. & Bruton, G.D. 2010, "Rapid institutional shifts and the co-evolution of entrepreneurial firms in transition economies", *Entrepreneurship Theory and Practice*, vol. 34, no. 3, pp. 531-554.
- Ahlstrom, D. & Bruton, G.D. 2002, "An institutional perspective on the role culture in shaping strategic actions by technology-focused entrepreneurial firms in China", *Entrepreneurship: Theory and Practice*, vol. 26, no. 4, pp. 53-70.

- Ahlstrom, D. & Bruton, G.D. 2001, "Learning from successful local private firms in China: Establishing legitimacy", *The Academy of Management Executive*, vol. 15, no. 4, pp. 72-83.
- Ahlstrom, D., Bruton, G.D. & Lui, S.S. 2000, "Navigating China's changing economy: Strategies for private firms", *Business horizons*, vol. 43, no. 1, pp. 5-5.
- Ahlstrom, D. & Ding, Z. 2014, "Entrepreneurship in China: an overview", *International Small Business Journal*, vol. 32, no. 6, pp. 610-618.
- Ahlstrom, D., Young, M.N. & Nair, A. 2002, "Deceptive managerial practices in China: Strategies for foreign firms", *Business horizons*, vol. 45, no. 6, pp. 49-59.
- Akhter, N., Sieger, P. & Chirico, F. 2016, "If we can't have it, then no one should: Shutting Down Versus Selling in Family Business Portfolios", *Strategic Entrepreneurship Journal*, vol. 10, no. 4, pp. 371-394.
- Aldrich, H.E. & Cliff, J.E. 2003, "The pervasive effects of family on entrepreneurship: Toward a family embeddedness perspective", *Journal of business venturing*, vol. 18, no. 5, pp. 573-596.
- Aldrich, H.E. & Martinez, M. 2003, "Entrepreneurship as social construction: a multi-level evolutionary approach" in *Handbook of entrepreneurship research* Springer, pp. 359-399.
- Alford, R.R. & Friedland, R. 1985, *Powers of theory: Capitalism, the state, and democracy*, Cambridge University Press.
- Allen, F., Qian, J. & Qian, M. 2005, "Law, finance, and economic growth in China", *Journal of Financial Economics*, vol. 77, no. 1, pp. 57-116.
- Allen, M.R., George, B.A. & Davis, J.H. 2018, "A model for the role of trust in firm level performance: The case of family businesses", *Journal of Business Research*, vol. 84, pp. 34-45.
- Alvarez, S.A., Barney, J.B., McBride, R. & Wuebker, R. 2014, "Realism in the study of entrepreneurship", *Academy of Management Review*, vol. 39, no. 2, pp. 227-231.
- Amann, B. & Jaussaud, J. 2012, "Family and non-family business resilience in an economic downturn", *Asia Pacific business review*, vol. 18, no. 2, pp. 203-223.
- Anderson, A.R., Li, J., Harrison, R.T. & Robson, P.J. 2003, "The increasing role of small business in the Chinese economy", *Journal of Small Business Management*, vol. 41, no. 3, pp. 310-316.

- Anderson, A., Park, J. & Jack, S. 2007, "Entrepreneurial social capital: Conceptualizing social capital in new high-tech firms", *International small business journal*, vol. 25, no. 3, pp. 245-272.
- Andriopoulos, C. & Lewis, M.W. 2009, "Exploitation-exploration tensions and organizational ambidexterity: Managing paradoxes of innovation", *Organization Science*, vol. 20, no. 4, pp. 696-717.
- Arregle, J., Batjargal, B., Hitt, M.A., Webb, J.W., Miller, T. & Tsui, A.S. 2015, "Family ties in entrepreneurs' social networks and new venture growth", *Entrepreneurship Theory and Practice*, vol. 39, no. 2, pp. 313-344.
- Arregle, J., Hitt, M.A., Sirmon, D.G. & Very, P. 2007, "The development of organizational social capital: Attributes of family firms", *Journal of management studies*, vol. 44, no. 1, pp. 73-95.
- Arregle, J., Naldi, L., Nordqvist, M. & Hitt, M.A. 2012, "Internationalization of family-controlled firms: A study of the effects of external involvement in governance", *Entrepreneurship Theory and Practice*, vol. 36, no. 6, pp. 1115-1143.
- Ashcraft, K.L., Kuhn, T.R. & Cooren, F. 2009, "1 Constitutional Amendments: "Materializing" Organizational Communication", *Academy of Management Annals*, vol. 3, no. 1, pp. 1-64.
- Ashwin, A., Krishnan, R.T. & George, R. 2015, "Family firms in India: Family involvement, innovation and agency and stewardship behaviors", *Asia Pacific Journal of Management*, vol. 32, no. 4, pp. 869-900.
- Astrachan, J.H. & Jaskiewicz, P. 2008, "Emotional returns and emotional costs in privately held family businesses: Advancing traditional business valuation", *Family Business Review*, vol. 21, no. 2, pp. 139-149.
- Astrachan, J.H. & Kolenko, T.A. 1994, "A neglected factor explaining family business success: Human resource practices", *Family business review*, vol. 7, no. 3, pp. 251-262.
- Astrachan, J.H., Zahra, S.A. & Sharma, P. 2003, "Family-sponsored ventures", *Kansas, MO: Kauffman Foundation*.
- Atherton, A. & Newman, A. 2016, "The emergence of the private entrepreneur in reform era China: re-birth of an earlier tradition, or a more recent product of development and change?", *Business History*, vol. 58, no. 3, pp. 319-344.

- Audretsch, D.B., Grilo, I. & Thurik, A.R. 2007, "Explaining entrepreneurship and the role of policy: a framework", *The handbook of research on entrepreneurship policy*, pp. 1-17.
- Audretsch, D. & Keilbach, M. 2004, "Entrepreneurship capital and economic performance", *Regional Studies*, vol. 38, no. 8, pp. 949-959.
- Autio, E. & Acs, Z. 2010, "Intellectual property protection and the formation of entrepreneurial growth aspirations", *Strategic Entrepreneurship Journal*, vol. 4, no. 3, pp. 234-251.
- Autio, E. & Fu, K. 2015, "Economic and political institutions and entry into formal and informal entrepreneurship", *Asia Pacific Journal of Management*, vol. 32, no. 1, pp. 67-94.
- Baker, T., Miner, A.S. & Eesley, D.T. 2003, "Improvising firms: Bricolage, account giving and improvisational competencies in the founding process", *Research policy*, vol. 32, no. 2, pp. 255-276.
- Baker, T. & Nelson, R.E. 2005, "Creating something from nothing: Resource construction through entrepreneurial bricolage", *Administrative Science Quarterly*, vol. 50, no. 3, pp. 329-366.
- Balassa, B.A. 1986, *Toward renewed economic growth in Latin America; summary, overview, and recommendations*.
- Barnett, F. & Barnett, S. 1988, *Working together: Entrepreneurial couples*, Ten Speed Press.
- Barnett, T., Long, R.G. & Marler, L.E. 2012, "Vision and Exchange in Intra-Family Succession: Effects on Procedural Justice Climate Among Nonfamily Managers", *Entrepreneurship Theory and Practice*, vol. 36, no. 6, pp. 1207-1225.
- Barry, B. 1975, "The development of organisation structure in the family firm", *Journal of general management*, vol. 3, no. 1, pp. 42-60.
- Bartunek, J.M., Rynes, S.L. & Ireland, R.D. 2006, "What makes management research interesting, and why does it matter?", *Academy of management Journal*, vol. 49, no. 1, pp. 9-15.
- Basco, R. & Pérez Rodríguez, M.J. 2009, "Studying the family enterprise holistically: Evidence for integrated family and business systems", *Family Business Review*, vol. 22, no. 1, pp. 82-95.

- Baskerville, R.F. 2003, "Hofstede never studied culture", *Accounting, organizations and society*, vol. 28, no. 1, pp. 1-14.
- Batjargal, B. 2010, "Network dynamics and new ventures in China: A longitudinal study", *Entrepreneurship and Regional Development*, vol. 22, no. 2, pp. 139-153.
- Batjargal, B., Hitt, M.A., Tsui, A.S., Arregle, J., Webb, J.W. & Miller, T.L. 2013, "Institutional polycentrism, entrepreneurs' social networks, and new venture growth", *Academy of Management Journal*, vol. 56, no. 4, pp. 1024-1049.
- Battilana, J. & Dorado, S. 2010, "Building sustainable hybrid organizations: The case of commercial microfinance organizations", *Academy of management Journal*, vol. 53, no. 6, pp. 1419-1440.
- Battilana, J., Sengul, M., Pache, A. & Model, J. 2015, "Harnessing productive tensions in hybrid organizations: The case of work integration social enterprises", *Academy of Management Journal*, vol. 58, no. 6, pp. 1658-1685.
- Baum, J.R., Olian, J.D., Erez, M., Schnell, E.R., Smith, K.G., Sims, H.P., Scully, J.S. & Smith, K.A. 1993, "Nationality and work role interactions: A cultural contrast of Israeli and US entrepreneurs' versus managers' needs", *Journal of Business Venturing*, vol. 8, no. 6, pp. 499-512.
- Baumol, W.J., Schilling, M.A. & Wolff, E.N. 2009, "The superstar inventors and entrepreneurs: How were they educated?", *Journal of Economics & Management Strategy*, vol. 18, no. 3, pp. 711-728.
- Baumol, W.J. & Strom, R.J. 2007, "Entrepreneurship and economic growth", *Strategic entrepreneurship journal*, vol. 1, no. 3-4, pp. 233-237.
- Beckhard, R. & Dyer Jr, W.G. 1983, "Managing continuity in the family-owned business", *Organizational dynamics*, vol. 12, no. 1, pp. 5-12.
- Beijing Review (1984). *Session Approves Economic Reforms.*, Beijing Review, 27(44), pp. 6-10. Available at <https://www.marxists.org/subject/china/peking-review/1984/PR1984-44.pdf> (Accessed: 17 October 2017).
- Bekaert, G., Harvey, C.R. & Lundblad, C. 2005, "Does financial liberalization spur growth?", *Journal of Financial Economics*, vol. 77, no. 1, pp. 3-55.
- Belenzon, S. & Zarutskie, R. 2012, "Married to the firm? Family ownership, performance, and financing in private firms", *Duke University*.

- Bell, D.A. & Chaibong, H. 2003, *Confucianism for the modern world*, Cambridge University Press.
- Bell, D. 2000, "Guanxi: A Nesting of Groups¹", *Current anthropology*, vol. 41, no. 1, pp. 132-138.
- Benedict, B. 1968, "Family firms and economic development", *Southwestern journal of Anthropology*, vol. 24, no. 1, pp. 1-19.
- Bennedsen, M., Pérez-González, F. & Wolfenzon, D. 2010, "The governance of family firms", *Corporate governance: A synthesis of theory, research, and practice*, vol. 8.
- Berger, P.L. 1971, "The Social Construction of Reality/By PL Berger and T. Luckmann", .
- Berkowitz, D. & DeJong, D.N. 2005, "Entrepreneurship and post-socialist growth", *Oxford Bulletin of Economics and Statistics*, vol. 67, no. 1, pp. 25-46.
- Berrone, P., Cruz, C. & Gomez-Mejia, L.R. 2012, "Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research", *Family Business Review*, vol. 25, no. 3, pp. 258-279.
- Berrone, P., Cruz, C., Gomez-Mejia, L.R. & Larraza-Kintana, M. 2010, "Socioemotional wealth and corporate responses to institutional pressures: Do family-controlled firms pollute less?", *Administrative Science Quarterly*, vol. 55, no. 1, pp. 82-113.
- Bird, B., Schjoedt, L. & Baum, J.R. 2012, "Entrepreneurs' behavior: elucidation and measurement", *Entrepreneurship: Theory and Practice*, vol. 36, no. 5, pp. 889-914.
- Blenkinsopp, J. & Owens, G. 2010, "At the heart of things: The role of the “married” couple in entrepreneurship and family business", *International Journal of Entrepreneurial Behavior & Research*, vol. 16, no. 5, pp. 357-369.
- Block, J., Miller, D., Jaskiewicz, P. & Spiegel, F. 2013, "Economic and technological importance of innovations in large family and founder firms: An analysis of patent data", *Family Business Review*, vol. 26, no. 2, pp. 180-199.
- Boettke, P.J. & Coyne, C.J. 2003, "Entrepreneurship and development: Cause or consequence?" in *Austrian economics and entrepreneurial studies* Emerald Group Publishing Limited, pp. 67-87.
- Bonchek, M.S. & Shepsle, K.A. 1996, "Analyzing politics: Rationality, behavior and institutions".

