

Chinese's the process for succession from the view of organizational characteristics of family business : as an example of Senior Citizens' welfare institutions in Pingtung County(Taiwan)

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Abstract

Whatever the Social welfare institutions for the elderly is private or incorporated foundation , They opted for ' family business ' management mode on the basis of the identity and trust to the traditional Chinese family relationship. However, due to the competition environment and organization expansion, there are crisis in this family's management mode.

The purpose of this paper was to investigate the organizational characteristics of family business and the process for succession in the Senior Citizens' welfare institutions. For the purpose, depth interview method was employed. The researcher selected 19 organizations and interviewed 29 related persons. Major results were as follows. First, ownership and management of the family organizations were combined, and conformed to traditional Chinese family business. Second, the influencing factors the succession include managerial concept, interest, charity and professional skills. Third, there were three stages of the process for succession as follows (1) pioneering stage: emphasis couple work together. (2) growing stage: emphasis on the planning of the property rights and management rights, and training of the knowledge and skills. (3) maturing stage: emphasis on the guidance , support and delegating authority.

Accounting to the result ,the concept of “ social enterprises” is new possibility to offer managers to solve the status quo problems of management and manages forever. Finally, we suggest: 1.Develop the advantage of family's management, and avoid the weakness and threat; 2. During the process of splitting up in the organization, pay attention to accountant responsibility and enterprise's ethics, 3. Social Enterprises is an important issue in NPO in order to reach the goal that the organization manages forever.

Key word : Senior citizens' welfare institution, Family business, Social enterprise ,

Chinese's the process for succession.

1.Introduction

In the pioneering stage, the social welfare institutions for the elderly usually operate under the mode of family business, whether they are private or incorporated. Thus, this modality of family business is a very ordinary way of management in not only the for-profit companies but also the non-profit organizations; for instance, there are at least thirty-four institutions in Ping-Tung County which run under this operation of family business(below as table 1).

Table 1. the number of social welfare institutions for the elderly in Pingtung county.

county	Total	Family business	Non- family business	Percentage of Family business
Pingtung	45	34	11	75.6%

Data source: author compiled.

When the institution was launched, the founder always took all jobs and responsibilities on every single affair; as the business was getting on track, s/he would decide to demand his or her families to occupy some significant positions in order that they could cooperate this institution. As the time goes by, the founder would be stuck in the impasse, just like the two sides of the coin which reveal the pros and cons under the pattern of family business, between the faith of familial inheritance and the development of sustainability while the size of enterprise is going to increase, the division of the expertise is gradually taken into consideration and professional service is the key essence of running the business(Chen 2002). Therefore, here come two conditions: whether that to encourage the members of the second generation to participate the management for maintaining the ownership and the franchise, or that to find out some professional agents as the managers, that is, to hand over the franchise!

According to some related research, we realize that the difficulty of keeping running constantly the family business because there are only about one third of these members could be successive to the second descendants and less than half of them could be sustainable to the third. In short, there is no route for retreat but to be tough the business out for the first generation; for the second, there are some backups to manage the institutions but not to represent that they could make it actually into the third. It proves a saying that hard got but soon gone. Moreover, the different strategies between the founders and the successors would generate partial impacts on the future of the organizations to some extent. Thus, when the transition happened, it implied that the prosperity is significantly grounded on the replacement candidates who are able to keep the whole business sustainable.

Therefore, we cannot understand the actual operation of the social welfare institutions for the elderly in Ping-Tung County if ignoring this important section, family business. Thus, this study is to investigate their organizational characteristics of family business, the considering factors as well as the process for succession in order to think over the future of the senior citizens' welfare institution, to anticipate the ethical faith of taking care of elders is realized fully under the trend of industrialization of care services and to fulfill the growth of knowledge management competence as well as the inheritances of the social responsibilities.

2.Methodology

This qualitative research is employed with depth interview method and other ways of data collections, illustrated in table 2, to elaborate the explanations of the resources; the participants should base on these qualifications:

(1).The persons in charge who administrate the senior welfare organizations in Ping-Tung County which are in the legally registered list of the government.

(2).The chief managers who have the authority of running business and of executing the supervision within those institutions above.

(3).The superintendents who have familial relationship with their chief managers, whether affinity or blood relationship.

(4).The participants who do not take the official position in their organizations have familial relationship with their chief managers, whether affinity or blood relationship.

Table 2 methods of data collections

issue	depth interview	questionnaire	literature review	reflective diary	document
Family factor	✓	✓	✓	△	△

Note: “✓” means first data source. “△” means second data source.

Thus, the researcher selected 19 organizations and interviewed 29 related persons. The term took four months; the numbers of participants in each interview are about one to three individuals within one to two hours and the whole content was recorded by tape. The whole personal information of each participant is included in appendix one.

