



**BUSINESS
SCIENCE
INSTITUTE**

Doctorate of Business Administration

**CERTIFICATE OF RESEARCH IN BUSINESS
ADMINISTRATION**

**STUDY ON THE CORE INFLUENCING FACTORS TO
SUCCESSFUL SUCCESSION OF FAMILY ENTERPRISES IN
JIANGSU PROVINCE**

Based on the business life cycle Perspective

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1.Introduction

Family businesses are a common form of business organization worldwide. The family business, which began in the 18th century during the Industrial Revolution in Britain, has developed continuously over the course of more than 200 years of history. Britain, which accounted for 2% of the world's population in the middle of the 19th century, had about half of the world's industrial capacity, and the mainstay of the industry was the small- and medium-sized textile mills, grist mills, coal mines, and iron-smelting factories owned by families in the villages and cities all over the countryside and cities of the United Kingdom. With the emergence and continuous development of family businesses in various countries in the world, including the United States, their position in the world economy has become increasingly prominent. James (2008), in his study of family businesses in Europe, suggests that the number of family businesses in today's industrialized countries accounts for three-quarters of the total number of registered companies, and some of them have achieved a very large scale. According to Gersick (1998) and others, between 65% and 80% of all businesses in the world are family owned or operated, and 40% of the world's top 500 companies are family owned or operated. In the United States, more than 80 per cent of businesses are privately owned and family businesses generate half of the United States gross domestic product. In Europe, the percentage ranges between 52 per cent (the Netherlands) and 80 per cent (Germany), while in East Asia, especially South-East Asia, the share of family businesses in GDP is also very high. In China, for example, private enterprise has grown rapidly since the reform and opening of the country and has become an important factor in China's economic development. According to a report by Global Family Business Research Center, as of the first quarter of 2023, China's private economy accounts for more than 90% of the total number of market players. Private companies account for more than 60% of China's listed companies, with family-owned companies accounting for more than 80% of the total. Jiangsu is one of the most active provinces in China's private economy, with 671 companies listed on the Chinese mainland as of the first quarter of 2023, of which more than 80% were privately owned.

The average life span of a family business, which has been a great driving force of the world economy, is only 20 years. A study on family businesses conducted by McKinsey & Company in 2000 showed that the average life span of a family business globally is only 24 years, and that only about 30% of family businesses reach the second generation, less than 13% reach the third generation, and only 5% can still create value for shareholders after three generations. Only about 30% of family businesses can reach the second generation, and the number of family businesses reaching the third generation is less than 13% of the total, while only 5% of family businesses can still create value for shareholders after three generations. In China, there is also the saying that "the rich can't be rich for three generations", and the life span and development of family enterprises have aroused widespread concern in the society.

The arrival of the new economic era has brought serious challenges to Chinese enterprises. Faced with increasing market competition and changes in the economic system, enterprises need to accelerate their adaptation to this era of information and knowledge. Similarly, family enterprises, as an important part of China's economic system, should be even more so. In fact, most of the family businesses in Jiangsu are facing the upcoming peak of inheritance. Whether or not the successful completion of the family business heritage is not only the family's internal affairs, but also related to the interests of the enterprise and the interests of investors.

Since family firms entered the field of vision of research scholars, the first and most immediate challenge faced by researchers is the definition of family firms (Handler, 1989). Theoretically, there are different

perceptions of the definition of family business (Chandler, 1977; Morris & Williams, 1997; Li Xinchun, 2003), and there is a big controversy between most scholars' views. In the development process of family business research, scholars have defined family business mainly from the perspective of ownership of enterprise capital, the perspective of business control, the dual perspective of business operation and ownership, and the perspective of family culture. Although there are different research perspectives on family business, in the definition of many scholars, most scholars recognize the definition of family business from the dual perspective of ownership and management of family business.

Since the birth of family business as an independent research field, the inheritance problem has become a topic of concern for scholars (Handler, 1994), and related research has been ongoing. According to scholars such as Bird, Welsch, Astrachan, and Pistrui (2002), and Christman, Chua, and Sharma (2003), about 20% of the literature on family business research takes succession issues as the primary research theme.

The definition of succession varies in the field of family business research, but it usually refers to the transfer of leadership from one family member to another (Dou Junsheng, 2007). Some scholars have subdivided "leadership" into two dimensions: ownership and management (Barry, 1975). In recent years, some scholars have pointed out that the intergenerational transmission of family business should be a multidimensional concept, which is the preservation of one or several essential and unique core elements, and at the same time implies the sacrifice of some elements. In addition to ownership and management, elements such as mission, values (Drozdow, 1998), tacit knowledge (Cabrera-Suarez, 2001), network and social capital (Steier, 2001), and spirit of innovation (Litz & Kleysen, 2001) are also considered to be included in the system of elements that need to be passed on. For the successful inheritance of family business, although there is no unified standard in the current family business research and theory community, what is unanimously agreed by most scholars is that the inheritance of family business is not only a simple transfer of ownership and management rights, but a multi-dimensional and long-term process system.

At present, the research on the inheritance of family enterprises mainly focuses on the research on the inheritance effect of family enterprises, the inheritance process, and the in-depth research on each elemental variable. For the research on the inheritance effect of family enterprises, Sharma (2001) proposed a two-dimensional evaluation theoretical model of inheritance results, which measures the inheritance in two dimensions: the satisfaction of the inheritance process and the difference in performance before and after the inheritance. For the study of "inheritance process theory", since Longenecker and Schoen (1978) first put forward the viewpoint of "intergenerational inheritance of family business is a long-term socialization process", the intergenerational inheritance process view of family business has been widely recognized by scholars. It is widely recognized by scholars that the intergenerational transmission of family business is a long-term multi-stage evolutionary process influenced by multiple factors, and the key success factors may be different at different stages (Dou Junsheng, 2008). Therefore, the extraction of core influencing factors of family business inheritance at different stages is of great significance to the theory of intergenerational family business inheritance.

In the field of enterprise research, most scholars cite the enterprise life cycle theory for the division of enterprises at different stages. The enterprise life cycle theory is an internationally popular management theory since the 1990s, which centers on the study of enterprise growth stage model. Many scholars have examined and researched the enterprise life cycle theory from different perspectives and have come up with some inspiring conclusions. The core idea of this theory is that enterprises, like biological organisms, have a process

from birth to death and from prosperity to decline. The most influential in the life cycle theory is Adizes I. (1989), in his book "Enterprise Life Cycle", the enterprise growth process is divided into three stages: growth stage, regeneration and maturity stage, aging stage. Although after decades of theoretical development, his research results are still important guidance for the stage division of enterprises.

The study of intergenerational inheritance of family business has profound theoretical and practical significance to both theoretical and social practice fields. Combined with the enterprise life cycle theory, it can be found that intergenerational inheritance is a multi-stage evolutionary process influenced by multiple elements, and the key success factors are different at different stages (Dou Junsheng, 2008).

Therefore, this paper will propose a theoretical research framework based on previous research results, combined with the Chinese social background and the current situation of intergenerational inheritance of family firms in Jiangsu Province. Through the research on the intergenerational inheritance of family enterprises in Jiangsu Province, a quantitative research method is adopted to dig deeper into the core influencing factors of successful inheritance of family enterprises at different stages.

The focus of this study consists of the following three parts.

To determine more accurately the succession factors affecting family businesses, this paper will use questionnaire research and quantitative research. The successful inheritance variables are constructed through the determination of the definition and measurement dimensions of successful inheritance of family enterprises, and the influencing factors of inheritance in previous research results are summarized and categorized to construct the influencing factor variables. Through the determination of the measurement dimension of each variable and the design and distribution of questionnaires based on reference to mature scales, statistical data are obtained. The related statistical software is used to analyze and finally extract the core influencing factors affecting the successful inheritance of family enterprises.

The second is to study the core influencing factors of successful inheritance of family enterprises in different life cycle stages. Since the above research, incorporating the enterprise life cycle theory, analyzing the influence factors of family enterprise inheritance summarized in the research as a control variable, and deriving the core influence factors of different life cycle stages.

Thirdly, the core influencing factors of successful inheritance of family enterprises are compared and analyzed with the determinants of enterprise development and redevelopment, and relevant conclusions are drawn.

Through the analysis and detailed examination of pertinent research findings, conclusions are drawn, and practical recommendations are provided for family businesses grappling with inheritance challenges. In conclusion, innovations and limitations of the study are highlighted, and directions for future research are suggested.

2. Literature review

2.1 Life cycle and succession in family-owned business

2.1.1 Definition of family business

It is the common vision of every entrepreneur and his or her family members to keep the family business era growing in the long run. The problem that entrepreneurs must face and solve is how to ensure successful intergenerational business succession. The inheritance cannot be achieved overnight, and only after understanding the concept of intergenerational inheritance of family business can we do a more in-depth study on successful inheritance.

Since family firms entered the field of vision of researchers, the definition of family firms has been the first and most direct challenge faced by family firm researchers (Handler, 1989). Theoretically, there are different perceptions of the definition of family business (Chandler, 1977; Morris & Williams, 1997; Li Xinchun, 2003), and there is a great controversy between most scholars' views. In the development process of family business research, scholars at home and abroad define family business mainly from the following perspectives.

(1) From the perspective of enterprise capital ownership

When defining a family business based on enterprise ownership, Gersick's perspective stands out as the most representative. According to Gersick, merely having the enterprise named after a family or having several relatives in top leadership positions doesn't necessarily qualify it as a family business. What truly determines its status as a family business is the family's ownership of the enterprise (Gersick, Lansberg, Desjardins, & Dunn, 1999). Family ownership and control are key criteria for defining family firms (Klein, 2000; Chrisman et al., 2012). Family ownership refers to the proportion of shares held by family members, while family control refers to the family's power to determine strategic decisions and select top managers (Villalonga & Amit, 2006; Gomez-Mejia et al., 2010). More recent studies have focused on the optimal level of family ownership for intergenerational succession. Gomez-Mejia et al. (2010) found that family firms with around 50-60% family ownership had the highest probability of successful intergenerational succession. Higher family ownership can lead to more family conflicts and reluctance to bring in professional managers, while lower ownership may weaken the family's control and commitment to the firm (Debicki et al., 2016; Bennedsen et al., 2019). Thus, around 50-60% family ownership seems to strike a balance between family control and professional management for effective intergenerational succession in family firms.

(2) From the perspective of control of business operations

Different from the perspective of the above scholars, Miller, D., Le Breton-Miller, I., & Lester, R. H. (2019) in their article *Family and Lone Founder Ownership and Strategic Behavior: Social Context, Identity, and Institutional Logics*, argued that a family business is one in which at least two generations of the same family are involved in the operation and management of the firm, and that this two-generation interface results in the interaction of the firm's policies with the family's interests and goals, and that the fulfillment of one or more of these conditions can constitute a family business.