- Bourdieu, P. 1990, *The logic of practice*, Stanford university press.
- Bowen, H.P. & De Clercq, D. 2008, "Institutional context and the allocation of entrepreneurial effort", *Journal of International Business Studies*, vol. 39, no. 4, pp. 747-767.
- Bratton, M. 2007, "Formal versus informal institutions in Africa", *Journal of Democracy*, vol. 18, no. 3, pp. 96-110.
- Brickson, S.L. 2007, "Organizational identity orientation: The genesis of the role of the firm and distinct forms of social value", *Academy of Management Review*, vol. 32, no. 3, pp. 864-888.
- Brickson, S.L. 2005, "Organizational identity orientation: Forging a link between organizational identity and organizations' relations with stakeholders", *Administrative Science Quarterly*, vol. 50, no. 4, pp. 576-609.
- Broadman, H.G., Anderson, J., Claessens, C.A., Ryterman, R., Slavova, S., Vagliasindi, M. & Vincelette, G. 2004, *Building market institutions in South Eastern Europe: Comparative prospects for investment and private sector development*, The World Bank.
- Bruton, G.D. & Ahlstrom, D. 2003, "An institutional view of China's venture capital industry: Explaining the differences between China and the West", *Journal of Business Venturing*, vol. 18, no. 2, pp. 233-259.
- Bruton, G.D., Ahlstrom, D. & Li, H. 2010, "Institutional theory and entrepreneurship: where are we now and where do we need to move in the future?", *Entrepreneurship theory and practice*, vol. 34, no. 3, pp. 421-440.
- Bruton, G.D., Ahlstrom, D. & Li, H. 2010, "Institutional theory and entrepreneurship: where are we now and where do we need to move in the future?", *Entrepreneurship theory and practice*, vol. 34, no. 3, pp. 421-440.
- Bruton, G.D., Ahlstrom, D. & Obloj, K. 2008, "Entrepreneurship in emerging economies: Where are we today and where should the research go in the future", *Entrepreneurship theory and practice*, vol. 32, no. 1, pp. 1-14.
- Busenitz, L.W. & Lau, C. 2001, "Growth intentions of entrepreneurs in a transitional economy: The People's Republic of China", *Entrepreneurship: Theory and Practice*, vol. 26, no. 1, pp. 5-21.

- Cabantous, L. & Gond, J. 2011, "Rational decision making as performative praxis: Explaining rationality's Éternel Retour", *Organization science*, vol. 22, no. 3, pp. 573-586.
- Calabretta, G., Gemser, G. & Wijnberg, N.M. 2017, "The interplay between intuition and rationality in strategic decision making: A paradox perspective", *Organization Studies*, vol. 38, no. 3-4, pp. 365-401.
- Cameron, K.S. 1986, "Effectiveness as paradox: Consensus and conflict in conceptions of organizational effectiveness", *Management science*, vol. 32, no. 5, pp. 539-553.
- Cameron, K.S. & Quinn, R.E. 1988, *Organizational paradox and transformation*. Ballinger Publishing Co/Harper & Row Publishers.
- Campbell, H.E., Johnson, R.M. & Larson, E.H. 2004, "Prices, devices, people, or rules: the relative effectiveness of policy instruments in water conservation", *Review of Policy Research*, vol. 21, no. 5, pp. 637-662.
- Campbell, J.L. 2004, *Institutional change and globalization*, Princeton University Press.
- Campopiano, G. & De Massis, A. 2015, "Corporate social responsibility reporting: A content analysis in family and non-family firms", *Journal of Business Ethics*, vol. 129, no. 3, pp. 511-534.
- Cannella Jr, A.A., Jones, C.D. & Withers, M.C. 2015, "Family-versus lone-founder-controlled public corporations: Social identity theory and boards of directors", *Academy of Management Journal*, vol. 58, no. 2, pp. 436-459.
- Cantillon, R., Higgs, H. & Jevons, W.S. 1931, *Essai sur la nature du commerce en général: Edited with an English translation and other material by Henry Higgs*, Macmillan.
- Cao, J., Cumming, D. & Wang, X. 2015, "One-child policy and family firms in China", *Journal of Corporate Finance*, vol. 33, pp. 317-329.
- Cao, Q., Gedajlovic, E. & Zhang, H. 2009, "Unpacking organizational ambidexterity: Dimensions, contingencies, and synergistic effects", *Organization Science*, vol. 20, no. 4, pp. 781-796.
- Carney, M. 2007, "Minority family business in emerging markets: Organization forms and competitive advantage", *Family Business Review*, vol. 20, no. 4, pp. 289-300.
- Carney, M. 2005, "Corporate governance and competitive advantage in family-controlled firms", *Entrepreneurship theory and practice*, vol. 29, no. 3, pp. 249-265.

- Carney, M., Gedajlovic, E. & Strike, V.M. 2014, "Dead money: Inheritance law and the longevity of family firms", *Entrepreneurship Theory and Practice*, vol. 38, no. 6, pp. 1261-1283.
- Carollo, L. & Guerci, M. 2018, "'Activists in a Suit': Paradoxes and Metaphors in Sustainability Managers' Identity Work", *Journal of Business Ethics*, vol. 148, no. 2, pp. 249-268.
- Carree, M.A. & Thurik, A.R. 2008, "The lag structure of the impact of business ownership on economic performance in OECD countries", *Small Business Economics*, vol. 30, no. 1, pp. 101-110.
- Casson, M. 1982, *The entrepreneur: An economic theory*, Rowman & Littlefield.
- Cennamo, C., Berrone, P., Cruz, C. & Gomez-Mejia, L.R. 2012, "Socioemotional wealth and proactive stakeholder engagement: Why family-controlled firms care more about their stakeholders", *Entrepreneurship Theory and Practice*, vol. 36, no. 6, pp. 1153-1173.
- Chan, C.M., Makino, S. & Isobe, T. 2010, "Does subnational region matter? Foreign affiliate performance in the United States and China", *Strategic Management Journal*, vol. 31, no. 11, pp. 1226-1243.
- Chen, M., Chang, Y. & Lee, C. 2015, "Creative entrepreneurs' guanxi networks and success: Information and resource", *Journal of Business Research*, vol. 68, no. 4, pp. 900-905.
- Chen, M. 2014, "Presidential address—Becoming ambicultural: A personal quest, and aspiration for organizations", *Academy of Management Review*, vol. 39, no. 2, pp. 119-137.
- Chen, W. 2007, "Does the colour of the cat matter? The red hat strategy in China's private enterprises", *Management and Organization Review*, vol. 3, no. 1, pp. 55-80.
- Chen, Y., Li, W. & Lin, K.J. 2015, "Cumulative Voting: Investor Protection or Antitakeover? Evidence from Family Firms in China", *Corporate Governance: An International Review*, vol. 23, no. 3, pp. 234-248.
- Chen, Z., Sun, Y., Newman, A. & Xu, W. 2012, "Entrepreneurs, organizational members, political participation and preferential treatment: evidence from China", *International Small Business Journal*, vol. 30, no. 8, pp. 873-889.
- Child, J. & Warner, M. 2003, "Culture and management in China", *Culture and management in Asia*, vol. 25, pp. 47.

Chreim, S. 2002, "Influencing organizational identification during major change: A communication-based perspective", *Human relations*, vol. 55, no. 9, pp. 1117-1137.

China Private Economy Research Association Family Business Research Group, "Chinese Family Enterprises Development Report," China CITIC Press, Beijing, 2011, pp. 45-46, 248-267.

Chrisman, J.J., Chua, J.H., Kellermans, F.W. & Chang, E.P. 2007, "Are family managers agents or stewards? An exploratory study in privately held family firms", *Journal of Business research*, vol. 60, no. 10, pp. 1030-1038.

Chrisman, J.J., Chua, J.H., Le Breton-Miller, I., Miller, D. & Steier, L.P. 2018, *Governance mechanisms and family firms*.

Chrisman, J.J., Chua, J.H. & Litz, R.A. 2004, "Comparing the agency costs of family and non-family firms: Conceptual issues and exploratory evidence", *Entrepreneurship Theory and practice*, vol. 28, no. 4, pp. 335-354.

Chrisman, J.J., Chua, J.H., Pearson, A.W. & Barnett, T. 2012, "Family involvement, family influence, and family-centered non-economic goals in small firms", *Entrepreneurship theory and practice*, vol. 36, no. 2, pp. 267-293.

Chrisman, J.J., Chua, J.H. & Sharma, P. 2005, "Trends and directions in the development of a strategic management theory of the family firm", *Entrepreneurship theory and practice*, vol. 29, no. 5, pp. 555-576.

Chrisman, J.J., Kellermans, F.W., Chan, K.C. & Liano, K. 2010, "Intellectual foundations of current research in family business: An identification and review of 25 influential articles", *Family Business Review*, vol. 23, no. 1, pp. 9-26.

Chrisman, J.J., Memili, E. & Misra, K. 2014, "Nonfamily managers, family firms, and the winner's curse: The influence of noneconomic goals and bounded rationality", *Entrepreneurship Theory and Practice*, vol. 38, no. 5, pp. 1103-1127.

Chrisman, J.J. & Patel, P.C. 2012, "Variations in R&D investments of family and nonfamily firms: Behavioral agency and myopic loss aversion perspectives", *Academy of management Journal*, vol. 55, no. 4, pp. 976-997.

Chua, J.H., Chrisman, J.J. & Chang, E.P. 2004, "Are family firms born or made? An exploratory investigation", *Family Business Review*, vol. 17, no. 1, pp. 37-54.

- Chua, J.H., Chrisman, J.J. & Sharma, P. 1999, "Defining the family business by behavior", *Entrepreneurship: Theory and Practice*, vol. 23, no. 4, pp. 19-19.
- Chua, J.H., Chrisman, J.J., Steier, L.P. & Rau, S.B. 2012, "Sources of heterogeneity in family firms: An introduction", *Entrepreneurship Theory and Practice*, vol. 36, no. 6, pp. 1103-1113.
- Chung, C. & Luo, X.R. 2013, "Leadership succession and firm performance in an emerging economy: Successor origin, relational embeddedness, and legitimacy", *Strategic Management Journal*, vol. 34, no. 3, pp. 338-357.
- Churchill, N.C. & Hatten, K.J. 1987, "Non-market-based transfers of wealth and power: A research framework for family businesses", *American Journal of small business*, vol. 11, no. 3, pp. 51-64.
- Cialdini, R.B., Trost, M.R. & Newsom, J.T. 1995, "Preference for consistency: The development of a valid measure and the discovery of surprising behavioral implications.", *Journal of personality and social psychology*, vol. 69, no. 2, pp. 318.
- Ciccone, A. & Papaioannou, E. 2007, "Red tape and delayed entry", *Journal of the European Economic Association*, vol. 5, no. 2-3, pp. 444-458.
- Clegg, S. 2002, *Management and organization paradoxes*, John Benjamins Publishing.
- Clemens, E.S. & Cook, J.M. 1999, "Politics and institutionalism: Explaining durability and change", *Annual review of sociology*, , pp. 441-466.
- Coleman, J.S. 2003, "Social capital in the creation of human capital", *Networks in the knowledge economy*, , pp. 57-81.
- Coleman, J.S. 1988, "Social capital in the creation of human capital", *American journal of sociology*, vol. 94, pp. S95-S120.
- Cooper, D.J., Hinings, B., Greenwood, R., Brown, J.L., Cooper, D.J., Hinings, B., Greenwood, R. & Brown, J.L. 1996, "Sedimentation and transformation in organizational change: The case of Canadian law firms", *Organization Studies*, vol. 17, no. 4, pp. 623-647.
- Cruz, C., Justo, R. & De Castro, J.O. 2012, "Does family employment enhance MSEs performance?: Integrating socioemotional wealth and family embeddedness perspectives", *Journal of Business Venturing*, vol. 27, no. 1, pp. 62-76.

- Cuervo, Á., Ribeiro, D. & Roig, S. 2007, "Entrepreneurship: concepts, theory and perspective. Introduction" in *Entrepreneurship* Springer, , pp. 1-20.
- Cuganesan, S. 2017, "Identity paradoxes: how senior managers and employees negotiate similarity and distinctiveness tensions over time", *Organization Studies*, vol. 38, no. 3-4, pp. 489-511.
- Daily, C.M. & Dollinger, M.J. 1993, "Alternative methodologies for identifying family-versus nonfamily-managed businesses", *Journal of Small Business Management*, vol. 31, no. 2, pp. 79.
- Dana, L.P. 1999, "Small Business as a Supplement in the People's Republic of China (PRC)", *Journal of Small Business Management*, vol. 37, no. 3, pp. 76.
- Dasgupta, P. 2001, *Social capital and economic performance: Analytics*, Citeseer.
- D'Aunno, T., Sutton, R.I. & Price, R.H. 1991, "Isomorphism and external support in conflicting institutional environments: A study of drug abuse treatment units", *Academy of Management Journal*, vol. 34, no. 3, pp. 636-661.
- Davidsson, P. 1995, "Culture, structure and regional levels of entrepreneurship", *Entrepreneurship & Regional Development*, vol. 7, no. 1, pp. 41-62.
- Davidsson, P. & Wiklund, J. 1997, "Values, beliefs and regional variations in new firm formation rates", *Journal of Economic psychology*, vol. 18, no. 2-3, pp. 179-199.
- Davies, H., Leung, T.K., Luk, S.T. & Wong, Y. 1995, "The benefits of "Guanxi": the value of relationships in developing the Chinese market", *Industrial marketing management*, vol. 24, no. 3, pp. 207-214.
- Davis, P.S. & Harveston, P.D. 1999, "In the founder's shadow: Conflict in the family firm", *Family Business Review*, vol. 12, no. 4, pp. 311-323.
- Dawson, A. & Hjorth, D. 2012, "Advancing family business research through narrative analysis", *Family Business Review*, vol. 25, no. 3, pp. 339-355.
- De Rosenblatt, P., Mik, L., Anderson, R. & Johnson, P. 1985, "The family in business: Understanding and dealing with the challenges entrepreneurial families face", .
- De Soto, H. 2000, *The mystery of capital: Why capitalism triumphs in the West and fails everywhere else*, Basic books.

