

CHINESE FAMILY BUSINESSES: A SYSTEMATIC LITERATURE REVIEW GOVERNANCE, SUCCESSION, AND CULTURE

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ABSTRACT

Chinese family businesses (cfbs) represent a significant segment of the global economy, particularly in Asia. This systematic literature review aims to synthesize research findings on governance, succession, and cultural influences in cfbs. The study examines the unique characteristics of cfbs, including their reliance on Confucian values, the prioritization of familial trust, and the integration of traditional cultural norms into modern business practices. Key themes include governance mechanisms balancing family control with professional management, succession planning amidst generational shifts, and the role of culture in shaping decision-making and interpersonal relationships. The review highlights challenges such as nepotism, resistance to external professionalization, and intergenerational conflicts. Finally, it provides insights into how cfbs adapt to globalization and evolving economic environments while maintaining their cultural identity. Future research directions are proposed to address gaps in understanding the dynamic interplay between tradition and innovation in cfbs.

Keywords: *Chinese Family Business; Governance; Succession; Culture*

1. INTRODUCTION

Chinese family businesses have become an integral part of the economy in many countries, including Indonesia. With a significant contribution to job creation and economic growth, these businesses reflect complex social and cultural dynamics. While many have succeeded, challenges in governance, succession planning, and cultural influence remain issues that need to be addressed. This study aims to explore how these factors interact with each other and affect the sustainability of Chinese family businesses.

The long history of Chinese family businesses in Indonesia shows that they have adapted to various challenges, including discrimination and regulatory changes. Despite facing various obstacles, this family business has been able to survive and grow.

According to research, Chinese family businesses control about 70% of the Indonesian economy, even though they only represent about 3% of the population (Tirdasar Dhewanto, 2020). This shows that they have a very important role in the national economy (Mardhiyah, 2022; Tan, 2022; Wijaya, 2022; Winata, 2022).

One of the main issues faced by Chinese family businesses is succession planning. Many family businesses have difficulty in determining the right successor, which can result in internal conflicts and uncertainty in leadership (Xian et al., 2020). In addition, the influence of patriarchal culture often limits women's roles in business, even though they have significant potential to contribute (J. Li et al., 2020). These issues highlight the need for a more inclusive and professional approach to succession management and planning.

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The existing literature shows that governance in Chinese family businesses is often influenced by strong cultural values. Research shows that succession in family businesses can affect the quality of financial information produced (Weng et al., 2023). In addition, the challenges faced by women in family businesses are often hampered by patriarchal cultural norms. In this context, it is important to understand how culture and social structures influence business and sustainability decisions (Yang, Song, et al., 2021) (Rolando & Mulyono, 2025)

This study will use the *systematic literature review* method by analyzing various journals, articles, and publications related to Chinese family businesses. Through a review of the previous literature, this study aims to analyze how governance, succession planning, and culture affect the sustainability of Chinese family businesses. The study also aims to identify the challenges faced by these family businesses and explore strategies that can be implemented to address those challenges.

Based on the above background, the objectives of this research are:

1. How does Chinese family business governance affect business sustainability?
2. What are the challenges faced in succession planning and execution?
3. How do Chinese cultural values influence strategic decisions in family businesses?

2. RESEARCH METHODS

This study uses the PRISMA (*Preferred Reporting Items for Systematic Reviews and Meta-Analyses*) method, which is designed to improve the quality, transparency, and reliability of conducting a systematic literature review. This approach involves a series of structured stages, starting from the identification of relevant literature through a comprehensive database search, the selection of articles based on predetermined inclusion and exclusion criteria, to the systematic process of screening and analysis of data. Using the PRISMA method, this study ensures that all steps are carried out methodologically, so as to minimize bias and provide a comprehensive picture of the topic being studied. The mapping analysis procedure is in accordance with the PRISMA method presented in Figure 1.