On the other hand, Taiwanese scholar Chen Chih-hung (2021), in his study, *Power Structure and Firm Performance of Family Firms*, suggests defining family firms by focusing on operational authority. He argues

that when a family or several families with close alliances hold the management rights of a business directly or indirectly, the business is a family business.

(3) From the dual perspective of enterprise management and ownership

Most scholars generally recognized from the enterprise's management and ownership of the dual perspective to define the family business. Chu Xiaoping (2004) supports Ye Yinhua's viewpoint and gives the definition in his article "Definition of Chinese Family Business" as follows: in the family business is a combination of family relationship contract and elemental contract in which family assets predominate, a state in which family members' ownership and control over the business remain possessed in a continuous distribution, and a state in which the rules of the family culture lead to the organization's behavior in different degrees of the economic organization.

(4) From the perspective of family culture

Some scholars define family business from the perspective of family culture. They believe that family culture and values have a decisive influence on the operation and management of family businesses. Family culture refers to the values, beliefs, norms, and behavior patterns formed by family members through long-term interactions and communications (Zahra, 2003). Family businesses with distinct family culture are different from non-family businesses in many aspects (Dyer, 2006). Zellweger et al. (2012) define family firms as business organizations in which noneconomic goals stemming from the influence of family are potentially important and the influence of the family is carried out through a pattern of governance that either gives family members a dominant ownership position and/or provides family members with key management positions. They emphasize the influence of family noneconomic goals and governance in family firms.

Based on the above, from the perspective of family culture family-owned business can be defined as businesses where the family's values, beliefs and behavior patterns have a significant influence on the business through family members' ownership and management, and noneconomic goals originating from the family culture also guide the business decisions and strategies.

Table 1 Perspectives and Definitions of Family Business: A Scholarly Overview

Author/Source	Perspective	Definition of Family Business
Gersick, Lansberg, Desjardins, & Dunn (1999)	Enterprise Capital Ownership	The true hallmark of a family business is the family's ownership of the enterprise, not merely having the enterprise named after a family or having several relatives in top leadership positions.
Klein (2000); Chrisman et al. (2012); Villalonga & Amit		Family ownership and control are key criteria for defining family firms.

(2006); Gomez-Mejia et al. (2010); Debicki et al. (2016); Bennedsen et al. (2019)		Family ownership refers to the proportion of shares held by family members, while family control refers to the family's power to make strategic decisions and select top managers.
Miller, D., Le Breton-Miller, I., & Lester, R. H.(2019)	Control of Business Operations	A family business is one where at least two generations of the same family are involved in the operation and management of the firm, and this intergenerational interface results in the firm's policies interacting with the family's interests and goals.
Chen Chih-hung(2021)		A business is considered a family business when a family or several families with close alliances hold the management rights of a business, either directly or indirectly.
Chu Xiaoping (2004)	Dual Perspective of Enterprise Management and Ownership	A family business is a combination of a family relationship contract and elemental contract where family assets dominate. It's a state where family members' ownership and control over the business remain in continuous distribution, and the rules of the family culture lead to the organization's behavior to varying degrees.
Zahra (2003); Dyer (2006); Zellweger et al. (2012)	Family Culture	Family culture and values have a decisive influence on the operation and management of family businesses. Family culture refers to the values, beliefs, norms, and behavior patterns formed by family members through long-term interactions and communications.

(5) Definition in this paper

Based on the above definitions and the research questions of this paper, this paper adopts the definition of a family business in the family culture perspective, i.e., a business in which one family or multiple families with close alliances own all or part of the business and directly or indirectly hold the operating rights of the business.

2.1.2 Life cycle theory

Having established a clear definition of family businesses, it's essential to understand the broader theoretical frameworks that govern their operations and evolution. One such framework that offers valuable insights into the progression of firms, including family businesses, is the life cycle theory.

The study of the life cycle theory of the firm can be traced back to the nineteenth century, economists and management scientists have begun to study the emergence, growth, and demise of the life organism of the firm from different perspectives. Marshall (1890) first used the analogy of life to the firm, while Coase (1937) argued that the essence of the firm is the internalization of the market transaction costs, and that when the internalized cost is compared to the market, it is not possible for the firm to be able to achieve its objectives. When the cost of internalization is equal to the market transaction costs, the firm enters demise. In a 1998 article discussing the evolution and change of organizations, the concept of the firm's life cycle was introduced and clarified. This article is often considered the starting point of the theory of the firm's life cycle (Greiner, 1998). The core viewpoint of the enterprise life cycle theory is that any biological organism undergoes a life cycle and process of birth, growth, aging, and death. In a sense, enterprises, like biological organisms, also have a process from birth to death, from prosperity to decline, and have a life cycle of investment, growth, maturity, and decline. The period from the date of obtaining the business license for an enterprise to engage in production, circulation, and services until it becomes bankrupt, taken over, acquired, or otherwise extinguished in accordance with the law can be called a life cycle of the enterprise. The purpose of enterprise life cycle theory is not to explain the stages of enterprise growth, but to reflect the cycle or alternative of economic behavior between expansion and contraction, prosperity, and depression, reveal the factors that affect the enterprise life cycle, and then explain how to improve the enterprise life cycle.

Danny Miller and Peter H. Friesen (1984) review the recent literature on the enterprise life cycle and identify five common stages. They argue that firms will exhibit overall complementarities between environment, strategy, structure, and decision-making methods at each stage. In turn, organizational growth and increased environmental complexity cause each stage to exhibit significant differences from the others in these four types of variables, and organizations go through all five stages linearly from birth to decline. Kelin E. Gersick, John Davis, Marion Hampton, Ivan Lansberg (1997) reveal the dynamics and challenges that family businesses face during their life cycle in *Generation to generation*. The book presents a multidimensional model by dividing the development of family businesses into three parts and use this model to explore the stages in the family business life cycle and extract generalizable lessons about how to organize a family business. Richard Dufft (1999) divided the development of enterprises into four stages and described the characteristics of the four stages.

In recent years, enterprise life cycle theory has been widely researched and validated, for example, Zong et al. (2004) found that there is also a life cycle model for private enterprises in China. Recent studies have shown that the enterprise life cycle theory is not only applicable to traditional manufacturing enterprises, but also to enterprises in emerging industries and service industries. Li Na et al. (2017) found that life-cycle patterns also exist for Internet firms and are different from those of traditional manufacturing firms. In addition, some

studies have explored the relationship between firm life cycles and factors such as entrepreneurship and organizational innovation. For example, Zhang R. et al. (2018) found that there is variability in the impact of entrepreneurship on the life cycle of firms, and different types of entrepreneurs have different impacts on the life cycle of firms at different stages. In addition, some studies have explored the relationship between the corporate life cycle and corporate performance. For example, Wang, R. et al. (2019) found that there is variability in the impact of different stages of the firm life cycle on firm performance, and firms at different stages need to adopt different strategies to improve performance. In conclusion, enterprise life cycle theory is constantly developing and improving, providing enterprises with more refined analytical tools to help them better respond to market changes and achieve sustainable development.

This paper categorizes the business life cycle theory into the following four branches.

(1) Bionic Evolution Theory

The study of enterprise bionic evolution takes the theory of biological evolution as the basis of economic analysis, and believes that enterprises have three characteristics of metabolism, self-replication, and mutability like natural life systems. Specifically, enterprises will obtain resources from the outside world and absorb them into internal production factors. At the same time, the production and reproduction of the enterprise itself is a process of continuous self-replication, in which the enterprise scale expands, and the enterprise will undergo fundamental changes when the production technology and business strategy are transformed. The most famous of the bionic theories is the theory of enterprise evolution, Winter, and Nelson (1984) believe that the growth of enterprises is accomplished through the three core mechanisms of biological evolution, emphasizing the impact of organization, innovation, and path dependence on enterprise growth.

(2) Enterprise Life Cycle Stage Theory

This viewpoint regards enterprise growth as a continuous process with a number of stages, and the academic research focuses on the division and problems of each stage. Tuason (1973) put forward a three-stage theory: the smaller scale stage (Small), the integration stage (Integrated) and the diversification stage (Diversified). Smith et al (1985) also put forward a three-stage theory, but named it as: the beginning (Inception), the high growth (High-growth), the high speed growth (High-growth). Smith et al (1985) also proposed a three-stage theory, but named it: Inception, High-growth, and Maturity, respectively. Miller and Fricson (1984) proposed a five-stage theory, i.e., birth, growth, maturity, revival, and decline. Since the 1990s, the four-stage theory has been dominant. Since the 1990s, the four-stage theory has been dominated by the four stages, which are generally named: Start-up/Birth, Growth/Expansion, Maturity/Diversification, and Decline/Revival. Recent studies have generally classified the life cycle of a firm as Start-up, Growth, Maturity, Revival and Decline, Growth, Maturity) and Decline, and this four-stage division model is generally accepted.

In recent years, research on enterprise life cycle theory has focused on small and medium-sized enterprises. The MSME sector is the backbone of world economies and makes outstanding contributions to employment and added value added for developed and developing countries (OECD, 2017). However, statistics show a high mortality rate among them. For instance, according to the U.S. Small Business Administration (2019), from 1994 to 2018, 67.6% of small businesses survived at least two years. The five-year survival rate was 48.8%; at ten years, it was 33.6%; and at fifteen years it was only 25.7%. Furthermore, the failure rate of MSMEs may have increased 9.1 percent due to the impact of COVID-19 (Gourinchas et al., 2020). Adrianela Angeles et al.(2022) examine the particularities of two types of flexibility that are especially important for dealing with turbulent environments: strategic and structural flexibility. The former represents the firm's

ability to respond to changes in its external environment in ways that lead to success, survival, and longevity (Brozovic, 2018; Zahra et al., 2008). The latter refers to a company's capacity to change its structure and processes to adjust to environmental changes (Amarikwa et al., 2020). Strategic flexibility and organizational flexibility are also important for the successful legacy of family firms and will be included in subsequent considerations in this paper.

(3) Attribution theory

This theory aims to identify the factors that influence the growth of a firm.

Some viewpoints believe that the life cycle of technology and products affects the life cycle of enterprises. The process of technology and product entering the market to exiting the market shows a specific pattern, which generally includes the period of infancy, growth, maturity, and decline. The life cycle of an enterprise manifests itself as an extension of the product life cycle.

The second kind of analysis framework is based on enterprise DNA, Ken Baskin divided the enterprise into seven categories according to the DNA characteristics of the enterprise: very flexible toughness regulating type enterprise; the adaptive type enterprise which can plan for changes; the army type enterprise which is navigated by a few experienced teams; the passive-aggressive type enterprise which is difficult to carry out the plan which has already been agreed; the stop-and-go type enterprise which cannot make efforts in the same direction; the stop-and-go type enterprise which cannot make efforts in the same direction; the stop-and-go type enterprise which is not able to make efforts in the same direction. The stop-and-go type; the over-expansion type that cannot be effectively controlled; and the over-managed type that is bureaucratic and politically charged.

