The factors affect the survival of international joint ventures involving Chinese family business

Strategic Entrepreneurship
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Abstract

The aim of this paper is to explore what factors affect the survival of international joint ventures involving Chinese family business. The results show that “Wulun”, “Guanxi-based trust”, and communication as the main factors, control, and “Mianzi” could influence on the survival of IJV. Among them, “Wulun,” “Guanxi-based trust,” and “Mianzi” derived from Confucian culture.
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Definition:

The international joint venture (IJV): The international joint venture (IJV) is an independent organization created by two or more parent companies in different countries, which involved in multiple ownership and multiple national affiliations (Shenkar and Zeira, 1987; Yan, 2000).

Family business: we use the definition from Miller et al. (2007), “..... a firm in which multiple members of the same family are involved as major owners or managers, either contemporaneously or overtime”.

Confucianism: Confucianism is not a religion but regarded as a philosophy and an ideology by Chinese people, which provides a set of an ethical system and appropriate rules of conduct. (Bary, 1991; Pun et al., 2000; Yan and Sorenson, 2006).

“Wulun” (five types of ethics): Its subjectivity includes five essential relationships which are the minister must obey the emperor; the son need to listen to his father; the wife should follow the husband; the youthful look to the elderly and equal relationship among friends (Yan and Sorenson, 2006).

“Guanxi”: “Guanxi” is defined as a unique personal contact between two people, which has the characteristics of social norms that maintain long-term relationships, mutual commitments, loyalties and obligations (Yang et al., 2008; Lovett et al., 1999; Dou and Li, 2013; Chen et al., 2013).

“Mianzi”: “Mianzi” means face in China. It is not a part of personal characteristics, but social consciousness. It requires others to show respect and obedience according to their status in the social system, to maintain stable interpersonal relationships, which roots from “harmony” of Confucian culture (Stover, 1962; Ho, 1976).
1 Introduction

1.1 Background

In the past few decades, International joint venture (IJV) has received extensive attention for the rapid and economic complementarity with other company resources and quickly enter the local market by the host company’s relationship (Triki and Maryhofer, 2016; Hambrick et al., 2001). Previous research demonstrated that the “Guanxi” and “Mianzi”, embedded in Chinese culture, affected the fate of IJV in the Chinese context (Holton and Richard, 1990; Vanhonacker, 1997). Thus, Chinese international joint ventures have gained specific attention.

However, several researchers have realized that IJVs are unstable organizations (e.g. Steensma and Lyles, 2000; Lowen and Pope, 2008; Vaidya, 2018), leading to the failure of the majority of IJVs (Fang and Zou, 2010). For example, regarding China, as the largest foreign direct investment (FDI) host country in the world, 27.9% of FDI inflow has taken the form of the IJVs (China Statistical Yearbook, 2018; UNCTAD, 2018), but the success rate of IJVs less than 30% (Bjnews, 2018). Researchers identify that the fate of IJVs are affected by multiple factors, including culture (Makino et al., 2007; Meschi and Riccio, 2008), country risk (Meschi and Riccio, 2008; Kim and Kim, 2018), previous experience (Mohr, et al., 2016; Ott et al., 2019), control (Li et al., 2013; Pajunen and Fang, 2013; Mohr, et al., 2016; Ott et al., 2019), and so on.

About two-thirds of companies in the world are family businesses and contribute to the 70%-90% global gross domestic product (GDP)(Family Firm Institute, 2017). However, few published studies investigate the role of the family business in IJVs. Regarding the difference in ownership, control, governance, management, the intention of succession, and long-term orientation between the family business and non-family business (Randoy and Goel, 2003; Abdellatif, Amann and Jaussaud, 2010; Brundin et al., 2014), extensive researches have been conducted on the family business in general and internationalization of family firms in particular. Due to the preference of ownership and control, Kuo et al (2012) found that family businesses prefer to transfer the IJVs to wholly-owned subsidiary (WOS) when they
accumulate a certain amount of experience, resulting in the failure of IJVs. Therefore, it is necessary to elucidate the role of the family business in IJVs since the characteristics of family firms can affect the fate of IJVs.

1.2 Problem statement

However, there are still some challenges for us to study this topic:

First of all, as our study subject is IJVs involving Chinese family business, we need to understand the Chinese family business first. De Massis et al (2012) reviewed the current family business researches and found that 73% of family business researches focused on family businesses in North America and Europe, and the conclusion drawn from the western counties could not be applicable to China. Meanwhile, with the influence of different culture, which leads to unique phenomena and behavior in Chinese family business (Yan and Sorenson, 2006).

Secondly, there are few studies on Chinese family business. Wang et al., (2014) list two reasons to explain why the Chinese family business studies are limited. One is that until recently, Chinese academics and government agencies began to regard family businesses as unique entities; the other is the difficulty of defining family businesses resulting in the research difficult to implement (Wang et al., 2014).