- Delios, A., Wu, Z.J. & Zhou, N. 2006, "A new perspective on ownership identities in China's listed companies", *Management and Organization Review*, vol. 2, no. 3, pp. 319-343.
- Deng, Z., Hofman, P.S. & Newman, A. 2013, "Ownership concentration and product innovation in Chinese private SMEs", *Asia Pacific Journal of Management*, vol. 30, no. 3, pp. 717-734.
- Denison, D.R., Hooijberg, R. & Quinn, R.E. 1995, "Paradox and performance: Toward a theory of behavioral complexity in managerial leadership", *Organization Science*, vol. 6, no. 5, pp. 524-540.
- Denzin, N.K., Lincoln, Y.S. & Giardina, M.D. 2006, "Disciplining qualitative research", *International journal of qualitative studies in education*, vol. 19, no. 6, pp. 769-782.
- DiMaggio, P.J. & Powell, W.W. 1991, "Introduction. The new institutionalism in organizational analysis", *The New Institutionalism in Organizational Analysis*, University of Chicago Press, Chicago, IL, pp. 1-38.
- DiMaggio, P.J. & Powell, W.W. 1991, *The new institutionalism in organizational analysis*, University of Chicago Press Chicago, IL.
- DiMaggio, P. & Powell, W.W. 1983, "The iron cage revisited: Collective rationality and institutional isomorphism in organizational fields", *American Sociological Review*, vol. 48, no. 2, pp. 147-160.
- Dixit, A. 2004, "Lawlessness and Economics: Alternative Institutions of Governance".
- Djankov, S., La Porta, R., Lopez-de-Silanes, F. & Shleifer, A. 2002, "The regulation of entry", *The quarterly Journal of economics*, vol. 117, no. 1, pp. 1-37.
- Dollar, D. 1992, "Outward-oriented developing economies really do grow more rapidly: evidence from 95 LDCs, 1976-1985", *Economic development and cultural change*, vol. 40, no. 3, pp. 523-544.
- Dollar, D. & Wolff, E.N. 1993, *Competitiveness, convergence, and international specialization*, Mit Press.
- Dou, J. & Li, S. 2013, "The succession process in Chinese family firms: A guanxi perspective", *Asia Pacific Journal of Management*, vol. 30, no. 3, pp. 893-917.

- Doutriaux, J. 1988, "Government procurement and research contracts at start-up and success of Canadian high-tech entrepreneurial firms".
- Dubois, A. & Gadde, L. 2002, "Systematic combining: an abductive approach to case research", *Journal of business research*, vol. 55, no. 7, pp. 553-560.
- Dunn, M.B. & Jones, C. 2010, "Institutional logics and institutional pluralism: The contestation of care and science logics in medical education, 1967–2005", *Administrative Science Quarterly*, vol. 55, no. 1, pp. 114-149.
- Dunning, J.H. & Kim, C. 2007, "The cultural roots of guanxi: An exploratory study", *World Economy*, vol. 30, no. 2, pp. 329-341.
- Dyer, W.G. 2006, "Examining the “family effect” on firm performance", *Family business review*, vol. 19, no. 4, pp. 253-273.
- Dyer, W.G., Dyer, W.J. & Gardner, R.G. 2013, "Should my spouse be my partner? Preliminary evidence from the panel study of income dynamics", *Family Business Review*, vol. 26, no. 1, pp. 68-80.
- Eddleston, K.A., Chrisman, J.J., Steier, L.P. & Chua, J.H. 2010, "Governance and trust in family firms: An introduction", *Entrepreneurship Theory and Practice*, vol. 34, no. 6, pp. 1043-1056.
- Eddleston, K.A., Kellermanns, F.W. & Sarathy, R. 2008, "Resource configuration in family firms: Linking resources, strategic planning and technological opportunities to performance", *Journal of Management Studies*, vol. 45, no. 1, pp. 26-50.
- Eisenhardt, K.M. 1989, "Building theories from case study research", *Academy of management review*, vol. 14, no. 4, pp. 532-550.
- Eisenhardt, K.M. & Graebner, M.E. 2007, "Theory building from cases: Opportunities and challenges", *Academy of management journal*, vol. 50, no. 1, pp. 25-32.
- El-Sawad, A., Arnold, J. & Cohen, L. 2004, "“Doublethink”: The prevalence and function of contradiction in accounts of organizational life", *Human relations*, vol. 57, no. 9, pp. 1179-1203.
- Elsbach, K.D. & Sutton, R.I. 1992, "Acquiring organizational legitimacy through illegitimate actions: A marriage of institutional and impression management theories", *Academy of management Journal*, vol. 35, no. 4, pp. 699-738.

- Eriksson, P. & Kovalainen, A. 2015, *Qualitative methods in business research: A practical guide to social research*, Sage.
- Estrin, S., Korosteleva, J. & Mickiewicz, T. 2013, "Which institutions encourage entrepreneurial growth aspirations?", *Journal of business venturing*, vol. 28, no. 4, pp. 564-580.
- Estrin, S. & Prevezer, M. 2011, "The role of informal institutions in corporate governance: Brazil, Russia, India, and China compared", *Asia Pacific journal of management*, vol. 28, no. 1, pp. 41-67.
- Estrin, S. & Prevezer, M. 2010, "A survey on institutions and new firm entry: How and why do entry rates differ in emerging markets?", *Economic systems*, vol. 34, no. 3, pp. 289-308.
- Evald, M.R., Klyver, K. & Svendsen, S.G. 2006, "The changing importance of the strength of ties throughout the entrepreneurial process", *Journal of Enterprising Culture*, vol. 14, no. 01, pp. 1-26.
- Fang, T. 2012, "Yin Yang: A new perspective on culture", *Management and organization Review*, vol. 8, no. 1, pp. 25-50.
- Farh, J., Cheng, B., Chou, L., Chu, X., Tsui, A., Bian, Y. & Cheng, L. 2006, "China's domestic private firms: Multidisciplinary perspectives on management and performance".
- Fellows, R. & Liu, A.M. 2013, "Use and misuse of the concept of culture", *Construction Management and Economics*, vol. 31, no. 5, pp. 401-422.
- Feng, X., Poston Jr, D.L. & Wang, X. 2014, "China's one-child policy and the changing family", *Journal of comparative family studies*, vol. 45, no. 1, pp. 17-29.
- Fiol, C.M. 2002, "Capitalizing on paradox: The role of language in transforming organizational identities", *Organization Science*, vol. 13, no. 6, pp. 653-666.
- Fligstein, N. 1997, "Social skill and institutional theory", *American behavioral scientist*, vol. 40, no. 4, pp. 397-405.
- Friedland, R. & Alford, R.R. 1991, "Bringing society back in: Symbols, practices and institutional contradictions".
- Friedman, S.L. 2005, "The intimacy of state power: Marriage, liberation, and socialist subjects in southeastern China", *American Ethnologist*, vol. 32, no. 2, pp. 312-327.

- Gallo, M.A. & Vilaseca, A. 1996, "Finance in family business", *Family business review*, vol. 9, no. 4, pp. 387-401.
- Gangemi, J. 2007, "Study: US startup activity down slightly in '06", *Business Week Online*, vol. 11.
- García-Álvarez, E. & López-Sintas, J. 2001, "A taxonomy of founders based on values: The root of family business heterogeneity", *Family business review*, vol. 14, no. 3, pp. 209-230.
- García-Cabrera, A.M. & García-Soto, M.G. 2008, "Cultural differences and entrepreneurial behaviour: an intra-country cross-cultural analysis in Cape Verde", *Entrepreneurship and Regional Development*, vol. 20, no. 5, pp. 451-483.
- Gargiulo, M. & Benassi, M. 2000, "Trapped in your own net? Network cohesion, structural holes, and the adaptation of social capital", *Organization science*, vol. 11, no. 2, pp. 183-196.
- Gartner, W.B. 1993, "Words lead to deeds: Towards an organizational emergence vocabulary", *Journal of business venturing*, vol. 8, no. 3, pp. 231-239.
- Gedajlovic, E., Carney, M., Chrisman, J.J. & Kellermanns, F.W. 2012, "The adolescence of family firm research: Taking stock and planning for the future", *Journal of Management*, vol. 38, no. 4, pp. 1010-1037.
- Gedajlovic, E., Honig, B., Moore, C.B., Payne, G.T. & Wright, M. 2013, *Social capital and entrepreneurship: A schema and research agenda*.
- Gentry, W.M. & Hubbard, R.G. 2000, "Tax policy and entrepreneurial entry", *The American Economic Review*, vol. 90, no. 2, pp. 283-287.
- George, G., McGahan, A.M. & Prabhu, J. 2012, "Innovation for inclusive growth: Towards a theoretical framework and a research agenda", *Journal of management studies*, vol. 49, no. 4, pp. 661-683.
- Gersick, K., Davis, J. & HAMPTON, M.L. "(1997): Generation to generation: life cycles of the family business", *Harvard Business Review*. Boston, MA, .
- Ghadiri, D.P. 2010, *Moral identity struggles in organizations: The case of a management consulting company*, .
- Globerman, S. & Shapiro, D. 2003, "Governance infrastructure and US foreign direct investment", *Journal of International Business Studies*, vol. 34, no. 1, pp. 19-39.

- Goel, S. & Karri, R. 2006, "Entrepreneurs, effectual logic, and over-trust", *Entrepreneurship theory and practice*, vol. 30, no. 4, pp. 477-493.
- Gomez-Mejia, L.R., Cruz, C., Berrone, P. & De Castro, J. 2011, "The bind that ties: Socioemotional wealth preservation in family firms", *The academy of management annals*, vol. 5, no. 1, pp. 653-707.
- Gómez-Mejía, L.R., Haynes, K.T., Núñez-Nickel, M., Jacobson, K.J. & Moyano-Fuentes, J. 2007, "Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills", *Administrative Science Quarterly*, vol. 52, no. 1, pp. 106-137.
- Gomez-Mejia, L.R., Makri, M. & Kintana, M.L. 2010, "Diversification decisions in family-controlled firms", *Journal of management studies*, vol. 47, no. 2, pp. 223-252.
- Gomez-Mejia, L.R., Patel, P.C. & Zellweger, T.M. 2018, "In the horns of the dilemma: Socioemotional wealth, financial wealth, and acquisitions in family firms", *Journal of Management*, vol. 44, no. 4, pp. 1369-1397.
- González, M., Guzmán, A., Pombo, C. & Trujillo, M. 2015, "The role of family involvement on CEO turnover: Evidence from Colombian family firms", *Corporate Governance: An International Review*, vol. 23, no. 3, pp. 266-284.
- Greenwood, R., Díaz, A.M., Li, S.X. & Lorente, J.C. 2010, "The multiplicity of institutional logics and the heterogeneity of organizational responses", *Organization Science*, vol. 21, no. 2, pp. 521-539.
- Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E.R. & Lounsbury, M. 2011, "Institutional complexity and organizational responses", *Academy of Management annals*, vol. 5, no. 1, pp. 317-371.
- Greenwood, R. & Suddaby, R. 2006, "Institutional entrepreneurship in mature fields: The big five accounting firms", *Academy of Management journal*, vol. 49, no. 1, pp. 27-48.
- Gruber, M. & MacMillan, I.C. 2017, "Entrepreneurial behavior: A reconceptualization and extension based on identity theory", *Strategic Entrepreneurship Journal*, vol. 11, no. 3, pp. 271-286.
- Gu, F.F., Hung, K. & Tse, D.K. 2008, "When does guanxi matter? Issues of capitalization and its dark sides", *Journal of Marketing*, vol. 72, no. 4, pp. 12-28.