The interviewers are usually proprietors and executives. If there are two different individuals are invited to have face-to-face conversation, mostly they both have either blood or affinity relationships. The theme was to understand the development of

family business and the status of succession from the history of founding the institutions. That is to say, this study was to explore the characteristics of family business under the operation of these welfare organizations for the elderly, to investigate the influencing factors of generation-to-generation inheritances and to discuss the process of transition between two generations.

The method was applied to triangulation; that is, to use data collections from different origins, including qualitative interview resources, quantitative questionnaires and second-hand information like the posts of institutions, the websites, and the photos taken from the visiting, to analyze the data with cross-reference (Neuman 1997).

3.Result

The findings included three sections:

(1). The features of family business represent the collaboration of ownership and franchise as well as the foundation of social relationships in Chinese society.

A. The collaboration of ownership and franchise: Most of them are individual proprietorship, that is, the people who put up the capital are the owners and they do have the authority of decision on the affairs of running business. Compared with co-partnership, the individual proprietorship founders could be more consistent between the faiths of operation and strategies toward the goals, that is, they could embrace both the commitments and the legacies of family missions. The achievement is attributed to the whole family; thus, it engenders the enormous stimulus for all members to work efficiently and to learn aggressively.

B. The foundation of social relationships in Chinese society: Its core theme is the structure of the three kinships as well as the five cardinal relationships based on the faith of respecting the elders, of developing the youths and of categorizing the familiarity or not. Thus, the principal concept of selecting the people within the kinship forms the basic network in this type of institutions; that is, to identify and give credit to the whole family members according to the traditional legacy. This trait complicates the arrangements, the strategies of management and the economical factors. Generally speaking, the persons who have the reliability from the perspectives founders are as following in sequence: spouse, son, daughter, daughter-in-law, other relatives, friends and lastly the executives as well as the employees in the institution.

(2). The influencing factors of the succession include managerial concept, interest, charity and professional skills

Due to its essence of features most participants said that to be a qualified successor is to be faithful to the conviction, that is, the primacy is charity, not profits. After the individual who is going to succeed conform to this premise, they will begin to consider the interests, benevolence, proficiency and other conditions. Moreover,

some participants described that they will choose the virtuous, who embrace the serious attitude toward the work and the correct working management, to take over the management, not to necessarily select their sons or daughters.

(3). There were three stages of the process for succession as follows:

A. The pioneering stage: emphasis on couple work together: the founding entrepreneurs at that time usually started from scratch by one's own efforts, confronted so many uncertainties and dealt with trivialities and upcoming pressures, so they lived in a cautious and conscientious life, especially when they come to think the indeterminacy of their initial business. Thus, they didn't have any time to consider the future of secession. Their living is not as wonderful as what we usually thought; on the contrary, sometimes they thought that to be an employee was much better than them, just like one of the interviewers said that the employees could be on work and off work regularly, however, the founders were still working in every days and nights! For these institutions selected to have the interview, sometimes only husbands or wives are in charge and sometimes they both take participant in business, just like the table 3. There were no other family members who also joined with them in this initial section because the whole body of enterprise was not yet to establish fully.

Table 3. Type of institution founder involvement

Type	Institution name (code)	Institution number
husband	L、M	2
wife	A、B、H	3
Husband and wife	C、C-1、D、F、J、K、 O、Q、S、T	10
other	E、G、I、P、R	5

Data source: author compiled.

B. The growing stage: emphasis on the planning of the property rights and management rights, and training of the knowledge and skills. It could divide into two parts; the former was to focus on the stable development of the whole institution, to require the balance between revenue and expenditure and then to make the profits increase; that is, the economical activity is the most essential thing. The latter was to begin to expect the successors within their kinships who could participant along with the growth of institutions. The nurture and guiding of the successors could undergo at the same time, or the former came first where as the latter followed; these are both depended on the variable situations. The purpose was to hold the institutions under the modality of family business. Usually, the late period of this stage for the founders was

started to plan the possibility of succession, yet it could also be categorized into different sub-phrases:

(a). The duration of planning: That means the founders planned to consider the shareholding, that is, the distribution of property rights, and the franchise which depicts the blueprint of education, of the potential positions, of teaching the culture of enterprises and of various training plans for the successors.

(b). The duration of cultivation: Before being the chief executives, the successors had to be ready for some proficiency, including the training of knowledge and practice. They should take from the most fundamental jobs to get the sense of experience on the ground of schooling and well-organized proposals.

C. The maturing stage: emphasis on the guidance, support and delegating authority. This means that the organizations have undergone stably and the members between two generations also have begun to work together with each other; so it was almost the time to succeed. Yet in this section, we can divide into three sub-phrases according to their different characteristics:

(a). the term of instruction: The successors have started to be chief executives and decided the policies and management. The family members between two generations also have begun to work together with each other; the first generation played the role of supervision and gave the several instructions to the successors.