The third emphasizes the critical influence of the business leader on the business, linking the business life cycle to the quality of the business leader. Hambrick (1991) and Fukutomi (1991) proposed a five-stage model of the pattern of change in leadership during the president's tenure and the reasons for it. The model suggests that there are five stages in the president's management life cycle and shows related characteristics: the stage of appointment, the stage of exploring reforms, the stage of forming styles, the stage of comprehensive reinforcement, and the stage of rigidity and obstruction. At the beginning of the president's appointment, due to the new environment and new problems, there is no other reference point, so he tends to rely on his own past successful experience to manage the enterprise. After taking office for a certain period, the president of an enterprise will often reflect on the actual effect of his management mode in the new enterprise and the new environment, and then he will make adjustments according to the actual situation and carry out explorations and reforms. If these explorations and reforms have achieved certain results, making the development and growth of the enterprise, the president's management style will often be formed, and then will be strengthened in the next stage. The result of continuous strengthening will lead to the president's superstition and stubbornness towards his own management style, so that the original model that has played a role in progress may become a limiting factor that hinders the sustained growth of the industry.

(4) Enterprise Life Cycle Countermeasures Theory

The enterprise life cycle countermeasure theory takes competitors as the reference and analyzes how enterprises can gain the advantages of growth from the perspective of system dynamics. Scholars at home and abroad have put forward compelling and innovative insights into the construction of long-lived enterprises through case studies of enterprise decline, collapse, and longevity. Arie de Geus (1996) pointed out in her

book *The Living Company* that enterprises have four common points for successful survival: sensitivity to the surrounding environment and timely response, cohesion and identity, tolerance, and fiscal conservatism. Arie de Geus believes that the companies that can survive in the turbulent environment of change and competition are those that focus on people rather than material assets, and the former type of company is the real sense of longevity, where the company's values coexist harmoniously with the personal values of the employees, and where there is complete openness to the outside world.

Summarizing the above literature combing, this paper evaluates the life cycle theory of business development as follows:

(1) Contribution of Enterprise Life Cycle Theory

Firstly, mastering life cycle theory helps to understand the regularity of enterprise development process. Enterprise lifecycle Theory is a broad theoretical research platform that can carry almost all fields of management research. Based on life cycle theory, we can conduct research on many issues, such as cost, strategy, information systems, core competencies, etc., and endow these theories with new meanings. Secondly, the theory of enterprise lifecycle has improved the pertinence of management. The lifecycle model identifies key turning points in enterprise growth by describing and predicting the characteristics and existing problems of each stage of enterprise growth from various aspects, which enables managers to prepare in advance for necessary changes; Enable managers to know when to abandon strategies and cultures that only hinder future growth; Can provide a model for enterprises on how to develop, what are prone to mistakes, what skills employees need, and how to manage to stimulate future growth.

(2) The shortcomings of enterprise lifecycle theory are as follows:

Firstly, the existing theories have vague definitions of some concepts and problems. There is currently no clear and widely recognized definition of "life cycle stage"; Although there are many life cycle models, ranging from three to ten stages, existing theories cannot answer which model is the most appropriate. Secondly, the existing theories mostly focus on enterprises in a general sense, and the research on enterprises and their environment is too static and tends to be too theoretical. There is not much research on specific industries, regions, and ethnic groups of enterprises, and the existing theories on enterprise life cycle are all about the development process of micro enterprises, lacking macro research on the overall enterprise life cycle. Studying the lifecycle of a certain type of enterprise from a macro perspective is of great significance for the macro regulation and smooth operation of society. Therefore, this article aims to examine the macro evolution and development process of family businesses, a special type of enterprise, in China based on the study of numerous individual cases of family businesses. Not just conducting micro research on specific family businesses, but also obtaining the lifecycle of an individual family business. Thirdly, existing research on the life cycle of enterprises mainly focuses on the evolution of internal efficiency within a specific enterprise organization and the changes in enterprise scale. However, the survival and development of a specific enterprise is not simply an organizational issue but is influenced by many complex factors. Unlike biological organisms, whose life cycle is essentially determined by their inherent genetic basis, there is no obvious innate force within the enterprise that determines its vitality and lifespan. Therefore, the life cycle of an enterprise has strong variability and is not fixed and unchanging. Therefore, the life cycle of enterprises should be analyzed from a comprehensive perspective of multiple factors, and the study of enterprise life cycle must introduce a sociological perspective and method that focuses on holistic and systematic research.

2.1.3 Succession

It is the vision of every entrepreneur and his or her family to keep the family business going for generations to come, and successful intergenerational succession is an issue for all entrepreneurs. But intergenerational succession is not a one-time thing.

(1) From the perspective of the transmission process, Villalonga, (2010) Intergenerational family business succession is the process by which the incumbent transfers ownership and management to family members or professional managers. In this process, the incumbent plays a crucial role and needs to assess the overall quality of the successor, identify the best successor, and smoothly hand over his or her power and property. In the process of intergenerational succession of family business, the incumbent plays a rather important role, and he needs to measure the comprehensive quality of the successor and judge who is the best successor and how to smoothly hand over the power and property under his control to ensure that the business can. Ward J.L. (2004) in *Perpetuating the Family Business* summarizes three stages of family business development based on observations of family businesses. The first stage is owner-managed, when the business is owned and operated by one person. The second stage is the sibling partnership, which means that the business has been passed on to a sibling partnership consisting of two or more children. The third stage is cousin collaboration, which is then inherited by their children. In response to these three stages and to the many samples of family businesses observed, Ward makes recommendations for the development of a succession plan, and the establishment of an effective governance structure for the family business to minimize the risk of succession. Murray (2005) points out that the process of intergenerational succession of family businesses takes three to eight years to complete such a handover process, and although many changes may occur during this handover process, the goal is to complete the handover of family assets and business management.

(2) In terms of succession levels, Everett (1997) suggests that intergenerational succession consists of four aspects, the first of which is whether the business will continue to be run as a family business in the future. The second aspect is who will control the business, the third aspect is who holds the ownership of the business, and the fourth aspect is who will have the right to run the business. In the process of intergenerational inheritance, the incumbent needs to focus on the quality of the successor, judge who can run the business well, and at the same time smoothly carry out the inheritance of business property and family property. According to Chao (2002), The intergenerational transmission of family enterprises is essentially a process of transferring various forms of capital, not only physical capital, but also human capital, social capital, and symbolic capital. The study of this aspect can provide a deeper understanding of the intergenerational transmission of family enterprises in its entirety.

According to Neubauer (2003), intergenerational succession is an act of handing over management and business power that occurs in three situations. The first is when the leader feels that his or her abilities and expertise are not sufficient to keep up with industry trends; the second is when the leader needs to exit the business naturally due to age; and the third is when the leader is unable to continue running the business due to unforeseen contingencies such as death. She believes that the most superficial level of inheritance is the replacement of positions, the middle level is the handover of ownership and management, and the most important and core level is the transmission of the business, which includes not only the property of the family business, but also the social resources and the vision of the business passed from the father to the next generation. This is a matter of whether the business can be perpetuated and whether it can develop on the

strategic goals of the original development. In the early stages of succession, the founder must consider whether the family business will be buried in the hands of the successor, and every founder wants his business to be passed on to his children. Li Lei (2004) intergenerational succession in family firms can be decomposed into three levels: job handover, power transfer, and business succession. Among them, business succession is the core level of intergenerational succession, which is also closely related to the firm's life span. At the business inheritance level, intergenerational inheritance is not only the transfer of assets and management rights, but also the inheritance of business philosophy, values, culture, and social resources of the family business. If intergenerational inheritance is not carried out smoothly, the core culture and business philosophy of the family business may be lost, leading to the decline and bankruptcy of the business. Therefore, in the process of intergenerational inheritance, family enterprises need to focus on the business inheritance level to ensure the long-term development and survival of the enterprise. Mejía L.R. et al. (2007) argue that family succession decisions need to consider the goal of preserving the family's emotional wealth in society. They challenged the opinion that, family-owned firms are more risk averse than publicly owned firms. This is proposed based on the socio-emotional wealth perspective, which means family business are more likely to make decisions that do not conform to the assumption of economic rationality to preserve the socio-emotional wealth of the family and its social network. In this view, family firms will make inheritance decisions that are needed to preserve socio-emotional wealth. Furthermore Berrone P., Curz C. and Gómez-Mejía L.R. (2012) present an argument for the socio-emotional wealth (SEW) approach to be a potentially dominant paradigm in the field of family business. They argue that SEW is the most important distinguishing factor of family firms as unique entities and therefore helps to explain why family firms behave in a unique way. Danny Miller et al. (2013) discusses family firms and the divergence between strategism and institutionalism. The former view strategic differentiation as an important competitive advantage for family firms, while institutionalists argue that family firms are subject to strong compliance motives due to the pursuit of socio-emotional wealth goals. However, the relationship between conformity and family business governance, as well as governance, has not been sufficiently studied, and research on the implications for family business succession is lacking.

Yu Dan (2009) adds the concept of knowledge transfer to the study of intergenerational inheritance of family enterprises and defines intergenerational inheritance as a family enterprise in which the incumbent passes on the ownership, management and control of the family enterprise to the successor, and at the same time passes on the knowledge and experience gained during the management of the family enterprise, which are non-explicit knowledge with the core competitiveness of the family enterprise, to the successor as well. The knowledge transfer promotes business inheritance while preserving the corporate culture and other core competencies of the previous generation's operation to ensure a balanced and sustainable development. Wei Lei (2013) believes that intergenerational transfer of family business is the transfer of ownership and management rights. He points out that ownership and management will be separated with the development of the enterprise and the social economy, and family members will continue to control the ownership of the family business in the process of intergenerational transmission, but the management will often be handed over to professional managers. In addition, he also pointed out that the intergenerational transmission of family enterprises is not a simple process of power transfer, it will be affected by many factors, and if the transmission fails, the family enterprise will face the decline.

(3) From the perspective of contractual relationship, Chao (2002) argues that the essence of intergenerational inheritance is the continuation of contractual relationship, in which the incumbent hands over all of his business equity and management relationship to the blood relatives for his continuation, and through the

transmission of contractual relationship, the total assets of the family business, the reputation and fame of the family business, and the social status of the family business will be passed along. Zhou Shengchun and Fan Ye (2009) define family business from the perspective of contract theory, pointing out that family business is a unique form of contract, which is composed of physical capital, human capital, and social capital. Wilson N., Wright M., & Scholes L. (2013) explore the question of whether family firms are more likely to survive than non-family firms, focusing on the role of board composition. They examined nearly 700,000 family and non-family firms in the UK from 2007-2010 and found that family firms have a significantly lower risk of insolvency than non-family firms, due to the board organization characteristics of family firms. If successful succession is to be achieved attention needs to be paid to the organizational structure of the board of directors of family firms.