- Guo, Q., 2011. Critique of New Critique of Confucian Ethics. *Wuhan: Wuhan Daxue Chubanshe*.
- Guo, B. & Liu, M. 2002, "Private Finance and Small & Medium-Sized Enterprises Development: Empirical Evidence from Wenzhou Region", *Economic Research Journal*, vol. 10, pp. 40-46.
- Guseva, A. 2007, "FRIENDS AND FOES: INFORMAL NETWORKS IN THE SOVIET UNION1", *East European Quarterly*, vol. 41, no. 3, pp. 323.
- Habbershon, T.G., Williams, M. & MacMillan, I.C. 2003, "A unified systems perspective of family firm performance", *Journal of business venturing*, vol. 18, no. 4, pp. 451-465.
- Haber, S. 2002, "CARDENAS, OCAMPO, AND THORP, Eds. An Economic History of Twentieth-Century Latin America", *JOURNAL OF ECONOMIC HISTORY*, vol. 62, no. 3, pp. 880-881.
- Hall, A., Melin, L. & Nordqvist, M. 2001, "Entrepreneurship as radical change in the family business: Exploring the role of cultural patterns", *Family Business Review*, vol. 14, no. 3, pp. 193-208.
- Hall, P.A. & Soskice, D. 2001, "An introduction to varieties of capitalism", *op.cit*, pp. 21-27.
- Hall, P.A. & Thelen, K. 2009, "Institutional change in varieties of capitalism", *Socio-economic review*, vol. 7, no. 1, pp. 7-34.
- Hall, R.H. & Xu, W. 1990, "Research note: run silent, run deep—cultural influences on organizations in the Far East", *Organization Studies*, vol. 11, no. 4, pp. 569-576.
- Haltiwanger, J., Jarmin, R.S. & Miranda, J. 2013, "Who creates jobs? Small versus large versus young", *Review of Economics and Statistics*, vol. 95, no. 2, pp. 347-361.
- Hamilton, G.G. 1984, "Patriarchalism in Imperial China and Western Europe", *Theory and Society*, vol. 13, no. 3, pp. 393-425.
- Handler, W.C. 1989, "Methodological issues and considerations in studying family businesses", *Family business review*, vol. 2, no. 3, pp. 257-276.
- Hannan, M.T. & Freeman, J. 1977, "The population ecology of organizations", *American journal of sociology*, vol. 82, no. 5, pp. 929-964.

- Harrison, R. & Mason, C. 1988, "Risk finance, the equity gap and new venture formation in the United Kingdom: the impact of the business expansion scheme", *Frontiers in entrepreneurship research*, pp. 595-611.
- Harriss, J. 2003, "'Widening the radius of trust': ethnographic explorations of trust and Indian business", *Journal of the Royal Anthropological Institute*, vol. 9, no. 4, pp. 755-773.
- Harvey, M. & Evans, R.E. 1994, "Family business and multiple levels of conflict", *Family Business Review*, vol. 7, no. 4, pp. 331-348.
- Hathaway, I. & Litan, R.E. 2014, "Declining business dynamism in the United States: A look at states and metros", *Brookings Institution*.
- Haveman, H.A. & Rao, H. 1997, "Structuring a theory of moral sentiments: Institutional and organizational coevolution in the early thrift industry", *American journal of sociology*, vol. 102, no. 6, pp. 1606-1651.
- Hayton, J.C., George, G. & Zahra, S.A. 2002, "National culture and entrepreneurship: A review of behavioral research", *Entrepreneurship theory and practice*, vol. 26, no. 4, pp. 33.
- Hayton, J.C. & Kelley, D.J. 2006, "A competency-based framework for promoting corporate entrepreneurship", *Human Resource Management: Published in Cooperation with the School of Business Administration, The University of Michigan and in alliance with the Society of Human Resources Management*, vol. 45, no. 3, pp. 407-427.
- He, C., Wei, Y.D. & Xie, X. 2008, "Globalization, institutional change, and industrial location: Economic transition and industrial concentration in China", *Regional Studies*, vol. 42, no. 7, pp. 923-945.
- Heider, F. 2013, *The psychology of interpersonal relations*, Psychology Press.
- Hessels, J., van Gelderen, M. & Thurik, R. 2008, "Drivers of entrepreneurial aspirations at the country level: the role of start-up motivations and social security", *International Entrepreneurship and Management Journal*, vol. 4, no. 4, pp. 401-417.
- Hirsch, P.M. & Lounsbury, M. 1997, "Ending the family quarrel toward a reconciliation of "old" and "new" institutionalisms", *American behavioral scientist*, vol. 40, no. 4, pp. 406-418.
- Hitt, M.A. 2016, "International strategy and institutional environments", *Cross Cultural & Strategic Management*, vol. 23, no. 2, pp. 206-215.

- Hjorth, D. 2007, "Lessons from Iago: narrating the event of entrepreneurship", *Journal of Business Venturing*, vol. 22, no. 5, pp. 712-732.
- Hofstede, G. 2001, "Cultural consequences", *Sage Publications, Thousand Oaks, CA*.
- Hofstede, G. 2001, *Culture's consequences: Comparing values, behaviors, institutions and organizations across nations*, Sage publications.
- Hofstede, G. 1980, "Culture and organizations", *International Studies of Management & Organization*, vol. 10, no. 4, pp. 15-41.
- Holden, M.T. & Lynch, P. 2004, "Choosing the appropriate methodology: Understanding research philosophy", *The marketing review*, vol. 4, no. 4, pp. 397-409.
- Holmes Jr, R.M., Miller, T., Hitt, M.A. & Salmador, M.P. 2013, "The interrelationships among informal institutions, formal institutions, and inward foreign direct investment", *Journal of Management*, vol. 39, no. 2, pp. 531-566.
- Hoskisson, R.E., Eden, L., Lau, C.M. & Wright, M. 2000, "Strategy in emerging economies", *Academy of management journal*, vol. 43, no. 3, pp. 249-267.
- Howden, D. & Zhou, Y. 2014, "China's One-Child Policy: Some Unintended Consequences", *Economic Affairs*, vol. 34, no. 3, pp. 353-369.
- Huang, Y. 2008, *Capitalism with Chinese characteristics: Entrepreneurship and the state*, Cambridge Univ Press.
- Hwang, K. 1990, "Modernization of the Chinese family business", *International Journal of Psychology*, vol. 25, no. 3-6, pp. 593-618.
- Inge Jenssen, J. & Greve, A. 2002, "Does the degree of redundancy in social networks influence the success of business start-ups?", *International Journal of Entrepreneurial Behavior & Research*, vol. 8, no. 5, pp. 254-267.
- Ingram, A.E., Lewis, M.W., Barton, S. & Gartner, W.B. 2016, "Paradoxes and innovation in family firms: The role of paradoxical thinking", *Entrepreneurship Theory and Practice*, vol. 40, no. 1, pp. 161-176.
- James, H.S. 1999, "Owner as manager, extended horizons and the family firm", *International journal of the economics of business*, vol. 6, no. 1, pp. 41-55.

- Jarzabkowski, P., Lê, J.K. & Van de Ven, Andrew H 2013, "Responding to competing strategic demands: How organizing, belonging, and performing paradoxes coevolve", *Strategic Organization*, vol. 11, no. 3, pp. 245-280.
- Jarzabkowski, P. & Sillince, J. 2007, "A rhetoric-in-context approach to building commitment to multiple strategic goals", *Organization Studies*, vol. 28, no. 11, pp. 1639-1665.
- Jaskiewicz, P. & Dyer, W.G. 2017, *Addressing the elephant in the room: Disentangling family heterogeneity to advance family business research*.
- Jaskiewicz, P., Heinrichs, K., Rau, S.B. & Reay, T. 2016, "To be or not to be: how family firms manage family and commercial logics in succession".
- Jennings, P.D., Greenwood, R., Lounsbury, M.D. & Suddaby, R. 2013, "Institutions, entrepreneurs, and communities: A special issue on entrepreneurship", *Journal of Business Venturing*, vol. 28, no. 1, pp. 1-9.
- Jensen, M.C. & Meckling, W.H. 1976, "Theory of the firm: Managerial behavior, agency costs and ownership structure", *Journal of Financial Economics*, vol. 3, no. 4, pp. 305-360.
- Jiang, Y. & Peng, M.W. 2011, "Are family ownership and control in large firms good, bad, or irrelevant?", *Asia Pacific Journal of Management*, vol. 28, no. 1, pp. 15-39.
- Johnson, C.A. 2007, "Social capital and the search for information: Examining the role of social capital in information seeking behavior in Mongolia", *Journal of the American Society for Information Science and Technology*, vol. 58, no. 6, pp. 883-894.
- Jones, C.D., Makri, M. & Gomez-Mejia, L.R. 2008, "Affiliate Directors and Perceived Risk Bearing in Publicly Traded, Family-Controlled Firms: The Case of Diversification", *Entrepreneurship Theory and Practice*, vol. 32, no. 6, pp. 1007-1026.
- Judge, W.Q., Douglas, T.J. & Kutan, A.M. 2008, "Institutional antecedents of corporate governance legitimacy", *Journal of Management*, vol. 34, no. 4, pp. 765-785.
- Kavoussi, R.M. 1984, "Export expansion and economic growth: Further empirical evidence", *Journal of Development Economics*, vol. 14, no. 1, pp. 241-250.
- Ke, X. 2018, *Succession and the Transfer of Social Capital in Chinese Family Businesses: Understanding Guanxi as a Resource—Cases, Examples and Firm Owners in Their Own Words*, V&R unipress GmbH.

- Keller, J. & Loewenstein, J. 2011, "The cultural category of cooperation: A cultural consensus model analysis for China and the United States", *Organization Science*, vol. 22, no. 2, pp. 299-319.
- Kellermanns, F.W. & Eddleston, K.A. 2004, "Feuding families: When conflict does a family firm good", *Entrepreneurship theory and Practice*, vol. 28, no. 3, pp. 209-228.
- Kellermanns, F.W., Eddleston, K.A., Barnett, T. & Pearson, A. 2008, "An exploratory study of family member characteristics and involvement: Effects on entrepreneurial behavior in the family firm", *Family Business Review*, vol. 21, no. 1, pp. 1-14.
- Kelly, L., Keaten, J., Finch, C., Duarte, I., Hoffman, P. & Michels, M. 2002, "Family communication patterns and the development of reticence", *Communication Education*, vol. 51, no. 2, pp. 202-209.
- Khanna, T. & Palepu, K. 1997, "Why focused strategies may be wrong for emerging markets", *Harvard business review*, vol. 75, no. 4, pp. 41-43.
- Khanna, T. & Rivkin, J.W. 2001, "Estimating the performance effects of business groups in emerging markets", *Strategic Management Journal*, vol. 22, no. 1, pp. 45-74.
- Kim, C.W., McInerney, M. & Sikula, A. 2004, "A model of reasoned responses: Use of the golden mean and implications for management practice", *Journal of Business Ethics*, vol. 51, no. 4, pp. 387-395.
- Kim, Y. & Gao, F.Y. 2013, "Does family involvement increase business performance? Family-longevity goals' moderating role in Chinese family firms", *Journal of Business Research*, vol. 66, no. 2, pp. 265-274.
- Kirchhoff, B.A. & Phillips, B.D. 1988, "The effect of firm formation and growth on job creation in the United States", *Journal of Business Venturing*, vol. 3, no. 4, pp. 261-272.
- Kirkman, B.L., Lowe, K.B. & Gibson, C.B. 2006, "A quarter century of culture's consequences: A review of empirical research incorporating Hofstede's cultural values framework", *Journal of International Business Studies*, vol. 37, no. 3, pp. 285-320.
- Kirzner, I. 1973, "Competition and entrepreneurship".
- Kiser, L., Ostrom, E. & Ostrom, E. 1982, "Strategies of political inquiry", *Beverly Hills, CA, and London: Sage Publications*, , pp. 179-222.
- Klapper, L., Laeven, L. & Rajan, R. 2006, "Entry regulation as a barrier to entrepreneurship", *Journal of Financial Economics*, vol. 82, no. 3, pp. 591-629.

- Klyver, K., Hindle, K. & Meyer, D. 2008, "Influence of social network structure on entrepreneurship participation—A study of 20 national cultures", *International Entrepreneurship and Management Journal*, vol. 4, no. 3, pp. 331-347.
- Knapp, J.R., Smith, B.R., Kreiner, G.E., Sundaramurthy, C. & Barton, S.L. 2013, "Managing boundaries through identity work: The role of individual and organizational identity tactics", *Family Business Review*, vol. 26, no. 4, pp. 333-355.
- Knight, F.H. 1921, "Cost of production and price over long and short periods", *Journal of Political Economy*, vol. 29, no. 4, pp. 304-335.
- Ko, W.W. & Liu, G. 2017, "Overcoming the liability of smallness by recruiting through networks in China: a guanxi-based social capital perspective", *The International Journal of Human Resource Management*, vol. 28, no. 11, pp. 1499-1526.
- Koesten, J. & Anderson, K. 2004, "Exploring the influence of family communication patterns, cognitive complexity, and interpersonal competence on adolescent risk behaviors", *The Journal of Family Communication*, vol. 4, no. 2, pp. 99-121.
- Koropp, C., Kellermanns, F.W., Grichnik, D. & Stanley, L. 2014, "Financial decision making in family firms: An adaptation of the theory of planned behavior", *Family Business Review*, vol. 27, no. 4, pp. 307-327.
- Kotlar, J. & Sieger, P. 2019, "Bounded Rationality and Bounded Reliability: A Study of Nonfamily Managers' Entrepreneurial Behavior in Family Firms", *Entrepreneurship Theory and Practice*, vol. 43, no. 2, pp. 251-273.
- Kraatz, M.S. & Block, E.S. 2008, "Organizational implications of institutional pluralism", *The Sage handbook of organizational institutionalism*, vol. 840, pp. 243-275.
- Krackhardt, D. & Kilduff, M. 2002, "Structure, culture and Simmelian ties in entrepreneurial firms", *Social networks*, vol. 24, no. 3, pp. 279-290.
- Kram, K.E., Wasserman, I.C. & Yip, J. 2012, "Metaphors of identity and professional practice: Learning from the scholar-practitioner", *The Journal of applied behavioral science*, vol. 48, no. 3, pp. 304-341.
- Krueger Jr, N.F., Reilly, M.D. & Carsrud, A.L. 2000, "Competing models of entrepreneurial intentions", *Journal of business venturing*, vol. 15, no. 5-6, pp. 411-432.
- Kshetri, N. 2007, "Institutional changes affecting entrepreneurship in China", *Journal of Developmental Entrepreneurship*, vol. 12, no. 04, pp. 415-432.