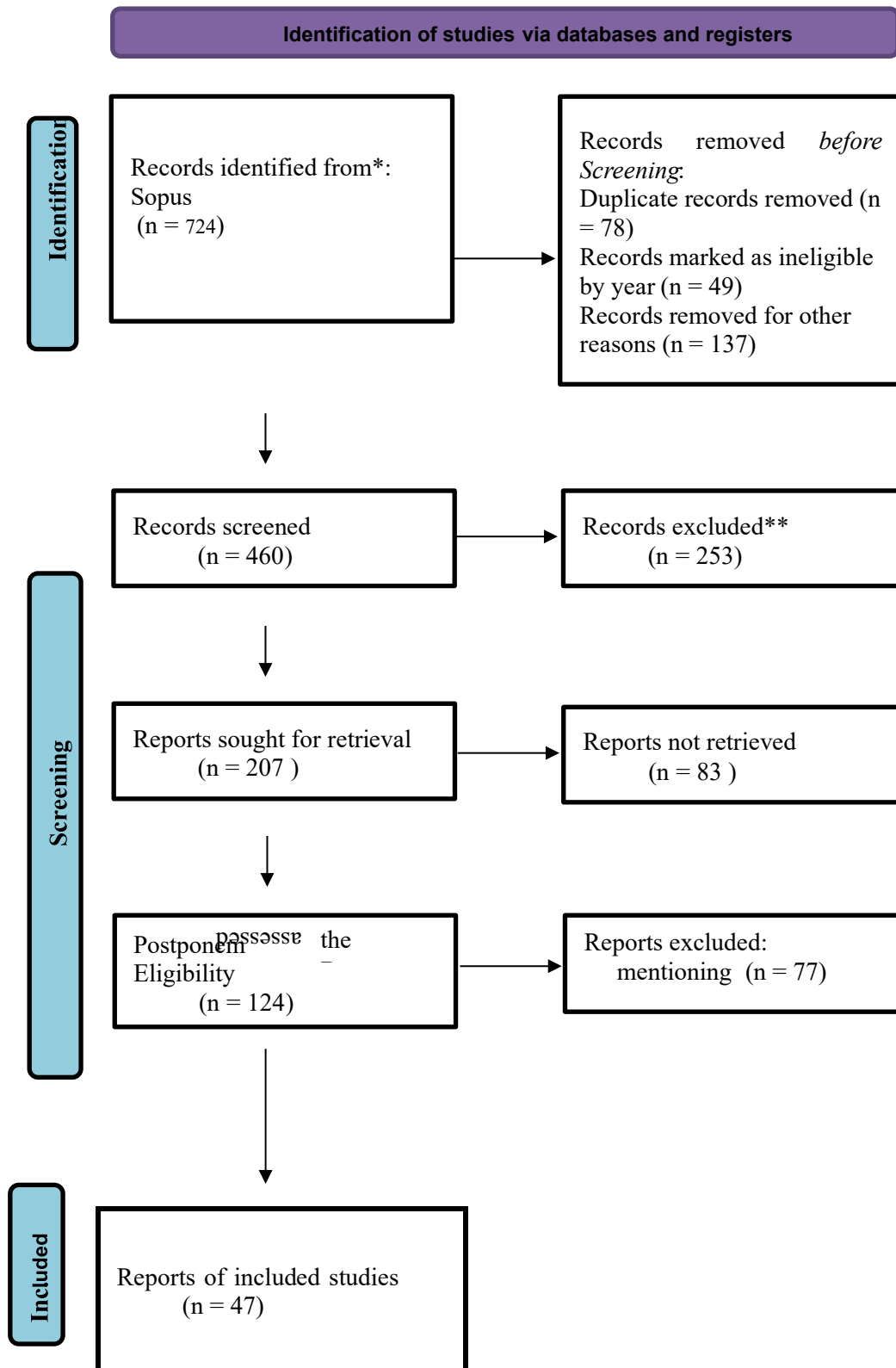


Figure 1. PRISMA Flow Diagram

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The literature data retrieved by the researcher took the *Scopus database*. This is done because the source of information is more accurate and reliable. Then, the data that has been obtained is processed using the PRISMA method. The researchers used and collected data by searching journal articles with the keywords "Chinese Family Business", "Governance", "Succession" and "Culture" and found 724 documents. The results were then filtered based on specific inclusion and exclusion criteria, such as the year of publication from 2019 to 2024, there was duplication of documents and other reasons and 460 documents were found. After a re-screening, abstract, and full reading of 460 documents, 47 articles met the inclusion criteria and were included in the synthesis.

3. RESULTS AND DISCUSSION

From the sources of publications that have been collected for this research, there are 53 articles that will be the focus of the analysis. This distribution provides an interesting overview of the variation in the source literature. Here's the distribution table:

Table 1. Sources of Journal Publications obtained

Source	Sum	Percentage
JFBM	17	36,20%
Sustainability	9	19,20%
Others	21	44,60%
Total	47	100%

Based on the table above, as many as 36.20% or 17 articles came from JFBM, showing the significant contribution of these events in the selected literature. Sustainability accounted for 19.20% or 9 articles, indicating the strong contribution of this publisher to the research literature. However, what stands out is the contribution from other sources which reaches 44.60% or 21 articles, showing the diversity of literature sources from various publishers and platforms.