Based on the aforementioned, family firms are becoming more prominent in China and that IJVs are a common mode of internationalization for many firms. However, few studies have looked into the survival of IJVs in this specific context — China.

Thus our research question is

“What factors affecting the survival of international joint ventures involving Chinese family business?”

1.3 Purpose

To overcome the above challenges, the aim of this paper exam what factors influence the survival of IJVs involving Chinese family business. It will get insight into the Confucian culture and discuss its essential elements, which have a direct impact on the Chinese family business and Chinese international joint ventures. Meanwhile, our research will identify the relationship between the critical element of Confucian culture and the survival of IJVs.
Through this study, it will decrease the risk for foreign investors and increase the stability of IJVs involving Chinese family business.

1.4 Outline

First, we define the international joint venture, review the literature, and discuss the factors that affect the survival of international joint ventures in general.

Second, we give an insight into Chinese culture, and its key elements relate to the business, especially to the international joint venture; followed by the Chinese family business characters and Chinese family firms’ internationalization.

Third, we discuss the methodology, including the research philosophy, research approach, research purpose, research strategy, data collection, data analysis, trustworthiness, and research ethics. Fourthly, we present our empirical findings, following by conducting the multiple case analysis.

Fourth, we introduce our conclusion, limitations, and contributions

The last part is the references and appendix. Including the guide of our interview, the figure, and the table.
2 Literature Review

2.1 International Joint Ventures

2.1.1 Defining international joint ventures

The international joint venture (IJV) is an independent organization created by two or more parent companies in different countries, which involved in multiple ownership and multiple national affiliations (Shenkar and Zeira, 1987; Liu et al., 2008). This type of organization encompasses three mainstays: the host country parent firm, the foreign country parent firm, and IJV itself (Shenkar and Zeira, 1987; Yan, 2000). At the same time, IJV needs parent companies to operate together, manage together, and share the same risks, profits, and losses (Yan, 2000; Contractor and Lorange, 2002). Based on the view of Georgieva (2012), during the different forms of international cooperation, IJV is the best low-cost organization type that can alleviate the differences caused by information asymmetry, market imperfections, and environmental instability. Also, most of the firms think that when they develop in the country with a strange environment, IJVs are the most attractive choice of them. Because they can avoid risk, understand the preference of local consumers more comfortably, familiar with local policies and networks by cooperating with local partners, these advantages exceed that make firm solve problems individually in a host country with different cultural backgrounds (Barkema and Vermeulen, 1997).

However, although IJVs bring lots of advantages for companies, they still trigger different problems that lead to high failure rates (Fang and Zou, 2010). Thus, this unique phenomenon promotes a variety of researches to focus on the survival of IJVs (e.g. Steensma and Lyles, 2000; Meschi, 2005; Fang and Zou, 2010; Kim and Kim, 2018).

2.1.2 International joint venture survival

Due to the complexity of international joint ventures (IJVs), a large variety of aspects can be considered to understand the survival of IJVs. In the past few decades, scholars mainly explored the following factors affecting the survival of IJV, mainly including culture (Makino et al., 2007; Meschi and Riccio, 2008), country risk (Meschi and Riccio, 2008; Kim
and Kim, 2018), previous experience (Mohr, et al., 2016; Ott et al., 2019), control (Li et al., 2013; Pajunen and Fang, 2013; Mohr, et al., 2016; Ott et al., 2019), trust (Ertug et al., 2013; Pajunen and Fang, 2013; Calhoun and Harnowo, 2015; Khalid and Ali, 2017; Vaidya, 2018) and so on. Among them, three factors have been emphasized by many scholars: culture; trust; and control.

In terms of the culture, existing research has shown inconsistent results on the relationship between different cultures and IJVs survival. Results show the negative correlation (Hennart and Zeng, 2002; Makino et al., 2007; Meschi and Riccio, 2008; Mohr et al., 2016), or no clear relationship (Lowen and Pope, 2008). For example, Hennart and Zeng (2002) find that cross-culture triggers conflicts at the same time, impose a negative impact on Japanese-American joint ventures. However, in Mediterranean country, national culture shows no significant influence on the survival of IJVs; they argue that the difference of geography environment is a critical factor to effect on the longevity of IJV (Triki and Mayrhofer, 2016). Based on these, we believe that exploring whether culture influences the survival of IJVs that requires further study of the mechanisms of culture in a specific context. As for trust, lots of scholars affirm the vital role of trust in IJV survival; it can help business entities from different countries and cultures to integrate, resolve differences, support each other and achieve goals together (Ertug et al., 2013; Pajunen and Fang, 2013; Calhoun and Harnowo, 2015; Vaidya, 2018). For example, Keith et al (2000) explore the management stage of IJV, they found that if the two managers establish a good friendship outside of work or have relevant work experience before, they may cultivate trust, and leads IJVs to develop smoothly. Also, Vaidya (2018) combines trust and control; she thinks that IJV, as an organizational structure, cannot always have a uniform control mechanism. Due to the trust, when one side of the enterprise has more control over the other, the party with less control may tolerate or obey, thus increasing the stability of IJV. Besides, Vaidya (2018) believes that timely communication within the company is one of the means of building trust because it can resolve differences quickly. This view has also been supported by Khalid and Ali (2017), they point out that the lack of effective communication may be misunderstood, or appear apparent consent or disagreement. If these problems are not resolving promptly, both parties will lose trust that leads to the failure of IJV (Vaidya, 2018).

