Exploring Entrepreneurial Familism in Hong Kong and Mainland China: Second-Generation Family Entrepreneurs

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DECLARATION

I hereby certify that the work embodied in this Dissertation Project is the result of original research and has not been submitted for a higher degree to any other University or Institution.

(Signed) _____________________________

Hubert Y-T SHEA
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I started this project two years ago when I completed all DBA pre-dissertation writing courses. I have been interested in Chinese family entrepreneurship over the last three decades because of phenomenal economic growth of China. The Diaspora Chinese societies in the Asia-Pacific region have also attracted sustained inquiry into the relationship between Chinese family entrepreneurship and traditional cultural values. Throughout my 20-year career, I have served four business families from Hong Kong, US, and France respectively. It is a privilege to have known many family business leaders and senior executives in Hong Kong and mainland China. Their candid and open sharing of experience helps me to have a better understanding of family business dynamics which represent the most enduring business model in the Chinese world.

The study of Entrepreneurial Familism in Hong Kong and mainland China has not been made possible without the unfailing involvement and support of numerous people, to whom I have to express my deepest gratitude for what they have done to complete this 2-year dissertation project. I am most grateful to 10 second-generation family entrepreneurs from Hong Kong and mainland China for taking their precious time to participate in this research and provide me with useful data about what it takes to own and operate their family businesses.

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This dissertation is dedicated to my parents. I have learnt a lot from them about how to deal with many challenges in life. Nothing in a simple paragraph can express my love for them who have guided me at each turn in the road of life.
This study is an early attempt to investigate entrepreneurial practices of second-generation family entrepreneurs in Hong Kong and mainland China. For the recent three decades, a group of management scholars have marshalled theoretical and empirical evidence to support their proposition that entrepreneurial practices of family entrepreneurs in Diaspora Chinese societies are due mainly to the influence of Confucianism. Based on the Weberian premise that culture can enhance levels of entrepreneurial activity and reinforce entrepreneurial practices, the so-called culturist perspective maintains that entrepreneurial practices of family entrepreneurs can be interpreted as a fixed essentialised cultural phenomenon. It further argues that family entrepreneurs have exhibited similar entrepreneurial practices in mainland China that can be attributable to the influence of Confucian cultural values.

Based on in-depth interviews with and qualitative data collected from 10 second-generation entrepreneurs in Hong Kong and mainland China, this study adopts an emic approach to researching entrepreneurial practices of family entrepreneurs in three key aspects, including family, ownership, and business. The main objective of this study is to investigate enduring and changing, if any, entrepreneurial practices of second-generation family entrepreneurs in Hong Kong and mainland China. It allows the researcher an insight into how entrepreneurial practices of second generation family entrepreneurs are due mainly to the influence of traditional Confucian values.

The empirical results of this study shows that second-generation family entrepreneurs had an enduring pattern of entrepreneurial practices, including
family first principles, respect for some of the five cardinal values and behaviours, concentration of ownership, dearth of institutionalisation of ownership governance mechanism, the importance of moral values and self-discipline in paternalistic leadership.

However, the empirical results also show that second-generation family entrepreneurs had a changing pattern of entrepreneurial practices in terms of vertical conjugal and consanguineous relationships, attitudes towards Chinese traditional rituals, preference for son to be key management successor, nepotism, patrilineal principle of intergeneration ownership transfer, separation of ownership and management, authoritarian leadership style, and unquestioned allegiance and submission from their employees.

This study provides evidence against the culturist perspective that Chinese entrepreneurs are passive recipients of traditional cultural values as fundamental changes in entrepreneurial practices have been found. Therefore, the extant culturist perspective should be refined and reinterpreted judiciously when applied to second-generation family entrepreneurs in both Chinese societies nowadays.
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