- Kshetri, N. & Dholakia, N. 2011, "Regulative institutions supporting entrepreneurship in emerging economies: A comparison of China and India", *Journal of International Entrepreneurship*, vol. 9, no. 2, pp. 110-132.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A. & Vishny, R. 1999, "The quality of government", *The Journal of Law, Economics, and Organization*, vol. 15, no. 1, pp. 222-279.
- Lam, D., Paltiel, J.T. & Shannon, J.H. 1994, "The Confucian Entrepreneur? Chinese Culture, Industrial Organization, and Intellectual Property Piracy in Taiwan", *Asian Affairs: An American Review*, vol. 20, no. 4, pp. 205-217.
- Lambrecht, J. & Lievens, J. 2008, "Pruning the family tree: An unexplored path to family business continuity and family harmony", *Family Business Review*, vol. 21, no. 4, pp. 295-313.
- Lane, C. & Bachmann, R. 1998, *Trust within and between organizations: Conceptual issues and empirical applications*, Oxford University Press.
- Langer, E.J. 1989, *Mindfulness*. Addison-Wesley/Addison Wesley Longman.
- Lansberg, I.S. 1983, "Managing human resources in family firms: The problem of institutional overlap", *Organizational dynamics*, vol. 12, no. 1, pp. 39-46.
- Lawrence, P.R. & Lorsch, J.W. 1967, "Differentiation and integration in complex organizations", *Administrative Science Quarterly*, pp. 1-47.
- Lawson, T. 1997, *Economics and reality*, Routledge.
- Leaptrott, J. 2005, "An institutional theory view of the family business", *Family Business Review*, vol. 18, no. 3, pp. 215-228.
- Lee, P.K. & Humphreys, P.K. 2007, "The role of Guanxi in supply management practices", *International Journal of Production Economics*, vol. 106, no. 2, pp. 450-467.
- Lee, S.M. & Peterson, S.J. 2000, "Culture, entrepreneurial orientation, and global competitiveness", *Journal of world business*, vol. 35, no. 4, pp. 401-416.
- Lee, S., Peng, M.W. & Barney, J.B. 2007, "Bankruptcy law and entrepreneurship development: A real options perspective", *Academy of Management Review*, vol. 32, no. 1, pp. 257-272.

- Leppäaho, T., Plakoyiannaki, E. & Dimitratos, P. 2016, "The case study in family business: An analysis of current research practices and recommendations", *Family Business Review*, vol. 29, no. 2, pp. 159-173.
- Levie, J. & Autio, E. 2011, "Regulatory burden, rule of law, and entry of strategic entrepreneurs: An international panel study", *Journal of Management Studies*, vol. 48, no. 6, pp. 1392-1419.
- Lewis, M.W. 2000, "Exploring paradox: Toward a more comprehensive guide", *Academy of Management review*, vol. 25, no. 4, pp. 760-776.
- Li, J. & Harrison, J.R. 2008, "Corporate governance and national culture: a multi-country study", *Corporate Governance: The international journal of business in society*, vol. 8, no. 5, pp. 607-621.
- Li, X.C., Chen, L., Chua, J.H., Kirkman, B.L., Rynes-Weller, S. & Gomez-Mejia, L. 2015, "Research on Chinese family businesses: Perspectives", *Management and Organization Review*, vol. 11, no. 4, pp. 579-597.
- Liao, D. & Sohmen, P. 2001, "The development of modern entrepreneurship in China", *Stanford Journal of East Asian Affairs*, vol. 1, no. 1, pp. 27-33.
- Light, I. & Dana, L. 2013, "Boundaries of social capital in entrepreneurship", *Entrepreneurship Theory and Practice*, vol. 37, no. 3, pp. 603-624.
- Littunen, H. & Hyrsky, K. 2000, "The early entrepreneurial stage in Finnish family and nonfamily firms", *Family Business Review*, vol. 13, no. 1, pp. 41-53.
- Liu, W., Yang, H. & Zhang, G. 2012, "Does family business excel in firm performance? An institution-based view", *Asia Pacific Journal of Management*, vol. 29, no. 4, pp. 965-987.
- Lounsbury, M. 2007, "A tale of two cities: Competing logics and practice variation in the professionalizing of mutual funds", *Academy of management journal*, vol. 50, no. 2, pp. 289-307.
- Lounsbury, M. 2002, "Institutional transformation and status mobility: The professionalization of the field of finance", *Academy of Management Journal*, vol. 45, no. 1, pp. 255-266.
- Loyalka, M. & Dammon, A. 2006, "Chinese welcome for entrepreneurs", *Business Week Online*, vol. 1, no. 6, pp. 1.

- Lumpkin, G.T., Brigham, K.H. & Moss, T.W. 2010, "Long-term orientation: Implications for the entrepreneurial orientation and performance of family businesses", *Entrepreneurship and Regional Development*, vol. 22, no. 3-4, pp. 241-264.
- Lumpkin, G., Steier, L. & Wright, M. 2011, "Strategic entrepreneurship in family business", *Strategic Entrepreneurship Journal*, vol. 5, no. 4, pp. 285-306.
- Lüscher, L.S. & Lewis, M.W. 2008, "Organizational change and managerial sensemaking: Working through paradox", *Academy of management Journal*, vol. 51, no. 2, pp. 221-240.
- Lyon, D.W., Lumpkin, G.T. & Dess, G.G. 2000, "Enhancing entrepreneurial orientation research: Operationalizing and measuring a key strategic decision making process", *Journal of management*, vol. 26, no. 5, pp. 1055-1085.
- Mael, F. & Ashforth, B.E. 1992, "Alumni and their alma mater: A partial test of the reformulated model of organizational identification", *Journal of Organizational Behavior*, vol. 13, no. 2, pp. 103-123.
- Mair, J. 2002, "Value creation through entrepreneurial activity: A multiple constituency approach", .
- Mair, J., Marti, I. & Ventresca, M.J. 2012, "Building inclusive markets in rural Bangladesh: How intermediaries work institutional voids", *Academy of Management Journal*, vol. 55, no. 4, pp. 819-850.
- Malecki, E.J. 2012, "Regional social capital: why it matters", *Regional Studies*, vol. 46, no. 8, pp. 1023-1039.
- March, J.G. 1991, "Exploration and exploitation in organizational learning", *Organization science*, vol. 2, no. 1, pp. 71-87.
- Margolis, J.D. & Walsh, J.P. 2003, "Misery loves companies: Rethinking social initiatives by business", *Administrative Science Quarterly*, vol. 48, no. 2, pp. 268-305.
- Marquis, C. & Battilana, J. 2009, "Acting globally but thinking locally? The enduring influence of local communities on organizations", *Research in organizational behavior*, vol. 29, pp. 283-302.
- Marshack, K. 1998, *Entrepreneurial couples: Making it work at work and at home*, Davies-Black Pub.
- Maxwell, J.A. 2004, "Causal explanation, qualitative research, and scientific inquiry in education", *Educational researcher*, vol. 33, no. 2, pp. 3-11.

- McCann III, J.E., Leon-Guerrero, A.Y. & Jonathan Jr, D. 2001, "Strategic goals and practices of innovative family businesses", *Journal of Small Business Management*, vol. 39, no. 1, pp. 50-59.
- McGrath, R.G., MacMillan, I.C., Yang, E.A. & Tsai, W. 1992, "Does culture endure, or is it malleable? Issues for entrepreneurial economic development", *Journal of business venturing*, vol. 7, no. 6, pp. 441-458.
- McKeever, E., Anderson, A. & Jack, S. 2014, "Entrepreneurship and mutuality: social capital in processes and practices", *Entrepreneurship & Regional Development*, vol. 26, no. 5-6, pp. 453-477.
- McMillan, J. & Woodruff, C. 2002, "The central role of entrepreneurs in transition economies", *The Journal of Economic Perspectives*, vol. 16, no. 3, pp. 153-170.
- McMullen, J.S. & Shepherd, D.A. 2006, "Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur", *Academy of Management review*, vol. 31, no. 1, pp. 132-152.
- McSweeney, B. 2013, "Fashion founded on a flaw: The ecological mono-deterministic fallacy of Hofstede, GLOBE, and followers", *International Marketing Review*, vol. 30, no. 5, pp. 483-504.
- McSweeney, B. 2002, "Hofstede's model of national cultural differences and their consequences: A triumph of faith-a failure of analysis", *Human relations*, vol. 55, no. 1, pp. 89-118.
- Mehrotra, V., Morck, R., Shim, J. & Wiwattanakantang, Y. 2011, "Must love kill the family firm? Some exploratory evidence", *Entrepreneurship Theory and Practice*, vol. 35, no. 6, pp. 1121-1148.
- Melin, L. & Nordqvist, M. 2007, "The reflexive dynamics of institutionalization: The case of the family business", *Strategic Organization*, vol. 5, no. 3, pp. 321-333.
- Meyer, J.W. & Rowan, B. 1977, "Institutionalized organizations: Formal structure as myth and ceremony", *American journal of sociology*, vol. 83, no. 2, pp. 340-363.
- Meyer, J.W. & Scott, W.R. 1983, "Centralization and the legitimacy problems of local government", *Organizational environments: Ritual and rationality*, vol. 199, pp. 215.
- Meyer, K.E. 2001, "Institutions, transaction costs, and entry mode choice in Eastern Europe", *Journal of International Business Studies*, vol. 32, no. 2, pp. 357-367.

- Meyer, R.E. & Hammerschmid, G. 2006, "Changing institutional logics and executive identities: A managerial challenge to public administration in Austria", *American Behavioral Scientist*, vol. 49, no. 7, pp. 1000-1014.
- Miles, M.B. & Huberman, A.M. 1994, *Qualitative data analysis: An expanded sourcebook*, Sage.
- Miles, M.B., Huberman, A.M., Huberman, M.A. & Huberman, M. 1994, *Qualitative data analysis: An expanded sourcebook*, sage.
- Miller, D., Breton-Miller, L. & Lester, R.H. 2011, "Family and lone founder ownership and strategic behaviour: Social context, identity, and institutional logics", *Journal of Management Studies*, vol. 48, no. 1, pp. 1-25.
- Miller, D., Le Breton-Miller, I., Amore, M.D., Minichilli, A. & Corbetta, G. 2017, "Institutional logics, family firm governance and performance", *Journal of Business Venturing*, vol. 32, no. 6, pp. 674-693.
- Miller, D., Le Breton-Miller, I. & Lester, R.H. 2011, "Family and lone founder ownership and strategic behaviour: Social context, identity, and institutional logics", *Journal of management studies*, vol. 48, no. 1, pp. 1-25.
- Miller, D., Le Breton-Miller, I., Lester, R.H. & Cannella Jr, A.A. 2007, "Are family firms really superior performers?", *Journal of corporate finance*, vol. 13, no. 5, pp. 829-858.
- Miller, D., Lee, J., Chang, S. & Le Breton-Miller, I. 2009, "Filling the institutional void: The social behavior and performance of family vs non-family technology firms in emerging markets", *Journal of International Business Studies*, vol. 40, no. 5, pp. 802-817.
- Minniti, M., Bygrave, W.D. & Autio, E. 2006, *GEM Global Entrepreneurship Monitor: 2005 Executive Report*, London Bussiness School.
- Mises, L.v. 1949, "1966", *Human Action: A Treatise on Economics*.
- Mitchell, R.K., Agle, B.R. & Wood, D.J. 1997, "Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts", *Academy of management review*, vol. 22, no. 4, pp. 853-886.
- Montinola, G., Qian, Y. & Weingast, B.R. 1995, "Federalism, Chinese style: the political basis for economic success in China", *World Politics*, vol. 48, no. 1, pp. 50-81.