Comparing with the scholars regarded trust as a stationary or independent influencing factor, Boersma et al (2003) analyze the formation of trust from a process and develop perspective.
They argued that trust has different sources in the development of IJV and since the IJV provides an environment for partners to show mutual trust and build trust (Boersma et al., 2003). Meanwhile, they divide the trust into three aspects, which include promissory-based trust, goodwill-based trust, and competence-based trust based on the research of four IJV case studies (Boersma et al., 2003). Specifically, in the early stages of IJV, the primary source of trust was the commitment, and as the joint venture grew, capacity-based trusts emerged. Goodwill-Based trust is essential throughout the whole process (Boersma et al., 2003). It gives us a new perspective to consider how trust formed and works.

However, scholars still ignore the vital fact that trust is a culture-specific factor (Zaheer and Zaheer, 2006; Lin and Wang, 2008), different cultural context influence the trust in a distinct way and affect the survival of IJV in final. Hence, analysis the trust as an independent factor without considering the cultural context is not completely convincing.

Regarding the control, prior studies that have noted the importance of control for the survival of IJVs, and they mainly investigate control from two aspects: management control and equity control. Yan (1998) mentions that management control refers to which parent has the dominance of the decision-making and operational management of IJV; and equity control derives from the percentage of capital invested by each partner (Yan, 1998; Steensma and Lyles, 2000).

In terms of management control, the imbalance in management control increases the parent’s conflict, which harms IJV (Steensma and Lyles, 2000; Lu and Ma, 2015). Liu, Vredenburg, and Steel (2014) use the meta-analytic approach to get insight into the main factors conducting to the management control of IJV. The results show that resource contribution; equity ratio; trust and strategic importance are vital factors related to the management control. Furthermore, Ott et al., (2014) suggest that in sino-foreign joint ventures, when Chinese party has already contributed to the production in IJV, relatively weak Chinese management control will maintain the stability of IJV. At the same time to make up for the lack of local knowledge, foreign partners usually promote the stability of IJV by appointing local company personnel as senior managers (Ott et al., 2014).

Besides, Companies with a dominant position in management control should consider their capabilities. In the absence of experience and knowledge, excessive management control can affect the effectiveness of IJV management (Liu et al., 2014).
As for the equity control, Lu and Hebert (2005) claim that the high level of foreign equity control has a positive impact on the survival of IJV in high asset specificity situation. Also, Lu and Ma (2015) from resource-based view, and indicate that equity control could reduce influences of IJV, which create by the asymmetry of resource between parent companies. However, when researching the IJV in the Mediterranean, Triki and Mayrhofer (2016) believe that the structure of ownership does not have a substantial impact on the longevity of IJV. It is related to a specific culture; for example, Chinese partners are more interested in the structure of equity than western partners in IJV, the reason produces by the constraint of the trust relationship (Liu et al., 2008). Also, Khalid and Ali (2017) suggest that a uniform shareholding structure does not lead to uniform control, but will hurt IJV’s decision-making process.

2.2 Chinese IJVs

2.2.1 Confucianism

Although Chinese culture contains different sub-cultures (e.g. Taoists, Buddhist, Confucian and so on), Confucian culture plays a predominant role (Pun et al., 2000). Confucianism is not a religion but regarded as a philosophy and an ideology by Chinese people, which provides a set of an ethical system and appropriate rules of conducting, (Bary, 1991; Pun et al., 2000; Yan and Sorenson, 2006). The core of Confucian culture is family-based ethic (Bell, 2000), which have two aspects.

One hand, the hierarchical order originates from family, called “Wulun” (five types of ethics). Its subjectivity includes five essential relationships which are the minister must obey the emperor; the son need to listen to his father; the wife should follow the husband; the youthful look to the elderly and equal relationship among friends. Based on these, China has formed a society with patriarchal authority and a clear hierarchical relationship.