(b). the term of laissez-faire: The successor had the actual authority of operation in this period; the first generation started to abdicate as the assistants. In Chinese culture, the pattern of trust is dramatically important; the successors would have to be accounted utterly for the founders at this stage and be responsible enough to make the creators be willing to hand over the ownership.

(c). the term of supporting: The successors became the actual leaders whereas the first generation no longer participate the business affairs. Only one of these institutions is situated in this duration; most of them are situated in the term of instruction and of laissez-faire. The possible reasons are these: except the second generation is still an inexperienced novice, the authority and resources are taken by the elders due to the Chinese custom of extended family system; these elders were still the real leaders whether they take in charge or not. They could get the benefits from the previous efforts, so it is not easy for them to let it go!

To sum up, the major two problems of family business are that the selection of the proper successors and the transitioning process from the first generation to the second. In short, the preparation of inheritance not only is to choose the proper individuals but also is to cultivate the leadership and the manner of the successors. Thus, secession should not be oversimplified as one kind of administrative

arrangement; it needs to lay on taking into serious accounts because it involves several variations in the whole institution.

4.Conclusion

In the network of family business, the essential executives play core roles on the enterprises; thus, the challenges still remain for the successors, including of how to connect the values between firms and kinships and of how bind the employers as well as employees together with the family members at the same time in order to be coherent and faithful to one another.

The social welfare institutions for the elderly, though are kinds of organizations which are capable of gains profits, still seize its essence of non-profit concerns, like care services. While faced the alterations of the national policies and the developing progress of family business, the organizations shall undergo the transitions and ready to be challenged by the system of quasi-market in order to attain the blueprint of social welfares through drawing up the effective guidelines of business strategies.

Thus, according to the study above, the researchers demonstrate the concept of social enterprise, based on the hopes of fulfilling the faith of caring, of realizing the growth of knowledge management, and of inheriting the social responsibilities, as the future decision for these institutions under the trend of industrialization of care services. Finally, the researchers suggest for these institutions that (1) to elaborate the advantages and to improve the shortcomings under the operation of family business (2) each of them will take the demands of responsibilities and ethics into consideration in the process of organizational division (3) to regard social enterprise as the vital learning lessons for the non-profit organizations for carrying out the aim of sustainability.

5.References

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Appendix 1 Respondent data

Institution code	Type	gender	age	Job Title	Respondent code	years	Interview frequency	Time (Min)	Interview type	Relation explanation
A	Small	female	55	dean	A1	10	1	75	Single	A1&A2: mother and daughter
		female	28	director	A2	5	1	75	Single	
B	Small	female	60	dean	B1	14	1	90	Single	B&B2 :mother-in-law and daughter-in-law B1&B3: mother and son
		female	33	director	B2	14	1	90	group	
		male	35	Director's husband	B3	10	1	90	group	
C	Small	female	60	dean	C1	14	1	30	group	C1&C2: mother and son C2&C3mother-in-law and daughter-in-law
		男	32	(admin) director	C2	3	2	120	group	
		female	30	(nurse) director	C3	2	2	120	group	
D	Small	female	50	dean	D1	17	1	55	group	D1&D2: couples
		female	48	director	D2	17	2	110	group	
E	incorporated	female	52	director	E1	4	1	70	Single	daughter
F	Small	male	47	dean	F1	10	1	85	group	F1&F2: couples
		female	43	director	F2	10	1	85	group	
G	Small	female	30	director	G1	2	1	105	Single	daughter
H	Small	female	56	dean	H1	11	1	65	Single	daughter
I	Small	male	40	director	I1	8	1	105		son
J	Small	female	42	director	J1	11	1	110	Single	wife
K	Small	male	34	(affairs) director	K1	15	1	95	Single	husband
L	Small	male	61	dean	L1	10	1	115	Single	L1&L2: employer and employee
		female	51	director	L2	10	1	115	group	
M	incorporated	male	62	dean	M1	14	1	90	Single	Father
N	incorporated	male	55	director	N1	5	1	115	Single	N1&N2: couples)
		female	52	employee	N2	6	1	75	Single	
O	Small	male	33	dean	O1	9	1	100	Single	husband
P	Small	male	35	director	P1	5	1	45	Single	P1&P: father and son
		male	60	Non title	P2	5	1	45	Single	
Q	Small	female	40	director	Q1	15	1	65	Single	son
R	incorporated	female	51	director	R1	2	1	70	Single	R1&R2: employer and employee
		male	55	president of the board	R2	0.3	1	70	group	
S	Small	male	28	director		5	1	140	Single	son