- Morris, M.H., Allen, J.A., Kuratko, D.F. & Brannon, D. 2010, "Experiencing family business creation: Differences between founders, nonfamily managers, and founders of nonfamily firms", *Entrepreneurship theory and practice*, vol. 34, no. 6, pp. 1057-1084.
- Morrow, R.A. & Brown, D.D. 1994, *Critical theory and methodology*, Sage.
- Moore, K. and Barrett, M., 2002. *Learning Family Business, Paradoxes and Pathways*. Aldershot. Hampshire: Ashgate Publishing Limited.
- Mosey, S. & Wright, M. 2007, "From Human Capital to Social Capital: A Longitudinal Study of Technology-Based Academic Entrepreneurs", *Entrepreneurship theory and practice*, vol. 31, no. 6, pp. 909-935.
- Mourdoukoutas, P. 2004, "China's challenge", *Barron's*, vol. 84, no. 7, pp. 37-37.
- Mourdoukoutas, P. & Mourdoukoutas, P. 2004, "Bundling in a semi-global economy", *European Business Review*, vol. 16, no. 5, pp. 522-530.
- Murnieks, C.Y., Mosakowski, E. & Cardon, M.S. 2014, "Pathways of passion: Identity centrality, passion, and behavior among entrepreneurs", *Journal of Management*, vol. 40, no. 6, pp. 1583-1606.
- Murnighan, J.K. & Conlon, D.E. 1991, "The dynamics of intense work groups: A study of British string quartets", *Administrative Science Quarterly*, pp. 165-186.
- Muske, G., Fitzgerald, M.A., Haynes, G., Black, M., Chin, L., MacClure, R. & Mashburn, A. 2009, "The intermingling of family and business financial resources: Understanding the copreneurial couple.", *Journal of Financial Counseling & Planning*, vol. 20, no. 2.
- Mustakallio, M., Autio, E. & Zahra, S.A. 2002, "Relational and contractual governance in family firms: Effects on strategic decision making", *Family business review*, vol. 15, no. 3, pp. 205-222.
- Nahapiet, J. & Ghoshal, S. 1998, "Social capital, intellectual capital, and the organizational advantage", *Academy of management review*, vol. 23, no. 2, pp. 242-266.
- Nair, S. 1996, "Doing business in China: It's far from easy", *USA TODAY-NEW YORK*, vol. 124, pp. 27-29.
- Naldi, L., Nordqvist, M., Sjöberg, K. & Wiklund, J. 2007, "Entrepreneurial orientation, risk taking, and performance in family firms", *Family business review*, vol. 20, no. 1, pp. 33-47.

- Nordqvist, M. 2005, "Familianness in top management teams: Commentary on Ensley and Pearson's "An exploratory comparison of the behavioral dynamics of top management teams in family and nonfamily new ventures: Cohesion, conflict, potency, and consensus"", *Entrepreneurship Theory and Practice*, vol. 29, no. 3, pp. 285-292.
- Nordqvist, M., Sharma, P. & Chirico, F. 2014, "Family firm heterogeneity and governance: A configuration approach", *Journal of Small Business Management*, vol. 52, no. 2, pp. 192-209.
- North, D.C. 2005, "Understanding the process of institutional change", *Princeton, NJ: Princeton University Press*.
- North, D.C. 1991, "Institutions", *Journal of economic perspectives*, vol. 5, no. 1, pp. 97-112.
- North, D.C. 1990, *Institutions, institutional change and economic performance*, Cambridge university press.
- Nyberg, D. & Sveningsson, S. 2014, "Paradoxes of authentic leadership: Leader identity struggles", *Leadership*, vol. 10, no. 4, pp. 437-455.
- Oakes, L.S., Townley, B. & Cooper, D.J. 1998, "Business planning as pedagogy: Language and control in a changing institutional field", *Administrative Science Quarterly*, pp. 257-292.
- Oliver, C. & Holzinger, I. 2008, "The effectiveness of strategic political management: A dynamic capabilities framework", *Academy of Management Review*, vol. 33, no. 2, pp. 496-520.
- Orlikowski, W.J. & Baroudi, J.J. 1991, "Studying information technology in organizations: Research approaches and assumptions", *Information systems research*, vol. 2, no. 1, pp. 1-28.
- Ostrom, E. 2010, "Beyond markets and states: polycentric governance of complex economic systems", *American economic review*, vol. 100, no. 3, pp. 641-672.
- Ostrom, E. 2009, *Understanding institutional diversity*, Princeton university press.
- Overholt, W.H. 1994, *The rise of China: How economic reform is creating a new superpower*, WW Norton & Company.

- Owen-Smith, J. & Powell, W.W. 2004, "Knowledge networks as channels and conduits: The effects of spillovers in the Boston biotechnology community", *Organization science*, vol. 15, no. 1, pp. 5-21.
- Pache, A. & Santos, F. 2010, "When worlds collide: The internal dynamics of organizational responses to conflicting institutional demands", *Academy of management review*, vol. 35, no. 3, pp. 455-476.
- Parker, S.C. & Robson, M.T. 2004, "Explaining international variations in self-employment: evidence from a panel of OECD countries.", *Southern economic journal.*, vol. 71, no. 2, pp. 287-301.
- Patulny, R.V. & Lind Haase Svendsen, G. 2007, "Exploring the social capital grid: bonding, bridging, qualitative, quantitative", *International Journal of Sociology and Social Policy*, vol. 27, no. 1/2, pp. 32-51.
- Pearson, A.W., Carr, J.C. & Shaw, J.C. 2008, "Toward a theory of familiness: A social capital perspective", *Entrepreneurship Theory and Practice*, vol. 32, no. 6, pp. 949-969.
- Peng, M.W. 2004, "Outside directors and firm performance during institutional transitions", *Strategic Management Journal*, vol. 25, no. 5, pp. 453-471.
- Peng, M.W. 2003, "Institutional transitions and strategic choices", *Academy of management review*, vol. 28, no. 2, pp. 275-296.
- Peng, M.W. 2001, "How entrepreneurs create wealth in transition economies", *Academy of Management Perspectives*, vol. 15, no. 1, pp. 95-108.
- Peng, M.W. 2000, "Controlling the foreign agent: How governments deal with multinationals in a transition economy", *MIR: Management International Review*, pp. 141-165.
- Peng, M.W. & Heath, P.S. 1996, "The growth of the firm in planned economies in transition: Institutions, organizations, and strategic choice", *Academy of management review*, vol. 21, no. 2, pp. 492-528.
- Peng, M.W. & Khoury, T.A. 2008, "Unbundling the institution-based view of international business strategy" in *The Oxford handbook of international business*.
- Peng, M.W. & Luo, Y. 2000, "Managerial ties and firm performance in a transition economy: The nature of a micro-macro link", *Academy of management journal*, vol. 43, no. 3, pp. 486-501.

- Peng, M.W., Sun, S.L., Pinkham, B. & Chen, H. 2009, "The Institution-Based View as a Third Leg for a Strategy Tripod.", *The Academy of Management Perspectives*, vol. 23, no. 3, pp. 63-81.
- Phillips, B.D. 1993, "The growth of small firm jobs by state, 1984-88", *Business Economics*, , pp. 48-53.
- Pindado, J. & Requejo, I. 2015, "Family business performance from a governance perspective: A review of empirical research", *International Journal of Management Reviews*, vol. 17, no. 3, pp. 279-311.
- Pistrui, D., Huang, W., Oksoy, D., Jing, Z. & Welsch, H. 2001, "Entrepreneurship in China: Characteristics, attributes, and family forces shaping the emerging private sector", *Family Business Review*, vol. 14, no. 2, pp. 141-152.
- Pittino, D., Martínez, A.B., Chirico, F. & Galván, R.S. 2018, "Psychological ownership, knowledge sharing and entrepreneurial orientation in family firms: The moderating role of governance heterogeneity", *Journal of Business Research*, vol. 84, pp. 312-326.
- PricewaterhouseCoopers, 2018. *Global Family Business Survey 2018*. Available at <https://www.pwc.com/gx/en/family-business-services/assets/pwc-global-family-business-survey-2018.pdf> (Accessed: 24 June 2019).
- Polishchuk, L. 1997, "Missed Markets: Implications for Economic Behavior and Institutional Change", *Transforming Post-Communist Political Economies*. Washington.
- Pomfret, J. 2001, "In its own neighborhood, China emerges as leader", *Washington Post*, vol. 18.
- Porter, M.E. 1996, "Competitive advantage, agglomeration economies, and regional policy", *International regional science review*, vol. 19, no. 1-2, pp. 85-90.
- Porter, M.E. 1980, "Competitive strategy: Techniques for analyzing industry and competitors", *Competitive strategy: techniques for analyzing industry and competitors*.
- Prodi, R. 2002, "A Wider Europe—A Proximity Policy as the key to stability", *Sixth ECSCA-World Conference. Jean Monnet Project, Brussels*, pp. 5.
- Popper, K. R. (1961) *The Logic of Scientific discovery*. Science Editions. New York.
- Puffer, S.M. & McCarthy, D.J. 2007, "Can Russia's state-managed, network capitalism be competitive?: Institutional pull versus institutional push", *Journal of World Business*, vol. 42, no. 1, pp. 1-13.

- Puffer, S.M., McCarthy, D.J. & Boisot, M. 2010, "Entrepreneurship in Russia and China: The impact of formal institutional voids", *Entrepreneurship theory and practice*, vol. 34, no. 3, pp. 441-467.
- Punch, K.F. 2013, *Introduction to social research: Quantitative and qualitative approaches*, Sage.
- Putnam, L.L. 2013, "Dialectics, contradictions, and the question of agency: A tribute to James R. Taylor" in *Organization and Organizing* Routledge, , pp. 47-60.
- Putnam, L.L. 1986, "Contradictions and paradoxes in organizations", *Organization-communication: Emerging perspectives*, vol. 1, no. 151-167.
- Putnam, R.D. 2001, *Bowling alone: The collapse and revival of American community*, Simon and Schuster.
- Qian, C., Cao, Q. & Takeuchi, R. 2013, "Top management team functional diversity and organizational innovation in China: The moderating effects of environment", *Strategic Management Journal*, vol. 34, no. 1, pp. 110-120.
- Rajan, R.G. & Zingales, L. 1998, "Which capitalism? Lessons form the east Asian crisis", *Journal of Applied Corporate Finance*, vol. 11, no. 3, pp. 40-48.
- Ralston, D.A., Egri, C.P., Stewart, S., Terpstra, R.H. & Kaicheng, Y. 1999, "Doing business in the 21st century with the new generation of Chinese managers: A study of generational shifts in work values in China", *Journal of International Business Studies*, vol. 30, no. 2, pp. 415-427.
- Ralston, D.A., Kai-Cheng, Y., Wang, X., Terpstra, R.H. & Wei, H. 1996, "The cosmopolitan Chinese manager: Findings of a study on managerial values across the six regions of China", *Journal of International Management*, vol. 2, pp. 79-110.
- Ramoglou, S. 2013, "On the misuse of realism in the study of entrepreneurship", *Academy of Management Review*, vol. 38, no. 3, pp. 463-465.
- Ramoglou, S. & Tsang, E.W. 2016, "A realist perspective of entrepreneurship: Opportunities as propensities", *Academy of Management Review*, vol. 41, no. 3, pp. 410-434.
- Rao, H., Monin, P. & Durand, R. 2005, "Border crossing: Bricolage and the erosion of categorical boundaries in French gastronomy", *American Sociological Review*, vol. 70, no. 6, pp. 968-991.

- Ratner, C. 2002, "Subjectivity and objectivity in qualitative methodology", *Forum Qualitative Sozialforschung/Forum: Qualitative Social Research*.
- Ray, S., Mondal, A. & Ramachandran, K. 2018, "How does family involvement affect a firm's internationalization? An investigation of Indian family firms", *Global Strategy Journal*, vol. 8, no. 1, pp. 73-105.
- Reay, T. & Hinings, C.B. 2005, "The recomposition of an organizational field: Health care in Alberta", *Organization Studies*, vol. 26, no. 3, pp. 351-384.
- Redding, S.G. 1996, "Weak organizations and strong linkages: managerial ideology and Chinese family business networks", *Asian business networks*, pp. 27-41.
- Reynolds, P.D. 1997, "New and small firms in expanding markets", *Small business economics*, vol. 9, no. 1, pp. 79-84.
- Ring, P.S., Bigley, G.A., D'auanno, T. & Khanna, T. 2005, "Introduction to special topic forum: perspectives on how governments matter", *Academy of Management Review*, vol. 30, no. 2, pp. 308-320.
- Robichaud, Y., Zinger, J.T. & LeBrasseur, R. 2007, "Gender differences within early stage and established small enterprises: An exploratory study", *International Entrepreneurship and Management Journal*, vol. 3, no. 3, pp. 323-343.
- Rodrik, D. 2003, "Institutions, integration, and geography: In search of the deep determinants of economic growth", *In Search of Prosperity: Analytic Country Studies on Growth*, Princeton University Press, Princeton, NJ.
- Rothwell, R. & Dodgson, M. 1993, "Technology-based SMEs: their role in industrial and economic change", *International Journal of Technology Management*, vol. 8, no. 2, pp. 8-8.
- Rousseau, D.M., Sitkin, S.B., Burt, R.S. & Camerer, C. 1998, "Not so different after all: A cross-discipline view of trust", *Academy of management review*, vol. 23, no. 3, pp. 393-404.
- Sarasvathy, S.D. 2009, *Effectuation: Elements of entrepreneurial expertise*, Edward Elgar Publishing.
- Sarasvathy, S.D. 2001, "Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency", *Academy of management Review*, vol. 26, no. 2, pp. 243-263.