At the family level, Confucian culture emphasizes understanding and identification of blood ties and family members, which is also called “Familyism” (Chu, 2003; Zhang, in Chinese, 2012). This critical feature is used family-oriented thinking to deal with family and social relations, and put the family interests at first, which enhances and advocates family cohesion
and loyalty (Fukuyama 1995). Moreover, it also formed a different trust model within and outside the family (Zhang, in Chinese, 2012).

At the level of social relations, Confucian culture regards individual social ties as a magnification of family blood relationship. All ethics of society is naturally an extension of the principle of family relationship, for example, people need to respect for the teacher as same as respect for his/ her father; respect for the superior/leader as same as respect for the emperor (Zhang, 2012; Xi, et al., 2016). Thus, Confucian culture emphases the importance of individuals in social relations and social hierarchy (King, 1991; Fukuyama 1995; Tsui and Farh 1997; Pun et al., 2000; Chu, 2003).

On the other hand, regarded as the basic unit of society, the family maintains harmony through the mutual trust and tolerance within family members (Yan and Sorenson, 2006; Zeng, in Chinese, 2003). The adage that “If the family lives in harmony, all affairs will prosper,” this fully displays harmony is the value that all family members pursue together.

Besides, another extension of Confucian culture is “Chaxu Geju” which is a differentiated order pattern. It describes a common Chinese social phenomenon that people develop different classes of relationships with others, and give them differential treatment based on their classes (Fei, 1939; Xi et al., 2016). There are two perspectives to understand “Chaxu Geju”. One is the vertical perspective, individuals still focus on the consciousness of hierarchy in social relations, such as “Wulun”. Another is the horizontal direction, the connection between the individual and the society is based on the individual, and is based on the common attributes or relationships of oneself and others (e.g. family member; classmates, colleague, teacher, and student). Hence, social relations in China are introduced from one person to another person through the development of personal connections. Thus, social is a network of private connections ( Fei, 1939; Jacobs and Bruce, 1982).

Generally, Confucian culture provides order and stability for Chinese families and social systems, based on “Harmony”, “Familyism” and “Chaxu Geju” (Zhang, in Chinese, 2012). Next, we will introduce the root of the main concepts from the Confucian cultural connotation we discussed above (“Wulun”, “Chaxu Geju” and “Familyism”), called “Guanxi” and “Mianzi”, that are essential for understanding the interaction of Chinese business practices and behavior ( Buckley, Clegg and Tan, 2010).
Limited trust model, and benefits exchange system — Guanxi. “Guanxi” is defined as a unique personal contact between two people, which has the characteristics of social norms that maintain long-term relationships, mutual commitments, loyalties and obligations (Lovett et al., 1999; Dou and Li, 2013; Chen et al., 2013). “Guanxi” originates from the family and extend to the society level (Tsui and Farh, 1997). Yang (1993) describes the model of this “Guanxi” as the form of concentric circles, where start from oneself, with the close family members, are located at the core of these circles, relatives, classmates, friends and other acquaintances arrange in surroundings, based on the extent of the core “Guanxi” and trust; and the outers are strangers.

Moreover, Gong (2013) creates a four-circle model, which includes the family member circle, acquaintance circle, people-just-known circle, and stranger circle. He argues that the rules of communication in different circles are different: family members are emotional relationships, applying the principle of on-demand distribution (have the obligation to help each other, even you never see each other before); acquaintances are mixed relationships, applicable to emotion-based benefit exchange principle (When others need your help, and you are capable, you are obliged to help. And when you have a hardship, the recipient will also have an obligation to return you; more emotional-bond); people-just-known are instrumental relationships, applying for the benefit exchange principle (I help you today, only because I want to return me tomorrow, more instrumental); and strangers are applicable to the fair principle (e.g. Contract-based). Therefore, the family has always been the core of all kinds of “Guanxi” and activities; and “Guanxi” bond the people by specific relationships and formed a network and people in the same social network have a high degree of trust, obligation, and altruism (Hui and Graen, 1997; Leung and Wong, 2001; Zhang, in Chinese, 2016). Hence, establishing “Guanxi” is a critical way to win the trust and obtain resources in China, since the traditional Chinese only trust their family member and acquaintance (Hui and Graen, 1997; Wee and Combe 2009; Zhang, in Chinese, 2012). In figure 1, we refined the model proposed by Gong (2013).
Reputation saving — “Mianzi” (the Chinese concept of the face). “Mianzi” is not a part of personal characteristics, but social consciousness (Buckley, et al., 2010). It requires others to show respect and obedience according to their status in the social system, to maintain stable interpersonal relationships, which roots from “harmony” of Confucian culture (Stover, 1962; Ho, 1976). The Chinese regard it as a full manifestation of reputation, glory, affection, personal image, dignity, and status. A person who has a face is a performance recognized by society (Lockett, 1988; Zhao, 2009). Therefore, for Chinese people, “Mianzi” is very important. There is a proverb called “People can be killed, but cannot be humiliated.” When it comes to the business application, Chinese emphasizes a compliment in front of people to show them respect (giving face) and avoids offending others in public places (people will lose face), and lose face will affect the operation competence of the individual in society (Ho, 1976; Holton and Richard, 1990; Wong et al., 2007; Wall et al., 2009; Smith, 2012). Moreover, the vital thing of “Mianzi” is to give “Mianzi” to everyone in public, rather than just give “Mianzi” to a person who has the highest status. In that way, it can create a scene that everyone is satisfied and harmony (Zhang, in Chinese, 2012).
Furthermore, Chinese businessmen regard face as the most valuable asset, cause having the “Mianzi” is a shortcut for Chinese people to build networks and use other social resources (Brunner and You, 1988; Smith, 2012).