The aspiration of every entrepreneur and their family members is to ensure the longevity and growth of their family business. One of the primary challenges they face is ensuring successful intergenerational business succession. Since family businesses became a subject of scholarly interest, defining what constitutes a "family business" has been a central challenge. Various scholars have approached this definition differently, leading to a myriad of perspectives. Some define it based on the capital ownership of the enterprise, emphasizing the family's ownership as the defining factor. Others focus on the control of business operations, suggesting that the involvement of at least two generations of a family in the business's operation and management is crucial. A third perspective combines both enterprise management and ownership, while a fourth perspective emphasizes the influence of family culture on the business. This cultural perspective suggests that the values, beliefs, and behaviors of the family play a pivotal role in shaping the business. The review then delves into the life cycle theory, tracing its origins and evolution, and highlighting its relevance to family businesses. The theory suggests that businesses, much like biological organisms, undergo a life cycle from birth to death. The study of intergenerational inheritance in family businesses, when combined with the enterprise life cycle theory, reveals that inheritance is a multi-stage process influenced by various factors. The core success factors can differ at each stage. The review sets the stage for a deeper exploration of these themes in the context of family businesses, especially in Jiangsu Province, China.

2.2 Life cycle and succession in Chinese family-owned business firms

2.2.1 Characteristics of Chinese family business

As an organizational form prevalent worldwide, family businesses have been gaining ground in the world economy during more than 200 years of development. The rapid development of China's economy has played an extremely important role in promoting the development of the world economy. Among the various forms of business organizations in China, family business, as one of them, has played an increasingly important role in boosting China's economy during the three decades of reform and opening.

In terms of development history and scale of development, under the capitalist market economy system, family enterprises in capitalist countries such as Europe and the United States have a development history of several hundred years and are relatively mature. However, family enterprises in China emerged and developed only in 1978 with the reform and opening. No matter in the enterprise structure of the family business or the maturity of the system and culture, Chinese family businesses are relatively immature, and most of them are still in the scale of small and medium-sized

enterprises. On the one hand, the family business is unwilling to do big, do big means that the control ability of the family business requirements increases, at the same time, the enterprise does not have a set of perfect system specification, enterprise system is not sound, which invariably limits the development of the family business.

From the legal environment, Du Zhizhou (2003) believes that the rapid development of family enterprises in the United States is largely due to its good legal environment, private property is clearly protected by the Constitution, the complete legal system for the family business has increased the wealth of credit resources, simplified the transaction procedures, and saved a lot of transaction costs, improve management efficiency. China's family-owned enterprises are in a period of unsound legal system, the market order is not standardized, the owner of the legal system is weak, many family-owned enterprises are still in the stage of the founder's will to govern more than the rules and regulations.

Similarly, for the control of ownership and management rights, China's family-owned enterprises on the control of both highly mastered in the enterprise incumbent. Su Qilin (2003) found in the study, the smaller the size of the enterprise owner and the lower the education of the owner of the enterprise tends to directly grasp the management right, paid-in capital of more than 10 million yuan or education for the University of the owner of the proportion of the enterprise has fallen sharply to less than 28%. The United States and other countries in the family business ownership of most of the family members, with the growing maturity of the professional managers market and the existence of the United States-specific competition concept, so that the family business management rights can be marketized.

Due to the long history of development stage, most of the western family enterprises have already had the historical experience of intergenerational inheritance, but for Chinese family enterprises, intergenerational inheritance is often the first attempt of the incumbent. Sons and fathers or professional managers are the two choices for intergenerational succession in family businesses. Due to the long-time development experience of western family enterprises, the professional manager market is relatively perfect. However, China's professional manager market is still immature, many professional managers of the technical quality and moral quality has not been tested, in a lack of credit environment, let the entrepreneurs after many years of hard work to create wealth to others to take care of, not many people can rest assured.

From the perspective of family culture, Redding (1993) defines Chinese family business from the perspective of family culture. According to him, Chinese family business is "essentially a cultural product", practicing paternalistic leadership or a unique style of benevolent dictatorship: the owner's relatives are responsible for management and have a strong sense of dedication to the business, and are opposed to the fairness of the attitude of the people above all else. According to Lv Zheng (2001) and others, the family business is a unity of business and family, both as an economic organization and as a cultural and ethical organization.

To sum up, China's family business in China's socialist market economy in the transition stage and the professional manager of the market is not mature under the environment of development, as Liu Yusheng of Peking University (2003) proposed: China is in the process of transition to a socialist market economy, the market rules, legal norms have not yet been fully established and the effective implementation of the lack of social trust mechanism, the ideology of the people, the values of people, etc., due to the social and economic transformation, there is still a certain degree of social and economic stability in China. In the transition period there is still a certain degree of confusion. Although China's family-owned enterprises have shown rapid growth, the scale of development is relatively small, the control of enterprise ownership and operation is highly centralized and lack of inheritance experience.

2.2.2 Life-cycle theory and succession in Chinese family-owned business firms

(1) Life-cycle theory in Chinese family-owned business firms

The enterprise life cycle theory pays more attention to the development history of individual enterprises, and the life cycle of individual enterprises in China can be roughly divided into start-up, growth, maturity and decline according to the life cycle stage theory.

A. Start-up period

The start-up period refers to the period from the beginning to the slow growth of the enterprise. In the early stage of the development of family enterprises, mainly relying on the family's own primitive accumulation, the scope of operation is also relatively centralized, the entrepreneur's personal equity is relatively centralized, with supreme power in the enterprise, its ownership and operation rights are fully integrated, equity is more concentrated, and the cost is also relatively low. Family business to the family as the core, most of the employees of the enterprise from within the family, although the lack of specialized management knowledge and skills, the pivot of kinship relationship makes the enterprise members united and work together. In the start-up period, due to the small scale, single business structure, less resources invested, the agreed relationship is relatively simple and direct, which in turn forms a relationship network unique to the family business. At this stage, the entrepreneur makes decisions on all important activities of the enterprise by virtue of his personal prestige and full of ambition.

B. Growth Stage

After the screening of the start-up period, the enterprise can enter the rapid development of the growth period, in this stage of the enterprise market demand increases lead to the expansion of the scale of the product or service, the rules and regulations of the increasingly perfect, the product of the market share is stronger. At this stage, the enterprise's ability to integrate resources and the level of product production technology is rapidly improving, the family business in this stage is facing the need to introduce professional management personnel and cannot be limited to family members as in the initial stage of the enterprise. The founders need to adjust the degree of centralization appropriately and give incentives to the professional management personnel to ensure the consistency of the utility function.

C. Maturity

When the enterprise tends to mature, the scale is expanded to the extent that it is difficult to be managed directly by the family members, the founder and most of the family members will enter the management, and gradually adopt the modernized enterprise governance, the degree of centralization of the family members will be reduced.

D. Decline

Entering the decline stage of the enterprise presents many obvious characteristic changes, one is the rigidity of the enterprise organizational structure, lack of vitality. The internal organizational structure of the enterprise is bloated, the decision-making efficiency is reduced, each department thinks of its own way of doing things, the cohesion is reduced, and it is unable to make a rapid response to market changes. Second, the lack of corresponding innovation mechanism within the enterprise. Managers rest on the status quo, the spirit of innovation declined, the management level dropped sharply, resulting in a loss of talent and a decline in the cohesion of team members. Due to the worrying profitability, the enterprise will also weaken the investment in research and development, advertising, or promotion accordingly. Thirdly, products or services are outdated, and production efficiency is low, resulting in declining market share, revenues, and profits. Fourth, the awareness of customers' needs is weakened.

For Chinese family firms, in addition to these declines due to internal business reasons, there are often changes in business conditions due to unforeseen events, unsuccessful succession choices, and changes in the external economic policy environment.

(2) Succession in Chinese family-owned business firms

In China's family business inheritance can be divided into three main modes, one is child inheritance, the second is internal training, and the third is the introduction of professional managers.

The mode of children's inheritance is the main way of partnering for the inheritance of family enterprises in China at present. On the one hand, it is because the cost of enterprise power transfer is minimized, and on the other hand, a generation of founders is generally reluctant to pass on their hard-earned assets to non-family group members. According to statistics released by Forbes in 2015, the proportion of first-generation founders and second-generation successors serving at the same time in the 884 family businesses listed in China is as high as 54.98%, of which 12.56% have been taken over by their children. Therefore, judging from the 2015 statistics, more than 66% of China's listed family businesses have been or are in the process of passing on their businesses to their children. In terms of the training methods for second-generation successors, the main methods are that the fathers personally instruct their children in business operation and management to prepare for the future succession, or that they send their successors to study and exercise in enterprises or organizations outside the family to accumulate experience. This includes entrusting third-party organizations, such as MBA, to provide specialized training to acquire relevant corporate knowledge and make certain contacts; and studying abroad, especially studying business subjects in well-known foreign universities, management, finance, and other courses in famous foreign universities. This will broaden your horizons and cultivate new thinking in preparation for taking over the business in your home country.

It is also common for Chinese family businesses to train and promote successors from within the company. Unlike direct succession by children, internally trained successors often do not have blood relations with the founders and are generally employees with outstanding abilities. Due to a variety of factors, when the children of the founders do not have the conditions for succession, internal training becomes an alternative. This mode is also different from the pure market-oriented operation of introducing professional managers, in which the internal training also integrates stronger emotional attributes, especially the appreciation of the founder of the first generation, which is the key condition to become the successor. This also predetermines the special nature of the relationship between the internally trained successor and the generation of owners of the enterprise.

The introduction of professional managers is one of the most popular inheritances methods and is considered by many scholars to be the direction of development for the inheritance of Chinese family enterprises. However, from the perspective of actual practice, the introduction of professional managers has not accounted for a large proportion in the inheritance of Chinese family enterprises. It should be said that this mode is still in the exploratory development period. The choice of inheritance for the generation of founders of family enterprises is still more on their children or employees within the enterprise.

2.2.3 Life-cycle in Jiangsu family business

(1) Jiangsu family business start-up period

First, when Jiangsu family enterprises found a potential market that was not yet satisfied or recognized by customers, they raised start-up capital within the family and spared no effort to develop new products or services to meet this market demand. For example, in the early 1990s, Changshu Jiaxin Machinery Co., Ltd. discovered the potential of the electronics industry and invested in equipment to create a semiconductor packaging and testing industry, becoming a leading company in the semiconductor industry in Jiangsu. At this point, the family business was born and successfully entered the start-up phase (Zheng & Wan, 2020). The average life span of a start-up is 3-5 years. Family entrepreneurship brings advantages in terms of capital and personnel, which is a distinctive feature of Jiangsu family firms during the start-up period. The firm's employees are related by blood, kinship, and marriage (L. Chen et al., 2020), and most, if not all, of the firm's employees are family members.

When entrepreneurs seek a good business opportunity, they will promote it within the family, hoping that family members can provide broader ideas for their business ideas on the one hand; on the other hand, they are also seeking partners within the family. At the same time, based on the unique family factors such as kinship and trust, other members of the family are usually actively involved in the creation of the family business. Family members are the main force in the initial stage of family enterprises in Jiangsu, not only entrepreneurs are family members, but also managers and ordinary employees are mostly family members (Zhou, 1991; Wang, 1977).