- Sauerwald, S. & Peng, M.W. 2013, "Informal institutions, shareholder coalitions, and principal–principal conflicts", *Asia Pacific Journal of Management*, vol. 30, no. 3, pp. 853-870.
- Saunders, M.N. & Lewis, P. 2012, *Doing research in business & management: An essential guide to planning your project*, Pearson.
- Schneider, K.J. 1990, *The paradoxical self: Toward an understanding of our contradictory nature*. Insight Books/Plenum Press.
- Schramm, C.J. 2004, "Building entrepreneurial economies", *Foreign Affairs*, , pp. 104-115.
- Schulze, W.S. & Kellermanns, F.W. 2015, *Reifying socioemotional wealth*, .
- Schulze, W.S., Lubatkin, M.H., Dino, R.N. & Buchholtz, A.K. 2001, "Agency relationships in family firms: Theory and evidence", *Organization science*, vol. 12, no. 2, pp. 99-116.
- Schuman, A., Stutz, S. & Ward, J. 2010, *Family business as paradox*, Springer.
- Schumpeter, J. 1911, "The theory of economic development. Harvard economic studies, vol. XLVI".
- Schumpeter, J.A. 1942, *Socialism, capitalism and democracy*, Harper and Brothers.
- Schumpeter, J.A. 1939, *Business cycles: a theoretical, historical, and statistical analysis of the capitalist process*, McGraw-Hill New York.
- Schwartz, S.H. 2003, "A proposal for measuring value orientations across nations", *Questionnaire Package of the European Social Survey*, vol. 259, no. 290, pp. 261.
- Scott, W.R. 2008, "Approaching adulthood: the maturing of institutional theory", *Theory and society*, vol. 37, no. 5, pp. 427-442.
- Scott, W.R. 2001, *Institutions and organizations*, Sage.
- Scott, W.R. 2000, *Institutional change and healthcare organizations: From professional dominance to managed care*, University of Chicago Press.
- Scott, W.R. 1995, "Institutions and organizations. Foundations for organizational science", *London: A Sage Publication Series*.
- Scott, W.R. & Meyer, J.W. 1991, "The rise of training-programs in firms and agencies-an institutional perspective", *Research in organizational behavior*, vol. 13, pp. 297-326.

- Searle, J.R. 1995, *The construction of social reality*, Simon and Schuster.
- Shafer, W.E., Fukukawa, K. & Lee, G.M. 2007, "Values and the perceived importance of ethics and social responsibility: The US versus China", *Journal of Business Ethics*, vol. 70, no. 3, pp. 265-284.
- Shane, S. 1993, "Cultural influences on national rates of innovation", *Journal of Business Venturing*, vol. 8, no. 1, pp. 59-73.
- Shane, S.A. 1992, "The effect of cultural differences in perceptions of transaction costs on national differences in the preference for licensing.", *Academy of Management Proceedings* Academy of Management, pp. 122.
- Shane, S. & Venkataraman, S. 2000, "The promise of entrepreneurship as a field of research", *Academy of management review*, vol. 25, no. 1, pp. 217-226.
- Shanker, M.C. & Astrachan, J.H. 1996, "Myths and realities: Family businesses' contribution to the US economy—A framework for assessing family business statistics", *Family business review*, vol. 9, no. 2, pp. 107-123.
- Shantz, A.S., Kistruck, G. & Zietsma, C. 2018, "The opportunity not taken: The occupational identity of entrepreneurs in contexts of poverty", *Journal of Business Venturing*, vol. 33, no. 4, pp. 416-437.
- Sharma, P. 2004, "An overview of the field of family business studies: Current status and directions for the future", *Family business review*, vol. 17, no. 1, pp. 1-36.
- Sharma, P., Chrisman, J.J. & Chua, J.H. 1997, "Strategic management of the family business: Past research and future challenges", *Family business review*, vol. 10, no. 1, pp. 1-35.
- Sharma, P. & Chua, J.H. 2013, "Asian family enterprises and family business research", *Asia Pacific Journal of Management*, vol. 30, no. 3, pp. 641-656.
- Sheer, V.C. 2013, "In search of Chinese paternalistic leadership: Conflicting evidence from samples of mainland China and Hong Kong's small family businesses", *Management Communication Quarterly*, vol. 27, no. 1, pp. 34-60.
- Shepherd, D. & Haynie, J.M. 2009, "Family business, identity conflict, and an expedited entrepreneurial process: A process of resolving identity conflict", *Entrepreneurship theory and practice*, vol. 33, no. 6, pp. 1245-1264.

- Shirokova, G., Tsukanova, T. & Morris, M.H. 2018, "The moderating role of national culture in the relationship between university entrepreneurship offerings and student start-up activity: an embeddedness perspective", *Journal of Small Business Management*, vol. 56, no. 1, pp. 103-130.
- Siders, M.A., George, G. & Dharwadkar, R. 2001, "The relationship of internal and external commitment foci to objective job performance measures", *Academy of Management Journal*, vol. 44, no. 3, pp. 570-579.
- Sieger, P., Zellweger, T., Nason, R.S. & Clinton, E. 2011, "Portfolio entrepreneurship in family firms: a resource-based perspective", *Strategic Entrepreneurship Journal*, vol. 5, no. 4, pp. 327-351.
- Sirmon, D.G., Arregle, J., Hitt, M.A. & Webb, J.W. 2008, "The role of family influence in firms' strategic responses to threat of imitation", *Entrepreneurship Theory and Practice*, vol. 32, no. 6, pp. 979-998.
- Sirmon, D.G. & Hitt, M.A. 2003, "Managing resources: Linking unique resources, management, and wealth creation in family firms", *Entrepreneurship theory and practice*, vol. 27, no. 4, pp. 339-358.
- Sivakumar, K. & Nakata, C. 2001, "The stampede toward Hofstede's framework: Avoiding the sample design pit in cross-cultural research", *Journal of International Business Studies*, vol. 32, no. 3, pp. 555-574.
- Slote, W.H. & De Vos, G.A. 1998, *Confucianism and the family*, Suny Press.
- Smallbone, D. & Welter, F. 2001, "The role of government in SME development in transition economies", *International Small Business Journal*, vol. 19, no. 4, pp. 63-77.
- Smith, K.K. & Berg, D.N. 1987, *Paradoxes of group life: Understanding conflict, paralysis, and movement in group dynamics*. Jossey-Bass.
- Smith, W., Lewis, M. & Tushman, M. 2011, "Organizational sustainability: Organization design and senior leadership to enable strategic paradox".
- Smith, W.K. 2014, "Dynamic decision making: A model of senior leaders managing strategic paradoxes", *Academy of Management Journal*, vol. 57, no. 6, pp. 1592-1623.
- Smith, W.K., Binns, A. & Tushman, M.L. 2010, "Complex business models: Managing strategic paradoxes simultaneously", *Long range planning*, vol. 43, no. 2-3, pp. 448-461.

- Smith, W.K. & Lewis, M.W. 2011, "Toward a theory of paradox: A dynamic equilibrium model of organizing", *Academy of management Review*, vol. 36, no. 2, pp. 381-403.
- Smith, W.K. & Tracey, P. 2016, "Institutional complexity and paradox theory: Complementarities of competing demands", *Strategic Organization*, vol. 14, no. 4, pp. 455-466.
- Smith, W.K. & Tushman, M.L. 2005, "Managing strategic contradictions: A top management model for managing innovation streams", *Organization science*, vol. 16, no. 5, pp. 522-536.
- Soleimanof, S., Rutherford, M.W. & Webb, J.W. 2018, "The intersection of family firms and institutional contexts: A review and agenda for future research", *Family Business Review*, vol. 31, no. 1, pp. 32-53.
- Sorenson, R.L. 1999, "Conflict management strategies used by successful family businesses", *Family business review*, vol. 12, no. 4, pp. 325-340.
- Sorenson, R.L., Goodpaster, K.E., Hedberg, P.R. & Yu, A. 2009, "The family point of view, family social capital, and firm performance an exploratory test", *Family Business Review*, vol. 22, no. 3, pp. 239-253.
- Sorenson, R.L., Goodpaster, K.E., Hedberg, P.R. & Yu, A. 2009, "The family point of view, family social capital, and firm performance: An exploratory test", *Family Business Review*, vol. 22, no. 3, pp. 239-253.
- Spencer-Oatey, H. & Franklin, P. 2012, "What is culture", *A compilation of quotations. GlobalPAD Core Concepts*, , pp. 1-22.
- Stam, W., Arzlanian, S. & Elfring, T. 2014, "Social capital of entrepreneurs and small firm performance: A meta-analysis of contextual and methodological moderators", *Journal of business venturing*, vol. 29, no. 1, pp. 152-173.
- Stanley, L.J. 2010, "Emotions and family business creation: An extension and implications", *Entrepreneurship Theory and Practice*, vol. 34, no. 6, pp. 1085-1092.
- State Administration for Industry and Commerce of the People's Republic of China, 2019. *Basic Information of National Market Development in 2018*. Available at http://www.samr.gov.cn/zhghs/tjsj/201902/t20190228_291539.html (Accessed: 16 May 2019).

- Stavrou, E.T. 1999, "Succession in family businesses: Exploring the effects of demographic factors on offspring intentions to join and take over the business", *Journal of Small Business Management*, vol. 37, no. 3, pp. 43.
- Stewart, A. 2003, "Help one another, use one another: Toward an anthropology of family business", *Entrepreneurship Theory and Practice*, vol. 27, no. 4, pp. 383-396.
- Stewart, A. & Hitt, M.A. 2012, "Why can't a family business be more like a nonfamily business? Modes of professionalization in family firms", *Family Business Review*, vol. 25, no. 1, pp. 58-86.
- Strauss, A. & Corbin, J. 1990, *Basics of qualitative research*, Newbury Park, CA: Sage.
- Stryker, S. 1980, *Symbolic interactionism: A social structural version*, Benjamin-Cummings Publishing Company.
- Su, E. & Carney, M. 2013, "Can China's family firms create intellectual capital?", *Asia Pacific Journal of Management*, vol. 30, no. 3, pp. 657-675.
- Su, Z., Xie, E. & Wang, D. 2015, "Entrepreneurial orientation, managerial networking, and new venture performance in China", *Journal of Small Business Management*, vol. 53, no. 1, pp. 228-248.
- Suchman, M.C. 1995, "Managing legitimacy: Strategic and institutional approaches", *Academy of management review*, vol. 20, no. 3, pp. 571-610.
- Suddaby, R. 2006, "From the editors: What grounded theory is not", *Academy of management journal*, vol. 49, no. 4, pp. 633-642.
- Sundaramurthy, C. 2008, "Sustaining trust within family businesses", *Family Business Review*, vol. 21, no. 1, pp. 89-102.
- Sundaramurthy, C. & Lewis, M. 2003, "Control and collaboration: Paradoxes of governance", *Academy of management review*, vol. 28, no. 3, pp. 397-415.
- Sutherland, F. & Smith, A.C. 2011, "Duality theory and the management of the change-stability paradox", *Journal of Management & Organization*, vol. 17, no. 4, pp. 534-547.
- Sveningsson, S. & Alvesson, M. 2003, "Managing managerial identities: Organizational fragmentation, discourse and identity struggle", *Human relations*, vol. 56, no. 10, pp. 1163-1193.

- Szamoszsegi, A. & Kyle, C. 2011, *An analysis of state-owned enterprises and state capitalism in China*, Capital Trade, Incorporated for US-China Economic and Security Review Commission.
- Talaulicar, T., Grundei, J. & Werder, A.v. 2005, "Strategic decision making in start-ups: The effect of top management team organization and processes on speed and comprehensiveness", *Journal of Business Venturing*, vol. 20, no. 4, pp. 519-541.
- Thornton, P.H. 2004, *Markets from culture: Institutional logics and organizational decisions in higher education publishing*, Stanford University Press.
- Thornton, P.H. 2002, "The rise of the corporation in a craft industry: Conflict and conformity in institutional logics", *Academy of management journal*, vol. 45, no. 1, pp. 81-101.
- Thornton, P.H. & Ocasio, W. 1999, "Institutional logics and the historical contingency of power in organizations: Executive succession in the higher education publishing industry, 1958–1990 1", *American journal of Sociology*, vol. 105, no. 3, pp. 801-843.
- Thornton, P.H., Ocasio, W. & Lounsbury, M. 2012, *The institutional logics perspective: A new approach to culture, structure, and process*, Oxford University Press on Demand.
- Timmons, J. & Spinelli, S. 2004, "New Venture Creation Enterprise for the 21st Century", *New Venture Creation Enterprise for the 21st Century*.
- Tonoyan, V., Strohmeyer, R., Habib, M. & Perlitz, M. 2010, "Corruption and entrepreneurship: How formal and informal institutions shape small firm behavior in transition and mature market economies", *Entrepreneurship theory and practice*, vol. 34, no. 5, pp. 803-832.
- Trethewey, G.e.A. & Ashcraft, K.L. 2004, "Special issue introduction: Practicing disorganization: The development of applied perspectives on living with tension", *Journal of Applied Communication Research*, vol. 32, no. 2, pp. 81-88.
- Triandis, H.C., Bontempo, R., Betancourt, H., Bond, M., Leung, K., Brenes, A., Georgas, J., Hui, C.H., Marin, G. & Setiadi, B. 1986, "The measurement of the etic aspects of individualism and collectivism across cultures", *Australian Journal of Psychology*, vol. 38, no. 3, pp. 257-267.