2.2.2 The influence of Chinese culture on international joint ventures

When it comes to Chinese IJVs, the “culture” factor, such as “Guanxi” and “Mianzi” cannot be ignored since Chinese traditional culture with 5000 years histories exert influence on Chinese business, as well as Chinese IJVs (Holton and Richard, 1990; Hui and Graen, 1997; Yan, 2000; Li and Karakowsky, 2000; Lau and Tovstiga, 2015).

Firstly, it cannot ignore the importance of “Guanxi” in China. Li and Karakowsky (2000) point out that many Chinese firms prefer to develop “Guanxi” when they build IJV since relying on the relationship can help them solve problems at the beginning of IJV.

It is easy to find that “Guanxi” in the article by Li and Karakowsky (2000) means to network. Yan (2000) considers “Guanxi” as a social factor and advise firms to build “Guanxi” inside of IJV at same time to make “Guanxi” outside of IJV in Chinese environment, such as take part in public activities and develop a network for reputation, because this behavior will increase the success rate for IJV.

Furthermore, Hui and Graen (1997) stand in the view of management to discuss the structure of leadership in IJV. They clarify the difference in western organization network and “Guanxi,” and emphasizes Chinese keep trust and loyalty with the people in the same group (e.g., bloody tie) or share same “Guanxi” or even same hierarchy which contrast to develop network-based on competence in western (Hui and Graen, 1997). Based on this, for making IJV run smoothly, they create “a third culture” (a synthesized culture and acceptable to both parties) in IJV which means make two parties share and exchange culture and understand each other, for example not hiring employee from the same bloody tie group (Hui and Graen, 1997). After a seize of the test in some IJVs, they address “a third culture” as the key to establish successful IJV (Hui and Graen, 1997). Besides, Chinese managers are more likely to focus on long-term business relationship compared to western managers because long term orientation is the hallmark of Chinese culture (Hofstede, 1991, 1999; Li and Karakowsky, 2000).
Secondly, “Mianzi” (the Chinese concept of the face) also play an essential role, especially in the management stage of IJVs. Holton and Richard (1990) note that Chinese people always couch criticisms in a tactful language in working environment, in case of losing face with each other in public. Foreigner manager, by contrast, it is possible to deal with working problems with a straight way which may not keep employee’s face, thus affect the stability of IJV (Holton and Richard, 1990). Also, Lau and Tovstiga (2015) associate “Mianzi” with “Guanxi.” They believe that “Mianzi” helps solve problems in IJV of partnership. Because “Mianzi” is a personal identity, the act of protecting face regarded as protecting the role of the individual in “Guanxi.” Thus, strengthening the face enables both partners to establish long-term stable relationships in IJVs (Lau and Tovstiga, 2015).

Generally, Chinese culture plays an important role in IJV and cross the whole process of IJV. Particularly “Guanxi” and “Mianzi” are embedded in Chinese culture and result of the successful IJV in the Chinese context. Thus, fully understanding the role of “Guanxi” and “Mianzi” is suitable for a partner in making a company go well in China (Vanhonacker, 1997; Holton and Richard, 1990).

### 2.3. Family business and IJVs

#### 2.3.1 Family business characteristics

Family businesses play an essential role in the world economy (IFERA, 2003). By now, it is widely established that family firms are different from non-family firms because the owners’ wealth is tied up in the business (Muñoz-Bullon et al., 2018). Hence a company loss can have a strong influence on the family. Scholars attempt to clarify the definition of the family business from different perspectives and catch the core characters of family firms. For example, Olson et al (2003) recognize the family business from the view of ownership, that is “A business that was owned and managed by one or more family members.” Chua et al., (1999) consider from the behavior perspective, they think that the family business is control by family and promote family members pursuit same version at the same time is inherited and dominated between generations in the family. However, the discussion is ongoing, and they still do not have a complete agreement (Diaz-Moriana et al., 2019). In this article, we use the definition from Miller et al. (2007), “..... a firm in which multiple members of the
same family are involved as major owners or managers, either contemporaneously or over time”. Due to we choose the small and medium family firms as the case samples, they still in the first generation; hence, this definition matches our research.