Second, the enterprise has strong cohesion and centripetal force Jiangsu family enterprises in the start-up period are mainly composed of family members, who have a common goal - to make the family business alive. For example, the founder of Changzhou Jiaxin Machinery Co., Ltd. founded the company together with his siblings, and most of the management of the company is also composed of family members.

Moreover, within Jiangsu family firms, all members are mostly in an equal relationship with a high degree of cooperation and trust, except for the main backbone, the entrepreneur (Zhou, 1991; Zheng, 2009; Zheng & Wan, 2020). The status of the entrepreneurial period. The disparity in status and the state of development of the firm reduces the occurrence of various power struggles, eliminates the possible tendency of opportunistic behavior of family members, and reduces or even eliminates the cost of supervision. All family members act with the development of the firm in mind, with little regard for personal development (Keating & Little, 1997). The cohesiveness and centripetal force among family members is very strong. Therefore, the loyalty and trust among family members is the biggest advantage of Jiangsu family firms during the start-up period, which enables Jiangsu family firms to grow rapidly in the fierce market competition (F. L. T. Yu & Kwan, 2013).

(2) Growth period of Jiangsu family firms

This period is the most dynamic period for Jiangsu family enterprises and has advantages that are unmatched by other life cycle stages. First, the entrepreneur has the sole power and decentralization is inevitable. At this stage, Jiangsu family enterprises are expanding, and their business volume is increasing, which makes the entrepreneurs confident in their family enterprises. For example, the listed company Changshu Brewery Co., Ltd. experienced explosive business growth in the mid-1990s, and the founders were confident in the company's growth prospects.

Since the unification of the "two rights" allowed Jiangsu family firms to grow faster than the average public enterprise during the start-up period (Beaulieu & Kalika, 2020), the entrepreneurs still insisted on a high degree of unification of ownership and operation during the start-up period. However, the development of Jiangsu family businesses in the formative years has become increasingly demanding for entrepreneurs, not only in terms of business knowledge but also in terms of personal time and energy (Handler, 1994; Tatoglu et al., 2008). To keep the family business thriving, the entrepreneur must delegate some of the power to other talented family members or outsiders. Of course, this will be

strongly opposed by the individual entrepreneur, who will strongly prevent the release of power because he does not want to lose his personal authority and is afraid of losing power (Caborn, 2001).

Second, the complexity of family relationships makes it difficult to bring in talent from outside the family name. The network of relationships established through blood and kinship ties has enabled Jiangsu family firms to grow faster than other firms and to enter a period of growth with the united efforts of family members. However, as more and more family members enter, intra-family conflicts begin to emerge and each family begins to defend its own interests, leading to competition for power and profits. The intra-family relationships at this stage start to become complex. At the same time, the quality of family members varies, and their individual abilities and knowledge do not meet the needs of business development (De Macis et al., 2008; Lam, 2011). Therefore, while increasing the training of Jiangsu family members, it is necessary to bring in high-level talents from outside based on the corporate life cycle theory of family business governance structure. This can bring fresh blood to Jiangsu family enterprises and provide new ideas to promote the development of the enterprise. However, in order to maintain established interests, family members will strongly reject outsiders (Gagné et al., 2021), outsiders are always positioned as wage earners and their space for development is severely restricted, resulting in very limited contribution of outsiders to Jiangsu family firms. The biggest disadvantage of Jiangsu family enterprises is the inaccessibility of social elites, which will be a major obstacle to development (Gilding et al., 2015).

Finally, the internal management is disorderly, and the system is not sound. The flexible management style has enabled Jiangsu family enterprises to gain vitality and move forward with ease. As Jiangsu family enterprises enter the growth period, the casual management style becomes less and less suitable for family enterprises due to the continuous entry of external talents (Degadt, 2003). In particular, the complex kinship relationships in Jiangsu family enterprises make it difficult to deal with problems among family members and between family members and ordinary employees, and also sow many hidden dangers for the internal management of Jiangsu family enterprises. At this stage, it is necessary to combine the standardization and flexibility of management to jointly promote the development of Jiangsu family enterprises. Sound rules and regulations are the guarantee for the smooth development of Jiangsu family enterprises in the formative years. There is an urgent need to establish rules and regulations to standardize the management of all matters (Tagiuri & Davis, 1996).

(3) Maturity of Jiangsu family enterprises

Maturity is one of the most desirable stages of Jiangsu family firms, a brilliant period of business development, in which Jiangsu family firms achieve a balance of self-control and flexibility (Zivig et al., 2011, 2012). Firstly, the release of entrepreneurs' personal power into the maturity of Jiangsu family firms places increasing demands on top leaders, who need not only entrepreneurial passion but also comprehensive and systematic management knowledge. Although the Jiangsu family entrepreneurs who have experienced the start-up and growth period are already the highest authority of the family business, they have limited time and energy to manage the Jiangsu family business in all aspects, and the requirements of the Jiangsu family business in the maturity period and the entrepreneurs in the start-up and growth period are also changing. Therefore, releasing some of the power becomes an inevitable choice for entrepreneurs. At the same time, Jiangsu family enterprises in the mature stage are generally faced with the problem of succession, how to train the next generation of successors, and how to create good conditions for them, become an important issue for entrepreneurs to consider. These serious problems are gradually put in front of the entrepreneurs, so that the entrepreneurs have to release their personal rights and delegate some of them to others. The personal influence of Jiangsu family entrepreneurs began to gradually transfer to the next generation (Cao et al., 2015).

Second, the closed nature of the management family was broken and people from outside the family gradually entered. If the top management of Jiangsu family firms is dominated by family members during the start-up and growth periods, then during the maturity period, this closure of the management staff is broken down and people from outside the family enter the Jiangsu family firms to manage them (Chung & Yuen, 2003). No matter how comprehensive the development of the family members and how complete the staff is, but after all, it is the same family, it is easy to cause the closed nature of Jiangsu family business management, the development of Jiangsu family business needs external fresh blood to join, and gradually began to accept outsiders in the top management positions in the enterprise. This is the "inevitable" choice of Jiangsu family enterprises to break the closedness and the urgent need for the development of Jiangsu family enterprises (McClure et al., 2011).

Finally, the second generation of family members entered. The common desire of the entrepreneurs is to achieve the sustainable development of Jiangsu family enterprises. After leading Jiangsu family enterprises through the start-up and growth periods, entrepreneurs have gained growth and increased vitality, but they also gradually age during the development of Jiangsu family enterprises. Therefore, intergenerational succession becomes the primary issue for entrepreneurs to consider. Then, the entrepreneurs started to train the second generation of family members so that they could enter the Jiangsu family business smoothly. s. Wong (1993).

(4) The decline of Jiangsu family enterprises

After the maturity period, the development of the enterprise will be transformed in two directions: into an upward or downward channel. Most enterprises tend to decline after the maturity period (Yang et al., 1993). There is a chaotic situation within the enterprise, where everyone focuses on internal struggle and competition for power and profit, while neglecting the importance of customers. All these conditions hinder the innovation and creativity of the company. When the company's capital does not work, it makes serious losses, which leads to the death of the company. Death can come suddenly, leaving no room for preparation, or it can come slowly, leaving the company to exist meaninglessly for a few more years. Of course, decline and death are not the only way out for a company, but it is possible to transform and revive a company to escape the fate of decline and death (Kiong, 2005). For example, in the case of Jiangsu Fangtai Group, which declined after 2000, the entrepreneurs focused on internal power struggles and neglected product development and market changes, which eventually led to a dramatic decline in market share and is now on the verge of bankruptcy.

2.2.4 Factors influencing for successful succession in Chinses family-owned firms.

The influencing factors on whether a Chinese family business can be successfully passed on are varied. Some are internal, such as the founder's own awareness and decision-making, and support from within the family. Some are external factors, such as unexpected events and changes in political and business relations. This paper summarizes the following common influencing factors.

(1) Founder's decision-making

Through the previous analysis, the choice and judgment, planning and decision-making of the founders of the family business generation are the direct and key factors determining the inheritance of the family business. On the one hand, it depends on the founder's understanding of the inheritance of the family business. At what time to start planning for the inheritance of matters, the specific arrangements and time nodes of the process is what, their own time to retire and

in what way to retire and so on. These issues all depend on the family business founder's understanding, judgment, and decision-making. The second is to choose what kind of successor. After fully recognizing the importance of family business succession and making corresponding plans, choosing a successor is a natural and important matter. Whether to choose their own sons, daughters or son-in-law or other blood relatives of the family offspring. Or do you choose to tap from within the organization and choose from many mid-career business managers. Or do you choose to hire a professional manager from outside the company? Or a variety of options. Selection of the successor should be the founder of the family business should be in the beginning of the business founder in the mind to think about the problem. Third, how to train the successor. If you choose your own children as successors, how to cultivate not only the business heritage, but also should focus on the parents of the word and example. That is, the founder of the enterprise is not only in the capacity of entrepreneurs but should be in the capacity of parents. The contradictions and trade-offs involved here are a headache for many Chinese family business owners. On the one hand, under the influence of the one-child policy, family business owners generally have fewer children, which also means that the choice is very narrow if the child in the business is not strong will or ability is not outstanding. If the children do not have strong will or outstanding ability in business operation, the result may not be good even if they are forced to be trained as successors. And there may also be a delay in the normal growth of children, intensifying family conflicts and other issues. On the other hand, whether to choose the domestic universities for professional learning or choose to study overseas or early into the business familiarization exercise ability. Obviously, each option has both advantages and disadvantages. How to achieve the unity of knowledge, professionalism, and experience, and how to build a platform for children's all-round development are issues that need to be seriously considered by the founders of family businesses. And if professional managers are chosen, the main challenge faced by family business owners may be the supervision and motivation of professional managers. This is a theoretical dilemma of greater concern to both management and economics. The separation of ownership and management is bound to bring about the principal-agent problem. This is a key issue for Chinese family entrepreneurs to think about when choosing a professional manager.

(2) Accidents

From the case of Chinese family enterprise inheritance, another big influence factor is the accident. Mainly refers to the founder of the family business itself by the accidental events caused by the development of the enterprise suddenly changed, the enterprise inheritance had to be passive. As the controller, there are three main aspects of accidents around the founder of the family business: one is due to external forces lead to the body, the second is due to a sudden illness cannot perform their duties normally, and the third is due to contact with the law in prison.

(3) Willingness of children to inherit

For most Chinese family business owners, the ability to convince their children to accept the business is a major challenge. Therefore, children's willingness to take over the business is an important factor affecting the inheritance of family businesses. On the one hand, children may not want to take over the family business because they have a stronger sense of independence and prefer to pursue their own value of life. On the other hand, even if the children are willing to take over the family business, they may not be capable of doing so. In the past, the guidance and cultivation of children's ability has not only been a question of whether the business can be successfully inherited, but also reflected in how to let the children grow up normally in the face of huge wealth rather than going astray.