Table 2. The Highest Number of Citations from Journals Obtained

Cities	Authors	Title	Year
51	Ahmad et al.	Family firms' sustainable longevity: the role of family involvement in business and innovation capability	2020
40	Ratten et al.	The Journal of Family Business Management: a 2020 bibliometric analysis	
34	Xian et al.	Negotiating the female successor–leader role within family business succession in China	2020
28	Dewitt et al.	Family dynamics and relationships in female entrepreneurship: an exploratory study	2022
24	Tan et al.	Nurturing transgenerational entrepreneurship in ethnic Chinese family smes: exploring Indonesia	2019

19	Li et al.	Second-Generation Women Entrepreneurs in Chinese 2020 Family-Owned Businesses: Motivations, Challenges, and Opportunities	
15	Zhou et al.	Work-Family Conflict and Depressive Symptoms 2020 Among Chinese Employees: Cross-Level Interaction of Organizational Justice Climate and Family Flexibility	
8	Shu et al.	Job Satisfaction, Turnover Intention and Work Performance in Chinese Family Enterprises	2019

The citation data analysis highlights some of the articles that have taken center stage in the digital marketing literature. The article titled "Family firms' sustainable longevity: the role of family involvement in business and innovation capability" by Ahmad et al. Published in 2020, it dominated with 51 citations, signaling its high impact and relevance.

Meanwhile, the article "The Journal of Family Business Management: a bibliometric analysis" by Ratten et al., published in 2020, obtained 40 citations, reflecting its contribution in the context of industry marketing. Other significant articles include "Negotiating the female successor– leader role within family business succession in China" by Xian et al. Published in 2020 with 34 citations. These results reflect the importance of this research in guiding digital marketing research and practice, with a focus on future trends and industry applications in particular.

Table 3. Year of Journal Publication

Source	Sum	Percentage
2024	5	10,60%
2023	7	14,90%
2022	12	25,50%
2021	9	19,10%
2020	6	12,80%
2019	8	17,10%
Total	47	100%

The table above reflects the distribution of articles by year of publication. In 2022, there was a significant increase in the number of articles, reaching 25.50% of the total 47 articles. Meanwhile, 2020 had a decrease in the number of articles from the previous year, which was 6.30%. After 2022 to 2024, it will have a decline again.

Overall, this distribution shows an interesting variation in article contributions from year to year. By involving current years, this research can provide relevant and up-to-date insights into the topics discussed. Although some years have lower contributions, it is important to remember that each article represents a unique contribution to the research literature.

3.1 Literature Review

A systematic review of the literature on governance, succession, and culture in family businesses in China reveals the complex interplay between traditional values and modern business practices that shape their operational dynamics. At the heart of this discussion is the role of Confucian

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values, which emphasize familial loyalty and hierarchical relationships, which significantly influence the governance structure within these companies (, 2020). For example, Zhu and Kang highlight that the shared governance model in intergenerational succession allows for a balance between innovation and continuity, where successors drive strategic change while founders maintain operational stability through established networks. This duality is crucial in navigating the rapidly growing Chinese market, where adaptability is essential for competitive advantage.

A systematic review of the literature on family businesses in China reveals some key findings regarding governance, succession, and cultural influence. These findings highlight the unique characteristics of family businesses in China and their implications for organizational management practices and sustainability

Family businesses in China often exhibit a governance structure that is heavily influenced by family relationships and cultural norms. The literature suggests that these businesses typically operate under a patriarchal model, where decision-making authority is concentrated in the hands of the head of the family (This concentration of power can pose challenges in governance, especially in balancing family interests with business performance. Various studies show that effective governance mechanisms are essential for navigating the complexities of family dynamics and ensuring long-term sustainability (Y. Li, 2022). In addition, the role of trust in family businesses is crucial, as it can increase cooperation and reduce conflict, ultimately leading to better governance outcomes (Y. Wang & Shi, 2020).