As regards to the characters of the family firm, previous scholars identify the characters of family firm mainly from family involvement, ownership and control, governance and management, the intention of succession and concern for family relationships and long-term orientation (Chua et al., 1999; Astrachan and Shanker 2003; Randoy et al., 2003; Abdellatif, Amann and Jaussaud, 2010; Brundin et al., 2014). One of the primary researches is from Barnes and Hershon (1976). They create a two-system model to clarify the uniqueness of the family business; that is, the two systems of family and business are interdependent (Barnes and Hershon, 1976). In the same vein, Tagiuri and Davis (1982) propose a three-circle model to describe the subsystems in the family firm: Business, ownership, and family are independent and overlap. As these model present, the mix contextual characters of the family firm, generate the need to coordinate the joint development of families and profitable enterprises (Sharma, 2004), since the goals or values of each subsystem is distinct (Tagiuri and Davis, 1982; Sluhan, 2016).

When it comes to the characteristic of Chinese family business (CFB), existing literature indicates that it is a unique business organization that reflects Confucian values (Hall and Xu, 1990; Fukuyama, 1995), institutional structure (Whitley, 1992) and traditional authority model (Hamilton and Biggart, 1988).

Family ownership and control. Although family control is quite common among Chinese and foreign family-owned enterprises, Chinese family businesses have different characteristics based on Confucian culture (Li and Cai, in Chinese, 2005; Xi et al., 2016). Especially in the governance model with a high concentration of decision-making power (Li and Cai, in Chinese, 2005). The parent who is oldest, or highest level or the most authority tend to assume the role of the authority leadership, and as the “parent” in the family (Zhang, in Chinese, 2012). For example, the owner of Chinese family business is reluctant to let executives master all the planning news, in case they will take over the control (Silin, 1976). This kind of control is generated by the distance of trust, which is the family members are the most intimate and trustworthy.

Moreover, due to Chinese family business is basically a family property, so intimate family members fill management positions, and other strategic positions are usually reserved for
close relatives and long-term family work (Silin, 1976; Weidenbaum, 1996), and the parent assumes the overall command, with the centralized authority and the final decision, which also means that the internal coordination and control system is very personal, so many times the decision has a strong personal preference (Zhang, in Chinese, 2012).

*Governance and management.* regarding the governance and management scholars mainly focus on two aspects: the leadership model, and the relationship between managers and employees.

In terms of the leadership model, rooting from the family culture and as the product of the “Chaxu Geju” (Xi et al., 2016), the Chinese family business produces a unique leadership model, named paternalistic leadership (Farh and Cheng, 2000; Xi et al., 2016). It defined as a behavioral leadership style in which leaders demonstrate discipline and authority, as well as goodness and virtue, just like fathers (Farh and Cheng, 2000). Zhang (2012) argues that paternalistic leadership is the extension of family culture in the organization, and people’s psychology and behavior in the organization are similar to those in the family environment. Therefore, the relationship between managers and employees are similar to the father and son in “Wulun,” the leader symbolizes authority, and the subordinates show loyalty and obedience. Studies show that paternalistic leadership is not only existed in the Chinese family business but also other kinds of organizations in China (Farh and Cheng, 2000; Xi et al., 2016). Hence, paternalistic leadership is an organizational feature under the influence of Chinese culture.

Besides, serious “nepotism” under the background of “Guanxi” becomes the implicit contract form of the Chinese family business. Past research shows that the relationship between superiors and subordinates is reciprocal (Li et al., 2015; Redding and Wong, 1986). Redding and Wong (1986) believe that Chinese family businesses use relatives or nepotism in companies because they do not trust others. Thus, Chinese family businesses prefer to appoint family members and relatives or other acquaintances into critical positions based on the “Guanxi” and trust, even he/ she could not have enough ability to work for the position (Li et al., 2015). This also supported by Chen et al. (2004), they argue that “Guanxi” practice has a negative impact on HRM, since, in the Chinese family business the manager may decide the selection of personnel, performance evaluation, and reward distribution according to the degree of relationship, it will make employees feel unfair and reduce management trust (Chen et al., 2004).
**Intergenerational succession.** Even not only China has primogeniture, but comparing to western family business, Chinese family business prefer to the son takes over the father's position in the traditional ways during the succession instead of recruiting the professional manager (Zhang, in Chinese, 2005). because they want to keep the company's control in long-term and avoid the danger of trust caused by professional managers (Tong, in Chinese, 2013). As regards to the Confucian culture embodied, Yan and Sorenson (2006) indicate that whether the founder, successor, family or family business, are more positive to accept the succession (Yan and Sorenson, 2006).