(4) Government-Business Relations and Business Environment

For China, it is inevitable that family firms need to deal with ties with the government where the business is located. In fact, it is a common choice for family firms around the world to focus on relationships with the political community. By maintaining and strengthening ties with local power resources, family businesses seek to gain access to unique

development resources and policy dividends. However, in an environment where there is little awareness of the rule of law and where the legal system is not well developed, there are few family businesses that have fallen on hard times because they have not managed their relationships well. Another factor that affects the inheritance of family businesses in China is the business environment. On one level, government-business relations are also an important part of the business environment. However, the business environment is much broader in scope. Typical examples are the credit environment and the policy environment. From the development history of Chinese family firms, credit problems have been an important reason for the difficulties in the development of the firms. Chinese family firms have relatively limited access to capital. Therefore, the impact of financial credit measures, such as banks, on family businesses is critical.

2.3 Theoretical model for successful succession in Chinese-family firms

Based on the above theoretical analysis of the characteristics and life cycle of Chinese firms, this paper distills four core factors affecting the successful inheritance of Chinese family firms: the personal factors, organizational factors, relationship factors and environmental factors.

Meanwhile, using Sharma's (2001) analytical model of successful transmission, successful transmission should include two dimensions: satisfaction with the transmission process and transmission effectiveness.

2.3.1 Personal factors

(1) Personality of the founders

Barach and Gantisky (1995) pointed out that if the incumbent entrepreneur possesses the characteristics of having other interests and goals in life, being willing to play the role of a mentor near the end of his or her term of office, respecting new ideas and suggestions of others, encouraging the participation of others and so on, the inheritance process will be easier. Similarly, the decision-making power of family business in China is highly in the hands of the incumbent, and this characteristic determines that the personality of the incumbent plays a decisive role in the inheritance. Such as decision-making style, decisive decision-making style will play a direct effect on the inheritance of quick and easy. The incumbent or founder of a family business has a high degree of decision-making power in the business, and thus when faced with the choice of a family business successor, the incumbent's decision often leads directly to the determination of the final candidate. At the same time, the personality of the incumbent as defined in this study is also manifested in the incumbent's character, leadership style, and so on.

(2) Willingness of founders to leave

The incumbent's willingness to leave directly affects the enterprise's inheritance program, as the founder of the enterprise many are reluctant or unwilling to let go, one is not willing to let go of their own business, and then as the founder of the family business has a strong emotional and strong spiritual support. handler (1990), landsberg (1998) respectively, put forward the incumbent correctly face the inheritance of anxiety and actively let go of the enterprise caused by Handler (1990) and landsberg (1998) respectively suggested that it is crucial for the successful inheritance of the enterprise for the incumbent to correctly face the anxiety caused by the inheritance and take the initiative to let go, and Sharma et al. (2001) suggested that "the incumbent has no willingness to leave the office" is the highest frequency in the study of the obstacles to the inheritance of the family enterprise. In China's family enterprises, the incumbent has a high degree of control over ownership and management, so the incumbent's willingness to leave is a direct motive for intergenerational inheritance and plays a key role.

(3) Founders' needs

Incumbent demand refers to the incumbent's trust in the successor and the tendency to share knowledge, which is also very important for the inheritance. Handler (1990) and Barach (1995) suggest that to ensure the successful inheritance of the enterprise, the incumbent should have the characteristics of willingness to guide, active cooperation, and willingness to disclose new ideas, etc. The incumbent should also be willing to cooperate with the successor to ensure the successful inheritance of the enterprise.

(4) Willingness of successors to take over

Christman (1998) suggests that the presence of heirs (often referred to as children of the incumbent) who are willing to take over and who are highly loyal to the business (1995), SharmaBarach (2003) is critical to the successful succession of a family business. Handler's (1992) study suggests that opportunities in a family business are aligned with the individual career needs of the heirs, personality, and life cycle stage, the smoother the succession process will be. Thus, the willingness of heirs to take over the family business is also an influential factor in successful succession.

(5) Personality of successors

The heir's personality is like that of the incumbent, which is conducive to the success of the inheritance, and facilitates communication and exchange of ideas in terms of values that can be easily agreed upon.

(6) Ability of the successors

The heir's ability mainly includes the ability acquired from learning and the ability gained from practice. The ability acquired from learning mainly refers to the cultivation of the way of thinking and the mastery of learning methods through higher education, which shapes the improvement of quality ability and the increase of IQ; and the ability acquired from the incumbent's teaching in daily life, the transmission of tacit knowledge and entrepreneurial spirit, as well as the sharing of experience and insights. Goldberg's (1996) research shows that most effective successors have the ability to make a good living and to be a good businessman. study shows that most effective successors have a college degree, while ineffective successors tend to have only a high school diploma. Morris et al.'s (1997) empirical study shows that the level of education of the successor positively affects the performance of the firm after succession.

Competencies gained from practice are primarily work competencies brought about by the practice of working only inside and outside the family business. Work experience within the family business builds prestige within the firm for the family business heirs and helps to reduce mental dependence on the incumbent. Fiegner et al.'s (1996) empirical study of 209 firms owned by second- and third-generation entrepreneurial family members showed that heir's work experience of starting at the bottom and progressively moving up the ladder positively affects post-inheritance performance. Goldberg's (1996) study also shows that effective heirs have longer intra-firm work experiences in family firms than ineffective heirs.

While internal work experience improves heirs' identification with the firm's culture and helps them build a variety of good internal relationships and prestige, external work experience plays an important role in improving heirs' knowledge stock, identity, self-confidence, and trustworthiness (Barach & Gantisky, 1995). Ward (1987), in early field interviews, has Ward (1987) found that none of the heirs who had outside work experience regretted it, while those who did not had a strong desire to have a similar experience. Barach and Gantisky's (1995) study also showed that heirs to family firms that achieved a successful legacy had a richer set of outside work experiences than heirs to family firms that failed to achieve a legacy.

(7) Gender-related factors

In the realm of family business succession, gender dynamics play a pivotal role, especially when considering the position of women as potential successors. Kubíček, A. et al. (2019) underscore that cultural factors can significantly influence a family business leader's decision to either sell the business or appoint a non-family CEO, rather than passing the leadership mantle to a daughter. For instance, in the context of China's unique one-child policy, daughters, even if they are the only child, are often not perceived as future successors. This cultural and policy backdrop poses multiple constraints on intergenerational succession in Chinese family businesses. This global trend suggests that while women's roles in the professional world have evolved over the years, the family business landscape, influenced by deep-rooted cultural and societal norms, still grapples with gender biases in succession processes.

2.3.2 Relationship factors

(1) Relationship between incumbents and successors

Incumbent-successor relationship refers to the harmony of the mutual relationship between the incumbent (founder) and the successor of a family business due to trust and cooperation. Sharma (2003) concludes that a relationship of mutual trust and respect between father and son is the key to ensure smooth succession. Barach and Ganitsky (1995) argue that to ensure the effectiveness of the training of successors, the incumbent should have the characteristics of willingness to guide, active cooperation, openness and honesty. (1) The incumbent should have the characteristics of willingness to guide, positive cooperation, and openness and honesty.

(2) Communication between the incumbent and the successor

This kind of communication refers to the communication in two directions, including not only the incumbent's communication to the successor about life, values, enterprise view, management, and life, but also the feedback and exchange of ideas from the successor to the incumbent. Davis (1989) suggests that one of the effective ways to establish a good relationship between fathers and sons is to increase the communication.

(3) Relationship between family members

In China, family business combines two social organizations, family, and enterprise, closely together. Therefore, the harmony within the family will directly affect the operation of the enterprise. A family business, family members have a harmonious relationship with each other, it is relatively easy to reach agreement on decisions involving family issues and interests in the family business.

2.3.3 Organizational factors

(1) Succession plan

Gersick (1997) suggests that the key to the succession of a family business lies in the existence of a successful succession plan. Succession plans are becoming more and more important in the strategic development of family businesses, and thus the existence of a succession plan has become one of the influencing factors for successful succession. In Chinese family businesses, the proportion of succession plans incorporated into corporate strategy is very small.

(2) A shared vision for the family business

A shared vision of the business refers to the consistency between the incumbent and the successor about the common vision of the business. Chrisman et al. (1998) suggest that sharing views about the ultimate goals of the business is crucial

for the successful succession of the business. Successors who share the same corporate vision of the family business as the incumbent tend to be recognized by the incumbent during the succession process and are more easily integrated into the family business governance. The establishment of a common vision for the development of the enterprise can often promote the rapid development of the family industry, thus providing a better impetus for successful inheritance.

(3) Board of directors

Lansberg et al. (1987) affirm the importance and positive role of the board of directors of a family business in leading the family business, and point out that a board of directors with clear responsibilities, rational design, and a combination of internal and external family members exerts a positive influence on the success of the succession process in the family business, especially as it guides the implementation of the succession plan, and to a certain extent has the power to enforce the implementation of the succession plan and supervise the succession training process accordingly. In addition, the board of directors can provide a wide range of advice to the management of the company and play an important role in resolving father-son conflicts in the process of succession development. According to the "American Family Business Survey Report" issued by the American Masumoto Financial Group and Raymond Institute in 2003, American family businesses generally have set up boards of directors, and 34.1% of family businesses have set up branches under the board of directors, of which 2.7% have set up compensation committees, 7.5% have set up human resources committees, 5% have set up strategic planning committees, and 29.6% have set up audit committees. Chinese scholar Li Min (2008) pointed out in his study that the role of the board of directors in Chinese family firms is limited, and the proportion of outside professional management involvement has increased.

(4) Family council

Although scholars generally agree on the important role of family councils, there is disagreement on the conceptualization of family councils, especially on the composition of family councils. Landsberg (2005) argues that the family council is composed of other family members who do not enjoy the equity and management rights of the enterprise. Zhang Bing (2004), on the other hand, argues that the family council is composed of family members who are engaged in the management of the business. It can be said that the two views on the membership of the family council are diametrically opposed.

(5) Importance of guanxi

In Chinese family businesses, a distinct guanxi-oriented control mechanism emerges, contrasting the market-oriented control mechanisms prevalent in British and American contexts. Lingyan Gu's (2014) research introduces the notion of family guanxi-oriented control rights allocation. Analyzing factors influencing this allocation, the study draws on samples from family-listed companies in Zhejiang, China. Findings reveal that the primary controllers of these companies are predominantly related by blood. Some companies distribute control rights among family members with diverse guanxi types. Controlling families exhibit a preference for governing the boards of these listed entities. Notably, the intergenerational transfer of control rights in these Zhejiang-based family-listed firms is becoming increasingly prominent. The study further underscores that in contemporary China, both the corporate control and manager markets remain underdeveloped. Consequently, guanxi, rooted in informal contracts, plays a pivotal role in control rights allocation. This guanxi-oriented control mechanism is omnipresent in family control rights allocation, prompting deeper exploration into effective allocation strategies for both theoretical and practical domains.