Succession planning is an important issue for family businesses in China, which is often fraught with challenges stemming from traditional cultural values that prioritize male heirs (J. Li et al., 2020; Xian et al., 2020). Research shows that a lack of formal succession planning can jeopardize the continuity of family businesses, as many founders struggle to identify suitable successors who can uphold the family legacy while adapting to modern business practices (L. Wang et al., 2022). The literature emphasizes the need for a structured succession process that combines training and development for potential successors, thus ensuring a smooth leadership transition (Qi et al., 2021). Additionally, the influence of socio-emotional wealth—where family members prioritize emotional bonds and inheritance over purely economic considerations—plays an important role in shaping succession decisions (Dou et al., 2020).

Cultural factors significantly affect the governance and operational strategy of Chinese family businesses. Confucianism's emphasis on loyalty and family hierarchy influences decision-making and succession planning (Anggadwita et al., 2019). This cultural background can create a unique environment where family businesses prioritize long-term relationships and stability over aggressive growth strategies. However, as the economic landscape evolves, there is a growing recognition of the need for innovation and adaptability within these companies (y ang et al., 2022). The literature shows that integrating modern management practices while respecting traditional values can improve the resilience and competitiveness of family businesses in China.

3.2 Theoretical implications

The implications of a systematic literature review of Chinese family business, particularly regarding governance, succession, and culture, have many aspects and contribute significantly to the theoretical framework in the study of family business. These implications can be categorized into several main areas:

The literature highlights the unique governance structure prevalent in Chinese family businesses, which are often influenced by traditional cultural values, especially Confucianism. This cultural background emphasizes family loyalty and hierarchy, which can complicate governance practices (L. Wang et al., 2022). These findings suggest that family businesses must navigate the dual demands between family relationships and business performance, thus requiring a nuanced understanding of governance mechanisms that accommodate both aspects (J. Li et al., 2020). Future

research may further explore how these cultural influences shape governance practices and the effectiveness of various governance models in improving family business performance.

Succession planning is emerging as a critical area of concern, especially related to the role of gender in succession decisions. The literature shows the existence of a prevailing preference for male successors, which reflects entrenched patriarchal norms. This bias not only affects the selection of successors, but also impacts the overall governance structure and strategic direction of the family business. The implications for the theory suggest the need for a framework that incorporates gender dynamics into succession planning models, which recognizes the potential contributions of female successors and the obstacles they face. This could lead to a more inclusive understanding of the succession process in family businesses.

3.3 Practical Implications

The practical implications of research on family businesses are essential to understanding how factors such as entrepreneurial orientation, innovation, and succession planning can affect the performance and sustainability of family businesses. Research shows that entrepreneurial orientation has a direct and indirect impact on family business performance, with family involvement serving as a mediating variable and gender as a moderation variable in the relationship. This suggests that to improve performance, family businesses need to adopt a more proactive entrepreneurial approach, which can be optimized through the involvement of family members in decision-making.

Effective succession planning is also an important aspect in maintaining the continuity of the family business. Research shows that good succession planning can improve family business performance, especially in the context of certain industries such as batik in Indonesia (Istiatin & Susanti, 2021). Additionally, research on succession planning in family businesses in Tanzania shows that structured planning can help reduce the risks associated with leadership transitions. Therefore, family businesses need to develop a clear succession planning strategy to ensure that the next generation is ready to take over and continue the company's vision and mission. In the cultural context, cultural values also have significant implications for the succession process in the family business. Research shows that ethnic Chinese cultural values influence the way succession is carried out in family businesses in Indonesia (Anggadwita et al., 2019). This suggests that an understanding of local cultural values should be part of succession planning strategies to ensure that the leadership transition goes smoothly and is accepted by all family members.

3.4 Research Gap

In the study of Chinese family businesses, there are several research gaps that need to be considered, especially in the context of governance, succession, and culture. Existing research often focuses on specific aspects of family businesses, but lacks a comprehensive picture of the interactions between these factors.

One significant gap is the lack of in-depth research on the development of successors in Chinese family businesses. Although there are several studies that address the factors that influence succession, such as the one conducted by Meng (Meng et al., 2023), there is still a need to further explore how the process of succession development can be optimized in the context of Chinese culture. This study shows that although successor factors are often mentioned, early research on successors in Chinese family businesses is still limited. This shows the need for a more systematic approach to understanding how successors can be prepared to face the challenges at hand.

In addition, there is also a lack of understanding of the challenges faced by second-generation women in Chinese family businesses. Research by (J. Li et al., 2020) reveals that second-generation women are expected to run businesses while fulfilling traditional roles as caregivers. However, the challenges and opportunities faced by women in this context are still underexplored. More research is needed to understand how women can contribute significantly to family businesses and how they can overcome existing barriers.