- Tsai, F., Lin, C., Lin, J.L., Lu, I. & Nugroho, A. 2018, "Generational diversity, overconfidence and decision-making in family business: A knowledge heterogeneity perspective", *Asia Pacific Management Review*, vol. 23, no. 1, pp. 53-59.
- Tsui, A.S., Wang, H. & Xin, K.R. 2006, "Organizational culture in China: An analysis of culture dimensions and culture types", *Management and Organization Review*, vol. 2, no. 3, pp. 345-376.
- Tu, W. 1998, "Confucius and confucianism", *Confucianism and the family*, pp. 3-36.
- Tzeng, C., Beamish, P.W. & Chen, S. 2011, "Institutions and entrepreneurship development: High-technology indigenous firms in China and Taiwan", *Asia Pacific Journal of Management*, vol. 28, no. 3, pp. 453-481.
- Upton, N., Teal, E.J. & Felan, J.T. 2001, "Strategic and business planning practices of fast growth family firms", *Journal of Small Business Management*, vol. 39, no. 1, pp. 60-72.
- Vago, M. 2004, "Integrated Change Management©: Challenges for family business clients and consultants", *Family Business Review*, vol. 17, no. 1, pp. 71-80.
- Valdez, M.E. & Richardson, J. 2013, "Institutional determinants of macro-level entrepreneurship", *Entrepreneurship theory and practice*, vol. 37, no. 5, pp. 1149-1175.
- Van Auken, H. & Werbel, J. 2006, "Family dynamic and family business financial performance: Spousal commitment", *Family Business Review*, vol. 19, no. 1, pp. 49-63.
- van Essen, M., Strike, V.M., Carney, M. & Sapp, S. 2015, "The resilient family firm: Stakeholder outcomes and institutional effects", *Corporate Governance: An International Review*, vol. 23, no. 3, pp. 167-183.
- Van Maanen, J. 1979, *Qualitative methodology*, Sage Publications, Inc.
- Van Maanen, J., Sørensen, J.B. & Mitchell, T.R. 2007, "The interplay between theory and method", *Academy of management review*, vol. 32, no. 4, pp. 1145-1154.
- Van Stel, A., Storey, D.J. & Thurik, A.R. 2007, "The effect of business regulations on nascent and young business entrepreneurship", *Small Business Economics*, vol. 28, no. 2, pp. 171-186.
- Vatn, A. 2005, "Rationality, institutions and environmental policy", *Ecological Economics*, vol. 55, no. 2, pp. 203-217.

- Vince, R. & Broussine, M. 1996, "Paradox, defense and attachment: Accessing and working with emotions and relations underlying organizational change", *Organization Studies*, vol. 17, no. 1, pp. 1-21.
- Waldinger, R.D., Aldrich, H. & Ward, R. 1990, *Ethnic entrepreneurs: Immigrant business in industrial societies*, Sage Publications, Inc.
- Wang, C. 2010, "Daughter exclusion in family business succession: A review of the literature", *Journal of family and economic issues*, vol. 31, no. 4, pp. 475-484.
- Wang, R. 2012, "Chinese culture and its potential influence on entrepreneurship", *International Business Research*, vol. 5, no. 10, pp. 76.
- Wang, Y., Pei, R. & Liu, Y. 2014, "The evolution of family business in China: an institutional perspective", *International Journal of Management Practice*, vol. 7, no. 2, pp. 89-107.
- Wang, Y. & Poutziouris, P. 2010, "Entrepreneurial risk taking: empirical evidence from UK family firms", *International Journal of Entrepreneurial Behavior & Research*, vol. 16, no. 5, pp. 370-388.
- Ward, J.L. 2011, *Keeping the family business healthy: How to plan for continuing growth, profitability, and family leadership*, Palgrave Macmillan.
- Ward, J.L. 1987, "Keeping the family business health", *San Francisco*, .
- Wass, V. J. and Wells, P. E. (1994) *Principles and Practice in Business and Management Research*. Aldershot. England.
- Webb, J.W., Khoury, T.A. & Hitt, M.A. 2019, "The Influence of Formal and Informal Institutional Voids on Entrepreneurship", *Entrepreneurship Theory and Practice*, , pp. 1042258719830310.
- Webb, J.W., Kistruck, G.M., Ireland, R.D. & Ketchen, J., David J 2010, "The entrepreneurship process in base of the pyramid markets: The case of multinational enterprise/nongovernment organization alliances", *Entrepreneurship theory and practice*, vol. 34, no. 3, pp. 555-581.
- Webb, J.W., Pryor, C.G. & Kellermanns, F.W. 2015, "Household enterprise in base-of-the-pyramid markets: The influence of institutions and family embeddedness", *Africa Journal of Management*, vol. 1, no. 2, pp. 115-136.

- Weber, M., Gerth, H. & Ch'ing-k'un, Y. 1964, *The Religion of China. Confucianism and Taoism... Translated and Edited by Hans H. Gerth. With an Introduction by CK Yang*, Collier Macmillan: London.
- Weick, K.E., Sutcliffe, K.M. & Obstfeld, D. 2005, "Organizing and the process of sensemaking", *Organization science*, vol. 16, no. 4, pp. 409-421.
- Wennekers, S., Van Wennekers, A., Thurik, R. & Reynolds, P. 2005, "Nascent entrepreneurship and the level of economic development", *Small business economics*, vol. 24, no. 3, pp. 293-309.
- Werner, A., Schröder, C. & Chlosta, S. 2018, "Driving factors of innovation in family and non-family SMEs", *Small Business Economics*, vol. 50, no. 1, pp. 201-218.
- Westhead, P. & Howorth, C. 2007, "'Types' of private family firms: an exploratory conceptual and empirical analysis", *Entrepreneurship and Regional Development*, vol. 19, no. 5, pp. 405-431.
- Whetten, D.A. & Aldrich, H. 1979, "Organization setsize and diversity: people-processing organizations and their environments", *Administration & Society*, vol. 11, no. 3, pp. 251-281.
- Williamson, O.E. 2000, "The new institutional economics: taking stock, looking ahead", *Journal of economic literature*, vol. 38, no. 3, pp. 595-613.
- Wilson, S.R., Whitmoyer, J.G., Pieper, T.M., Astrachan, J.H., Hair, J.F. & Sarstedt, M. 2014, "Method trends and method needs: Examining methods needed for accelerating the field", *Journal of Family Business Strategy*, vol. 5, no. 1, pp. 4-14.
- Wiseman, R.M. & Gomez-Mejia, L.R. 1998, "A behavioral agency model of managerial risk taking", *Academy of management Review*, vol. 23, no. 1, pp. 133-153.
- Woodward, F.N. 1965, *Structure of industrial research associations*, Organisation for Economic Co-operation and Development.
- Woolcock, M. & Narayan, D. 2000, "Social capital: Implications for development theory, research, and policy", *The world bank research observer*, vol. 15, no. 2, pp. 225-249.
- Wooten, M. & Hoffman, A.J. 2008, "Organizational fields: Past, present and future", *The Sage handbook of organizational institutionalism*, vol. 1, pp. 131-147.
- Wright, M., Chrisman, J.J., Chua, J.H. & Steier, L.P. 2014, "Family enterprise and context", *Entrepreneurship Theory and Practice*, vol. 38, no. 6, pp. 1247-1260.

- Xiao, Z. & Tsui, A.S. 2007, "When brokers may not work: The cultural contingency of social capital in Chinese high-tech firms", *Administrative Science Quarterly*, vol. 52, no. 1, pp. 1-31.
- Yan, J. & Sorenson, R.L. 2004, "The influence of Confucian ideology on conflict in Chinese family business", *International journal of cross cultural management*, vol. 4, no. 1, pp. 5-17.
- Yang, J. 1999, "Confucianism, institutional change and value conflict in Korea", *Korean social science journal*, vol. 26, no. 1, pp. 209-236.
- Yang, K. 2002, "Double entrepreneurship in China's economic reform: An analytical framework", *Journal of Political and Military Sociology*, vol. 30, no. 1, pp. 134.
- Yang, Z., Li-Hua, R., Zhang, X. & Wang, Y. 2007, "Corporate entrepreneurship and market performance: an empirical study in China", *Journal of Technology Management in China*, vol. 2, no. 2, pp. 154-162.
- Yin, R. 2003, "Case study methodology".
- Yin, R. 1984, "Case study research. Beverly Hills".
- Yiu, D.W., Su, J. & Xu, Y. 2013, "Alternative financing and private firm performance", *Asia Pacific Journal of Management*, vol. 30, no. 3, pp. 829-852.
- Yu, A., Lumpkin, G., Sorenson, R.L. & Brigham, K.H. 2012, "The landscape of family business outcomes: A summary and numerical taxonomy of dependent variables", *Family Business Review*, vol. 25, no. 1, pp. 33-57.
- Yueh, L. 2013, *China's growth: The making of an economic superpower*, Oxford University Press.
- Yuen, S. 2013, "Debating Constitutionalism in China: Dreaming of a liberal turn?", *China Perspectives*, vol. 2013, no. 2013/4, pp. 67-72.
- Zahra, S.A. 2005, "Entrepreneurial risk taking in family firms", *Family Business Review*, vol. 18, no. 1, pp. 23-40.
- Zahra, S.A. 1995, "Corporate entrepreneurship and financial performance: The case of management leveraged buyouts", *Journal of business venturing*, vol. 10, no. 3, pp. 225-247.

- Zahra, S.A., Hayton, J.C., Neubaum, D.O., Dibrell, C. & Craig, J. 2008, "Culture of family commitment and strategic flexibility: The moderating effect of stewardship", *Entrepreneurship theory and practice*, vol. 32, no. 6, pp. 1035-1054.
- Zahra, S.A., Hayton, J.C. & Salvato, C. 2004, "Entrepreneurship in family vs. Non-Family firms: A Resource-Based analysis of the effect of organizational culture", *Entrepreneurship theory and Practice*, vol. 28, no. 4, pp. 363-381.
- Zahra, S.A., Hayton, J.C. & Salvato, C. 2004, "Entrepreneurship in Family vs. Non-Family Firms: A Resource-Based Analysis of the Effect of Organizational Culture", *Entrepreneurship theory and Practice*, vol. 28, no. 4, pp. 363-381.
- Zahra, S.A. & Sharma, P. 2004, "Family business research: A strategic reflection", *Family Business Review*, vol. 17, no. 4, pp. 331-346.
- Zajac, E.J. & Westphal, J.D. 2004, "The social construction of market value: Institutionalization and learning perspectives on stock market reactions", *American Sociological Review*, vol. 69, no. 3, pp. 433-457.
- Zapalska, A.M. & Edwards, W. 2001, "Chinese entrepreneurship in a cultural and economic perspective", *Journal of Small Business Management*, vol. 39, no. 3, pp. 286-292.
- Zellweger, T. 2017, *Managing the family business: Theory and practice*, Edward Elgar Publishing.
- Zellweger, T.M., Eddleston, K.A. & Kellermanns, F.W. 2010, "Exploring the concept of familiness: Introducing family firm identity", *Journal of family business strategy*, vol. 1, no. 1, pp. 54-63.
- Zellweger, T.M. & Nason, R.S. 2008, "A stakeholder perspective on family firm performance", *Family Business Review*, vol. 21, no. 3, pp. 203-216.
- Zellweger, T., Sieger, P. & Halter, F. 2011, "Should I stay or should I go? Career choice intentions of students with family business background", *Journal of Business Venturing*, vol. 26, no. 5, pp. 521-536.
- Zhang, J. & Ma, H. 2009, "Adoption of professional management in Chinese family business: A multilevel analysis of impetuses and impediments", *Asia Pacific Journal of Management*, vol. 26, no. 1, pp. 119-139.

Zhang, Y., Waldman, D.A., Han, Y. & Li, X. 2015, "Paradoxical leader behaviors in people management: Antecedents and consequences", *Academy of Management Journal*, vol. 58, no. 2, pp. 538-566.

Zhou, X., Li, Q., Zhao, W. & Cai, H. 2003, "Embeddedness and contractual relationships in China's transitional economy", *American Sociological Review*, pp. 75-102.

Zhu, Y., Wittmann, X. & Peng, M.W. 2012, "Institution-based barriers to innovation in SMEs in China", *Asia Pacific Journal of Management*, vol. 29, no. 4, pp. 1131-1142.