2.3.4 Environmental factors

(1) Industry background

Industry background refers to the competitive strength of the industry to which the family business belongs and industry regulations. A family business in the industry to which it belongs to a very competitive advantage, often in the process of inheritance is easy to the heirs to produce a strong sense of family pride, easy to cultivate the inheritance of the heirs of the willingness to inherit and confidence. Ambrose (1983) proposed that the family business in the industry of the competitive environment tends to potential heirs to join the willingness to have a certain impact.

(2) Social background

Family business succession is significantly influenced by the broader social context in which the family and the business are embedded (Handler, 1994). The social context includes culture, social norms, ethics, beliefs, laws, and many other aspects. Different social cultures do not have to influence the inheritance of family businesses. Similarly, in China's special social background with special social culture, such as "family" culture, socialist transition economy, unique moral norms and the immaturity of the legal environment will also affect the inheritance of the family business.

2.3.5 Definition of Successful Transmission

(1) Transmission process satisfaction

Sharma (2001) categorizes inheritance process satisfaction into initial satisfaction and retrospective satisfaction with the inheritance process. Initial satisfaction includes satisfaction with the formulation of the inheritance plan, the selection and training of successors, and the communication between family members in the pre-inheritance period, while retrospective satisfaction is the satisfaction with the performance of successors after the inheritance process through the monitoring and assessment of the inheritance process, which also includes the post-office arrangements for the incumbent.

(2) Satisfaction of inheritance effect

Satisfaction with the inheritance effect refers to the comprehensive appraisal of the strategic direction of the family business, the distribution of shares and the development of the enterprise after the heirs have completed the intergenerational inheritance process. In previous studies, most scholars have only measured the inheritance effect by the way of enterprise performance evaluation, while this study will measure the degree of satisfaction with the inheritance effect from the three perspectives of the strategic direction, the distribution of shares and the development of the enterprise.

3. Research model or the analytical framework

A theoretical study framework has been developed to identify the core factors that influence successful succession in Chinese family firms. The research model consists of three parts, of which the independent variable is the influence factors of the inheritance process of family enterprises, which is analyzed from four research perspectives: individual level, interpersonal level, organizational level and environmental level. The independent variable in the model is the influencing factors of the inheritance process, including four

dimensions: personal factors, interpersonal factors, organizational factors and environmental factors. The dependent variable is the successful inheritance of family business, including two dimensions of inheritance process satisfaction and inheritance effect satisfaction. The control variables are the four stages of the enterprise life cycle, i.e., start-up, development, maturity and decline.

Table 2 Research Model : Factors Influence Succession

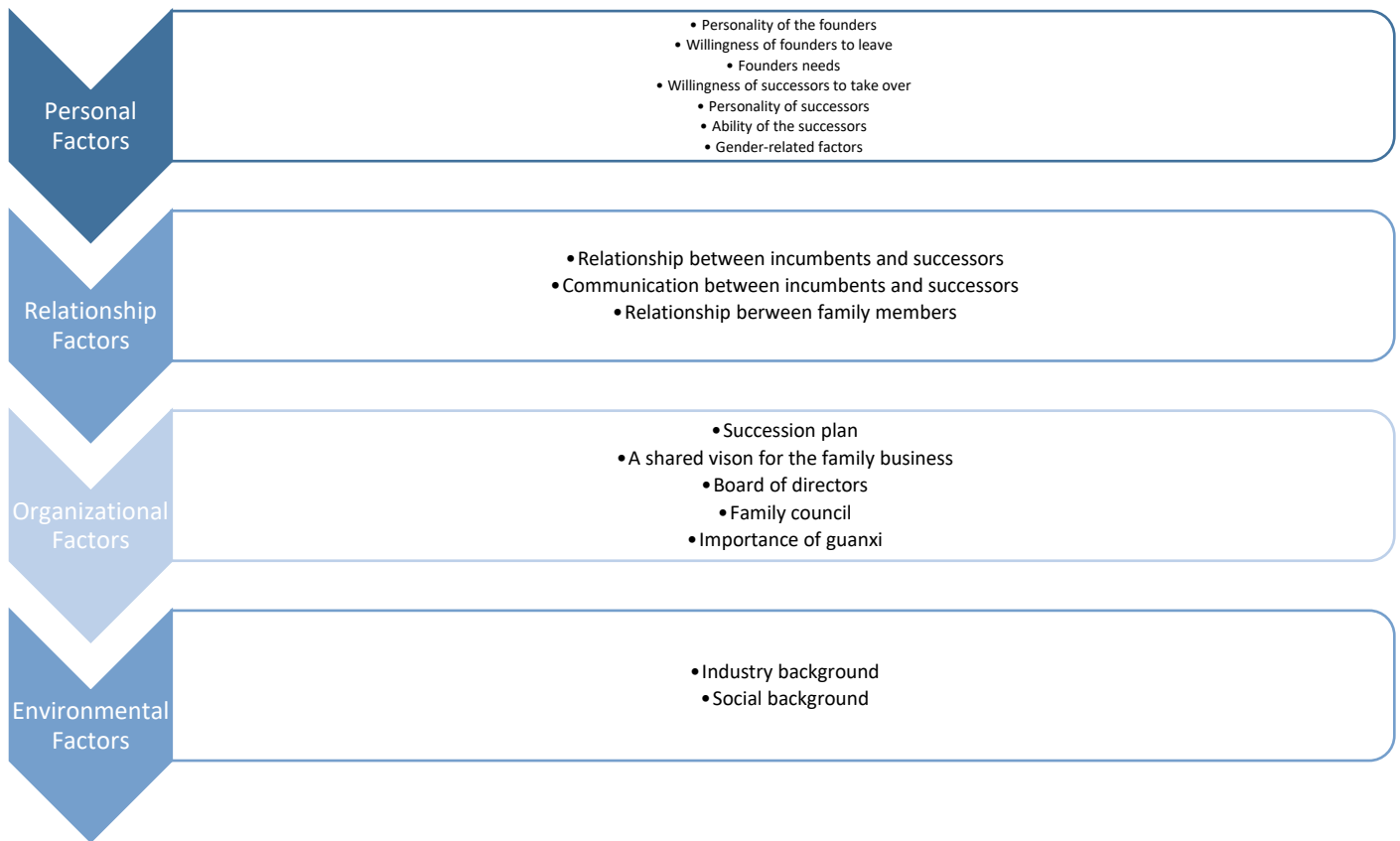
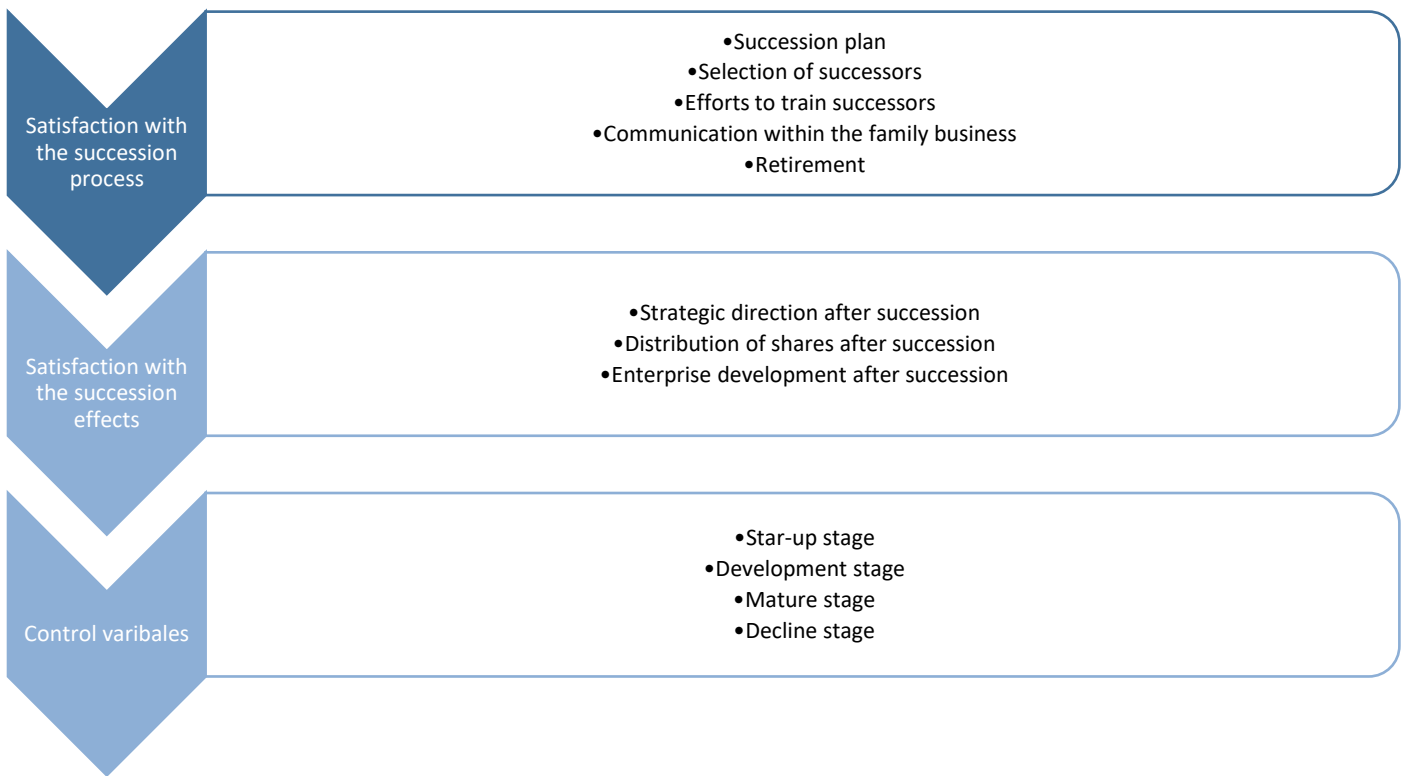


Table 3 Dimensions of Successful Succession



4. Research planning

The expected schedule for this research will be

September 2023 : Proposal defense

January-March 2024 : Interview

April-June 2024 : Data treatment and analysis

January 2024 – September 2024: Writing and reading

November 2024: Final DBA defense

5. Proposed research methodologies

In order to ensure that the results of the research are more theoretical and practical significance, this paper adopts a variety of research methods throughout the research process on the basis of considering the scientific nature of various research methods:.

(1) Qualitative research of literature study

At present, the academic community about the family business intergenerational inheritance process of the various factors affecting the research is more extensive, but often individual surface phenomena and inheritance process of the relationship between the research on the core of the successful inheritance of the systematic study of the factors affecting the success of the very few, and directly involved in the growth of different family businesses under the growth stage, the core of the factors affecting the success of the inheritance of the study is almost non-existent. Therefore, this paper finds relevant Chinese and foreign literature as well as important corporate information and materials through full-text databases and library materials such as journals and magazines, relevant books and library collections, and search engines.

