

The Overseas Experience of the Successor in Family Business and the Intergenerational Inheritance of the Enterprise

Yi Jin

School of Business, Sichuan University, Chengdu 610000, China

Abstract

This paper studies the influence of the overseas experience of heirs of family business on the intergenerational inheritance (willingness to take over, “de-family” level, and corporate value). The study found that: (1) family business heirs with overseas experience are weaker in their willingness to take over, and they are more inclined to create another family business. (2) The tendency of “de-familyization” in family businesses where heirs have overseas experience is more pronounced. (3) The overseas experience of the second generation of family firm heirs has a great positive impact on corporate value. It is further found that the overseas experience of the second generation of heirs can effectively help family businesses reduce financing costs while improving their innovation performance. This paper promotes the study of inheritance of family business from the perspective of personal experience. It is of great significance to how to better carry out intergenerational inheritance of family business and study the development trend of family business and economic society.

Keywords

Family business, heir, overseas experience, intergenerational inheritance, family.

1. Introduction

Since 1978, China has always attached great importance to the private economy, and has introduced a number of related policies to help private companies solve problems such as financing and tax burden, and encourage the development of private enterprises. In the development of the private economy, long-term development issues, especially the long-term development of family firms as an important part, cannot be ignored in the process of studying economic development. Today, 40 years after the reform and opening up, family businesses are about to usher in the peak of intergenerational inheritance (Forbes Chinese version). Can family businesses in the context of economic transformation carry out intergenerational inheritance, what will happen to enterprises before and after intergenerational inheritance? The changes and the effects of intergenerational inheritance will push the development of the family business and the overall economy.

In response to these problems, many scholars have made theoretical interpretations. A common view is that there are three major types of elements in entrepreneurial intergenerational inheritance, entrepreneurial networks, entrepreneurial tacit knowledge, and entrepreneurship. The inheritance of the big elements in the two generations of entrepreneurs will seriously affect the inheritance and development of the family business. How to specifically measure the impact of factors on the intergenerational inheritance of family businesses? At present, the existing research mainly proceeds from these aspects. First, from the perspective of enterprises, the impact of the scale of enterprises on the intergenerational inheritance of family businesses is studied. For example, relevant scholars pointed out that the larger the size of the family business assets, the more employees the company has, and the stronger the willingness of the second generation of the company's successors. The second is to study the inheritance of enterprises from the perspective of corporate political relations. He Xuan et al. believes that the political status of entrepreneurs can be brought about by reducing the uncertainty of the institutional environment. The impact is to strengthen the willingness of the family business to help the company resist the unfavorable factors of the system. The third is to study from the family entrepreneurs themselves to study the influence of entrepreneurs' own characteristics on intergenerational inheritance. Cheng Chen research pointed out that family conflicts will adversely

affect the intergenerational inheritance of family businesses. Personal traits have an impact on entrepreneurs, which in turn affects the intergenerational inheritance of family businesses. As an important life experience, overseas experience will have an important impact on entrepreneurs' cognition and decision-making methods. Furthermore, the overseas experience of the second generation of family business may have a greater impact on the intergenerational inheritance of the team.

Based on the sample data of China's listed family enterprises in 2008-2018, this paper studies the relationship between the overseas experience of the second generation heirs and the inheritance of enterprises. Explore the relationship between the overseas experience of the second generation of heirs and their willingness to take over, the "de-family" level of the company after succession, and the value of the company. The study found that: (1) family business heirs with overseas experience are weaker in their willingness to take over, and they are more inclined to create another family business. This tendency is related to factors such as their willingness to work. (2) The tendency of "de-familyization" in family businesses where heirs have overseas experience is more pronounced. Many heirs are more willing to hire professional managers to weaken the influence of the family on the company and improve the degree of specialization of the company. (3) The overseas experience of the second generation of family firm heirs has a positive impact on corporate value. It is further found that the overseas experience of the second generation of heirs can effectively help family businesses reduce financing costs while improving their innovation performance. After conducting the robustness test, we found that these relationships still hold.

The innovations of this paper are as follows: Firstly, research is carried out from the personal experience of the intergenerational inheritance subject of the family business, which is different from the previous research with others as the index, which reduces the influence of subjective factors and highlights the personal experience for the intergenerational generation. The influence of inheritance. Secondly, it is of practical significance to study the overall development of family businesses through the study of the impact of overseas experience and the rising proportion of second-generation heirs of family businesses with overseas experience. Third, the existing research that has been perfected from a new perspective, puts forward the influence of personal experience on the inheritance, promotes the research on inheritance of family business, research family The development trend of enterprises and economic society is of great significance.

The structure of this paper is as follows: 1. Organize relevant documents and make assumptions. Second, carry out the design of empirical research and carry out specific research. Third, analyze the results of empirical research. Fourth, summarize the research.

2. The overseas experience of the second generation of family business heirs and the willingness to take over, succession behavior

As the supreme decision-maker of the main body and corporate strategy in the intergenerational inheritance, the decision of the second generation heirs of the family business affects whether the family business can be intergenerational, the influence after intergenerational inheritance, etc., effect the long-term development of the enterprise. At the same time, according to behavioral related research, personal experience affects individuals by influencing human cognition. Decisions that affect the relevant organizations. Therefore, the personal experience of family business heirs will affect the company's series of decisions in intergenerational inheritance to a certain extent.

Studies have shown that younger generations who have experienced overseas study or overseas work experience are more biased towards financial and high-tech industries in terms of employment willingness than those who have no overseas experience, and are less interested in traditional manufacturing. At the same time, in China, a large number of family businesses operate in the traditional manufacturing industry. Based on the comprehensive impact analysis and China's specific national conditions, this paper believes that the deepening of the inconsistency between the

employment preferences and the family business scope caused by overseas experience will weaken the willingness of the successors and encourage them to create another family business.

Overseas experience brings foreign management experience to family heirs and improves corporate governance. They have a higher acceptance of professional management. Studies have shown that overseas experientials, especially younger generations with overseas work experience, will bring the governance effect of returnees, preferring a specialized management structure. The second generation of the family business as the highest decision-maker, its management philosophy has an important impact on the internal restructuring of the enterprise.

3. The overseas experience and corporate value of the second generation of family business heirs

From the perspective of overseas experience, relevant research shows that executives with overseas experience have a certain role in promoting the establishment of external resource networks, access to external information, and internal governance. The second generation of family business successors as the top decision-makers of the company, its overseas experience can help companies to implement a better internal governance structure, help enterprises to more effective financing, and have better foreign social connections.

4. Conclusion

This paper studies the influence of the overseas experience of the second generation of family firms on the intergenerational inheritance of the enterprise. From the perspective of personal experience, it studies the willingness to take over, the level of “de-family” and the value of the enterprise in the intergenerational inheritance of family business heirs and enterprises. relationship. The study found that: (1) family business heirs with overseas experience are weaker in their willingness to take over, and they are more inclined to create another family business. (2) The tendency of “de-familyization” in family businesses where heirs have overseas experience is more pronounced. (3) The overseas experience of the second generation of family business heirs has a significant positive impact on corporate value. Further expansion found that the overseas experience of the second generation of heirs can effectively help family businesses reduce financing costs while improving their innovation performance.

This research has important significance in theory and practice. Firstly, from the perspective of behavior and experience, the research on the influence of the overseas experience of the second generation heirs in the inheritance on the enterprise has put forward new research ideas. Secondly, it combines the social trend of the rising proportion of “sea returnees” with overseas study experience or work experience, and studies the overall development trend of family businesses. Finally, it is of great significance to how to better carry out the inheritance of family firms and to study the development trend of family business and economic society.

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