Additionally, In Chinese family business, there was a common situation which is rich is not exceed three generations. According to the PWC (2018) survey of Chinese family businesses, one of the reason is that only 20% of Chinese family businesses have developed succession plans, at the same time, this is also the reason why there is no some famous centennial family business in China.

**Concern for family relationships and long term orientation.** Aforementioned, the family is the basic unit of society in Confucian culture. It makes CFBs treat the family benefit and the family reputation much important than the non-family firm (Li, in Chinese, 2005); Meanwhile, family business relationships and behaviors are driven by family goals and values (Tagiuri and Davis, 1992), which are mainly the “harmony” of family (Sun et al., in Chinese, 2005), and may have the distinction with the financial goals; Hence, family owner use non-financial standards to intervene in business decisions (Dawson and Mussolino, 2014) to keep the family harmony and unity.

Besides, compared with western countries, due to the existing of the special organizations' format ——state-owned company in China, the government may increase the tax burden of non-state-owned enterprises and establish unnecessary regulations in order to protect state-owned enterprises (Tang, 2013; Dinh and Calabrò,2019), and the degree of business risk and controversy of Chinese family-owned enterprises is greater than that of state-owned enterprises. Hence, Chinese family businesses are more risk-averse (Zhu, in Chinese, 2014).

In summary, Dai (2014) indicates that Chinese culture does not maintain society by rationally calculating selfish rights, that is, it does not maintain the society through the rule of law, but maintains society through human natural moral emotions. Hence, the emotional bond plays a vital role in Chinese society. When it comes to the Chinese family business, under the
influence of family culture, Chinese family business present a special trust model that is different from Western family-owned enterprises, such as paying attention to blood-tie and the ethical rules, but not paying attention to the contract (Zhang, in Chinese, 2012). In particular, as we discussed above, Chinese family business formed the high centralized highly centralized decision-making power and control (Li and Cai, in Chinese, 2005), paternalistic leadership (Farh and Cheng, 2000; Xi et al., 2016),
Together these studies provide important insights into the characters of Chinese family business.

2.3.2 Family business internationalization

When it comes to family businesses internationalization, previous research has increasingly focused on the internationalization process and influence factors (Pukall and Calabro, 2014; Kuo et al., 2012). Kuo et al (2012) note that when family business conduct internationalization, they tend to choose IJV at the first entry model because they do not have enough experiences and not familiar with the local network, thus finding a local partner can help them avoid risk. However, Kao et al (2017) argue that when the uncertainty of internal behaviors and external environment decrease, family business utilize wholly-owned subsidiary to enter the foreign market. Also, the inherent characteristics of a family business may hinder the process of internationalization and some cooperative behaviors. (Gallo and Garcia - Pont, 1996; Boyd et al., 2010). For example, an increase in family involvement reduces the degree of internationalization of family businesses because the family founder is afraid of losing control in the process of nationalization (Gomez-Mejia et al., 2010). However, external ownership has been shown in promoting the internationalization of family businesses because it can expand the network and access resources for family businesses (Arregle et al., 2012), especially when family founders lack knowledge of international markets, thus relying on non-families external resources can promote the family businesses’ internationalization (Jun, Xueru, and Hongbin, 2016).
Also, long-term orientation may hinder the internationalization of family businesses, which is related to the localization of the family business (Pukall and Calabro, 2014). However, when the growth and development space of the local market is limited, the long-term orientation will promote the process of internationalization of family business (Gallo and Sveen, 1991; Gallo and Garcia-Pont, 1996).
When it comes to the internationalization of the Chinese family business, existing literature only put eyes on the influencing factors of internationalization or managerial/strategic problems (Yeung, 2000; Erdener and Shapiro, 2005).

Based on those as mentioned earlier, it is clear to see that there still exist a gap in Chinese family business’s IJV. One of the reason is family business is more inclined to hide information and project details which lead to lots of family businesses do not want to accept interviews and expose in public in China (Xi et al., 2006). Thus, this situation creates a massive gap between IJV and Chinese family business that lead to little knowledge about the international joint venture of Chinese family business.
3 Methodology

3.1 Organization of the Research

Methodology groups combinations of techniques and shows that our inferences are true and why a method can be used for certain purposes (Easterby-Smith et al., 2015). Adopting the “the research onion” framework proposed by Saunders et al (2009), our research methodology is presented below (Figure 2).

![Figure 2: The research onion framework](source from: Saunders et al (2012)).