(2) Quantitative research combining theoretical research and questionnaire research

Based on literature research, this study combines the existing research results of family business inheritance process research and its influencing factors analysis to conduct theoretical sorting and summarization. Through theoretical reasoning, on the basis of previous research results of scholars at home and abroad and taking into full consideration the specificity of the social environment and cultural background of the inheritance of Chinese family enterprises, we summarize the theoretical research model of the influencing factors of the successful inheritance of Chinese family enterprises.

On the basis of the above literature reading, theoretical research and relevant case studies, a questionnaire is formed with family enterprises in Jiangsu Province as the research object, and the views of the incumbents, heirs or those familiar with the situation of the two on the influencing factors of the inheritance process of the family enterprises are answered through the scientific questionnaires to obtain the relevant data and information needed for the research. Finally, the data information is statistically analyzed by statistical software, and the empirical model and structural equation model proposed in this study are adjusted and optimized.

The questionnaire contains four parts. The first is the information description, which includes an introduction to the background of the research, and an explanation of the use of data and confidentiality. The second is the basic information survey, including the respondents' gender, age, children of the first generation of the family business, size, industry, shareholding ratio of family members, and stage of development of the family business. The third part will utilize Likert scale seven-point rating scale to investigate the four factors affecting the inheritance of family business. The fourth part also utilizes the Likert scale seven-point rating scale to measure the effect of inheritance.

Table 4: Basic Information

1. Gender	Male
	Female
2. Age	_____ years old
3. Generation information	Founder
	First Generation Children
4. Enterprise assets	Second Generation Children
	Less than 5 million

	5-10 million
	10-50 million
	50-100 million
	Above 500 million
5.Number of employees	Less than 50
	51-100
	101-500
	More than 500 people
6.Industry	Agriculture, forestry, animal husbandry, fisheries extractive industries
	Manufacturing
	Electricity, gas and water production Electricity, gas and water production and supply
	Construction Transportation and Warehousing
	Information Technology
	Wholesale and retail trade
	Finance and insurance
	Real Estate
	Social Services
	Communication and Cultural Industries
	Others
7. Forms of registration	Private company
	Limited liability company
	Limited liability company
	Listed company
	Others
8.Family shareholding	Less than 50%
	50%
	Above 50%

	Start-up period
	Development
9. Life cycle for business	Maturity
	Decline
10. Whether the leadership or management of the company has been transferred to a family member in the last five years?	If yes, please write down the year of transfer of control. If not, please inform us if there is any intention to hand over control within 5 years.

Table 5 : Factors affecting the family business succession process

Item	1	2	3	4	5	6	7
The incumbent believes that the business cannot function properly without him or her.							
The business incumbent is reluctant to relinquish leadership of the business.							
The incumbent is looking forward to retiring and engaging in activities outside of the family business.							
The successor and the incumbent are similar in temperament and behavior.							
The successor is confident in his or her ability to manage the business.							
The successor has a strong desire to take over the business.							
The successor prefers the family business even if there are other options for employment in the business.							
The successor has had higher education in colleges and universities, which is a preparation for taking over the business.							
The successor layer has worked in different positions in the family business and has established prestige in the business.							
The successor has his or her own business "mentor" who guides him or her in his or her work.							
The incumbent communicates regularly with the successor and exchanges experiences.							
The relationship between the incumbent and the successor is very cordial.							
The incumbent knows his successor well.							

The succession is consistent with the overall growth strategy of the organization.							
The incumbent develops and implements a succession plan for the business.							
The incumbent creates a board of directors to discuss and oversee the implementation of the succession plan.							
The incumbent and the successor share a common vision for the family business.							
The other members of the family agree that the successor is the right person for the job.							
The decision on the successor is made by the incumbent himself, with the rest of the family simply acquiescing.							
The family business has a competitive advantage in its industry.							
The Chinese "family culture" is an influential factor in the selection of the successor.							
The incumbent's moral philosophy prevents him from passing on the family business to non-family members.							
The incumbent takes the Chinese legal provisions into account in the process of choosing a successor.							

1-7 represent strongly disagree, disagree, somewhat disagree, average, somewhat agree, agree and strongly agree respectively.

Table 6: Satisfaction with the transmission process and the effects of transmission

Item	1	2	3	4	5	6	7
The development of the succession plan and its implementation in the process of succession.							
Criteria for selecting successors.							
The content and intensity of training for the successor in the inheritance.							
Communication between other family members in the family business on succession issues.							
Arrangements for the retirement of the former business leader.							
The strategic direction of the company after the successor takes over.							
Distribution of shares of the company after the successor takes over.							
The development of the business after the successor takes over.							

1-7 represent very dissatisfied, dissatisfied, somewhat dissatisfied, somewhat satisfied, satisfied and very satisfied respectively.

6. Hypothesis and expected results

According to the model and research framework of influencing factors of successful family business inheritance, this paper proposes the following research hypotheses.

Hypothesis 1: Influencing factors at the individual level in the process of family business inheritance, such as the incumbent's willingness to leave office, the heir's willingness to take over, the personalities of the two, their needs, and the heir's competence, have an impact on the successful inheritance of the enterprise.

Hypothesis 2: Interpersonal level influences in the process of family business succession, such as the relationship between the incumbent and the heir, the communication between the two, and the relationship between family members, have an impact on the successful succession of the business.

Hypothesis 3: Organizational level factors such as succession plan, corporate vision, board of directors, and family council have an impact on the success of family business succession.

Hypothesis 4: Environmental factors, including industry environment and social environment, have an impact on the success of family business succession.

Hypothesis 5: The influence of the above four levels of personal, interpersonal, organizational, and environmental factors on the success of inheritance is influenced by the interaction of the enterprise life cycle.

The article will follow up with the design of the questionnaire and the quantitative analysis of the results of the questionnaire recovery to test the hypotheses.

Based on the current study of the literature, as well as the understanding of the Chinese social context, the article anticipates the following key factors for the successful inheritance of family firms.

(1) Influence factors of incumbents

Based on the existing research and literature, it might be predicted that the personality of the incumbent has the greatest impact on the successful succession of family firms during the start-up stage. The development stage, maturity stage decline stage decreases in that order. This is because as the firm continues to develop and mature, the personality of the incumbent has less and less influence in the successful succession of the family firm, but of course this prediction needs to be tested by the data.

Incumbents' willingness to leave perhaps has the most pronounced effect in the maturity and decline stages, with a relatively small effect in the start-up and development stages. This implies that at the start-up of a family business, the incumbent is often the spiritual pillar in the family business, and the incumbent is reluctant to leave the family business, on the one hand, because he or she is capable and confident, and on the other hand, because the growth of the family business cannot be achieved without the incumbent, and he or she cannot leave the family business. In the decline stage of the family business, the incumbent's willingness to leave is the highest. Under such business development, the incumbent also hopes that the successor can smoothly hand over and realize the redevelopment of the enterprise.

(2) Successor influence factors

Similar to the incumbent influencing factor, personality is a relatively stable factor with a high probability of not changing drastically depending on the different stages the family business is in.

It can also be predicted based on the existing research that the self-confidence of the successor is smaller in the start-up stage of the family business, subject to the position of the incumbent as the spiritual pillar of the enterprise shown in the start-up stage, and often the successor is not very confident in his or her own ability. Development stage and maturity stage of the family business, the heir's self-confidence to get a substantial rise, with the gradual development and maturity of the enterprise, the heir's affirmation of their own ability may have a higher degree of increase. Unlike other factors, heirs' self-confidence tends to be higher in the decline phase of the business, due to the pressure to grow the business, but also as an affirmation of their own abilities.

As for the heirs' willingness to pass on, a large number of real-life cases have shown that heirs tend to show stronger willingness to pass on in the development and maturity stages of the enterprise, and it needs to be verified whether this applies to the research in this paper as well. The willingness to pass on may decline as the firm reaches the decline stage.

In terms of learning ability, this paper predicts that this ability is not significantly affected by life cycle stage. The logical thinking ability, the level of intelligence that successors tend to acquire through learning, is perhaps less relevant to the life cycle of the family business.

With regard to practical ability, this paper predicts that this factor will be significantly influenced by life cycle. On the one hand, the closer the enterprise is to the maturity stage, the more mature the internal organization of the enterprise is, and the richer the practical experience gained inside the enterprise within a relative period of time. On the other hand, the longer the enterprise has been developed means that the heirs' time experience outside or inside the enterprise is richer, and the more conducive to the successful inheritance of the enterprise.

(3) Interpersonal level influencing factors

Although there are many interpersonal level influencing factors at this level, the most important one for the successful inheritance of a family business should be the relationship between the incumbent and the successor. It is easy to understand that the closer to the maturity stage, the higher the incumbent's understanding of the successor, the more effective the communication, and the more conducive to the successful inheritance of the family business.

(4) Organizational Influences

Unlike the previous levels which only occur within individuals or families, the organizational level is directly related to the development of the enterprise, so the factors at the organizational level are perhaps more significantly affected by the life cycle.

As we can know from the real cases, for the family business, in the initial stage, the inheritance is not included in the development strategy of the enterprise, unless the emergence of unexpected circumstances. In the gradual development and maturity stage of the enterprise, the inheritance plan is more conducive to the development strategy of the enterprise, and in the maturity stage, the incumbent of the family business often chooses to use the inheritance as a driving force to realize the redevelopment of the family business. The development strategy and succession of a family business in the decline phase is also generally consistent with the maturity phase.

(5) Environmental influences

As the family business continues to develop and mature, the higher the competitiveness in the industry to which it belongs. The social and industrial context in which the enterprise is located is exogenous and does not change dramatically because of the life cycle of individual enterprises.

Based on the validation results, it will provide suggestions for the successful inheritance of family firms in China.

7. Expected managerial recommendations

To begin with, it is hoped that the current CEOs of Chinese family businesses in Changzhou, Jiangsu could adopt a more open-minded approach regarding the proposed succession methods. With some adjustments to combine local conventions and research recommendations, the succession system could be improved. Through interviews, best practices can be learned from each participating family business' real-life succession experience and shared with others. In addition, this research will provide clarity for both patriarchs and successors regarding their respective roles in the family business succession process. By reaching consensus on the division of ownership and management, internal conflicts can be avoided. Furthermore, the proposed methods may aid patriarchs in forming future investment plans for the company, whether vertical integration or diversification. Decisions here will have implications on ownership and management arrangements. Moreover, family businesses can be categorized into stages per enterprise life cycle theory. It is expected that more comprehensive succession plans can be crafted for firms in different stages, based on questionnaire findings. This will also shape the patriarch's choice and grooming of successors. In summary, these suggestions stand to improve short-term performance and long-term viability among Changzhou's family businesses. By implementing improved succession systems informed by other successful firms, sustainable development can be achieved.

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