Another gap to note is the lack of focus on family employees in Chinese family businesses. (Yu-Hsu (Sean) Hsu & Connie Chang, 2023) shows that existing research tends to focus more on non-family employees, while the role of family employees and non-family employees in family

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businesses is still underpaid. Understanding these dynamics can provide better insight into how family businesses can be managed effectively.

In addition, research on governance in the context of Chinese family businesses also shows that there are gaps. Although there are several studies that address the influence of family governance on family business values (Y. Li, 2022), there is still a need to further explore how governance can be adapted to meet the specific needs of Chinese family businesses, especially in the context of rapid social and economic change.

Finally, research on the influence of culture on succession in Chinese family businesses also shows a gap. Research by (Anggadwita et al., 2019) shows that Chinese cultural values influence the succession process, but more research is needed to understand how these values can be integrated into more effective succession practices.

3.5 Future Research Direction

In the context of research on Chinese family businesses, there are several future research directions that can be identified, especially related to governance, succession, and culture. This research shows that although there have been advances in understanding the dynamics of family businesses, there are still many aspects that need to be explored further.

First, the importance of women's role in Chinese family businesses needs to get more attention. Research by Li et al. (J. Li et al., 2020) shows that the second generation of women are expected to run businesses while fulfilling traditional roles. Further research can explore how women can contribute significantly to family businesses and the challenges they face in the context of Chinese culture. This can include studies on how women can overcome gender barriers and take advantage of opportunities in family businesses.

Second, research on the impact of dispersed family ownership on innovation in family businesses is also a promising area. (Wei & Chen, 2022) show that differences in decision-making patterns can influence innovation decisions. Further research can explore how different ownership structures affect the innovation capabilities of Chinese family businesses, as well as how they can adapt innovation strategies to remain competitive in the global market.

Third, there is a need to understand more deeply about how Chinese culture influences the succession process in family businesses. Research by (L. Wang et al., 2022) shows that governance decisions can be influenced by clan culture. Further research can explore how these cultural values can be integrated into more effective succession practices, as well as how they can influence strategic decisions in family businesses.

Furthermore, research on the role of non-family management in family businesses also needs to be expanded. Research by (Yu-Hsu (Sean) Hsu & Connie Chang, 2023) shows that attention to family employees is often less than that of non-family employees. Further research can explore how non-family management involvement can affect the performance and sustainability of family businesses, as well as how relationships between family and non-family employees can be better managed. (Placeholder1)

Finally, research on the impact of external environmental changes, such as economic policy uncertainty, on innovation in Chinese family businesses is also an important area of research. Research by) shows that succession can affect innovation investments. Further research can explore how family businesses can adapt to changes in the external environment and how they can take advantage of the opportunities that arise from such uncertainties. (Yang)

Overall, the future research direction in Chinese family business should include a deeper understanding of gender roles, ownership structures, cultural values, non-family management, and external environmental impacts. By exploring these areas, research can provide a more comprehensive insight into how Chinese family businesses can be managed and thrive in an increasingly complex context.

4. CONCLUSION

A systematic review of the literature on Chinese Family Businesses shows that three main elements—governance, succession, and culture—play a crucial role in the sustainability and dynamics of family businesses in China.

Governance in Chinese family businesses is influenced by a unique combination of traditional Confucian values, such as hierarchy and harmony, with modern principles such as transparency and professionalization. However, there are still challenges in managing conflicts of interest between families and external professionals, as well as maintaining a balance between family control and operational efficiency.

The issue of succession is the main challenge in ensuring the sustainability of the family business. The younger generation often faces a dilemma between continuing family traditions or implementing modern innovations. Successful succession tends to occur in businesses that have a formal transition plan, engage the next generation early, and adopt a collaborative approach between generations.

China's family business culture reflects strong traditional values, such as *guanxi* (network of relationships) and family loyalty. These values provide a competitive advantage, especially in building business relationships and decision-making. However, globalization and social change pose challenges in maintaining the relevance of these traditional values amid the demands of modernization.

Overall, the literature points to research gaps in several areas, such as the role of digital technology in governance and succession, as well as the influence of different regional cultures in China. Future research may adopt a cross-cultural approach to understand how Chinese family businesses are adapting to global changes while maintaining their traditional identity.

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