3.2 Research Philosophy

Research philosophy determines the way we look at the world (Guba and Lincoln, 1994). It guides the way for us to conduct the research, such as what we do and what we investigating;
thereby support our research strategy and the selection of methods (Johnson and Clark, 2006; Saunders et al., 2009). Hence, it is important to clarify which research philosophy we conducting in this thesis at the beginning of the research methodology. There are two major ways to think about research philosophy: ontology and epistemology. The concern matters among them are different (Easterby-Smith et al., 2015). Our study will follow constructionism of epistemology. Because there exists a gap in our research area, we will explore this issue in depth through observations and interviews. At the same time, our study are involved in the interaction of people under the influence of culture. Thus, through constructivism, we can have better understand the impact of family members in IJVs involving Chinese family business, which builds new insights in this area.

3.3 Research Approach

The researchers mainly carry out theoretical construction and theoretical testing from two directions, deductive approach and inductive approach (Neuman, 2007). Deduction approach starts with the abstract thinking, then combining theoretical concepts with concrete evidence to test theoretical concepts (Easterby-Smith et al., 2015); Induction approach is to analyze the individual facts acquired from observation, experiment, and investigation, and to summarize the general principle and rules from above behaviors (Easterby-Smith et al., 2015), it start with the theme and several vague concepts, then refining the concepts through the progress of observation, establishing relationships, and ultimately establishing theory (Neuman, 2007). Generally, induction approach is to collect data and analyze data and after that establish a method of theory. This study conducts an induction approach. Because the factors affect the survival of IJVs involving Chinese family business are still unknown. This study is going to conduct in-depth observations and research from multiple Case studies, and then summarize the general rules and get new knowledge, which makes up for the gap in this topic. In our research, we through literature review, in-depth research by previous scholars has provided us with many factors that affect the survival of IJVs However, there is no research focus on the topic that Chinese family business as one of the parent firms of IJVs.
3.4 Research Purpose

The research purpose is dividing into three types based on the goal that researchers want to achieve: 1) Exploratory research, which is mainly used to explore an unknown topic and to conceive more precise questions so that future research can seek further answers; 2) Descriptive research, committed to have a precise understanding of an known issue, and present a picture of the relevant context, social background or relationship details; 3) Explanatory research, the purpose of which is to try to explain why a known issue presents a unique phenomenon, then find out why things happened (Neuman, 2007).

In terms of our research question, previous scholars have provided us with many factors that affect the survival of international joint ventures. However, there is no research focus on the topic of Chinese family business as one of the parent firms of international joint ventures. This led to a limited inference about this problem based on previous research results. Thus, it promotes us to discover what the factors affecting the survival of Chinese family businesses’ international joint ventures, and looking for the reasons behind. Therefore, the applicability of the use of exploratory research reflects in the new findings through our research, which can provide new insights into the survival of international joint ventures of Chinese family businesses.

3.5 Methodological choice

Our research conducted qualitative research with the reasons below. First of all, in our research, the main body of our research is an international joint venture involving Chinese family businesses, and we are looking for what factors will affect the survival of this subject. Due to Chinese family business with the context of Chinese culture, which is an elusive, intangible, and rich-content factor (Saunders et al., 2009), thus, using qualitative research is appropriating. Secondly, previous scholars mostly choose quantitative research method in the research regarding what factor influence on the survival of IJVs in the Chinese context, because the data of listed companies can be acquired easily, and the data is objective that cannot be affected by other factors (Saunders et al., 2009; Easterby-Smith et al., 2015). At the same time, because most Chinese companies are not willing to accept interviews and share experiences, the acquisition of interview data has increased level of difficulty.
However, under specific culture background, the interaction and emotional connection between people could not be reflected in the data. Therefore, compared with quantitative research, qualitative research can help us better understand the behavior of family members and their interaction with non-family members in joint ventures involving Chinese family business, which provides new insights into our study.

3.6 Research strategy

3.6.1 Research approach- Case study

Generally speaking, there are six qualitative research approaches “action research, archival research, ethnography, narrative methods, grounded theory, and case study” (Easterby-Smith et al., 2015). Based on the specific context and objection of our research question, we decide to use the case study as our research approach.

The case study is an in-depth description and analysis of the bounded system (Merriam, 2010), which can reach a deep understanding of the phenomenon in the specific context (Miles and Huberman, 1994).

Regarding our research object, The object of our research is the IJV involving Chinese family business, at the same time Chinese family business is deeply influenced by Confucian culture. Under this specific cultural and organizational context, it is reasonable to use a case study since the consideration of the specific context is one of the strengths of the case study approach (Merriam, 2010).

Specifically, we conduct multiple case studies. We interview 11 people who come from 4 different companies and each company as a case. Because the survival results of our cases are distinct—successful or fail, hence we can discover the factors not only within each case but also by comparing the cases in different situations—both in the success situation and failure situation, which bring higher credibility for our study (Baxter and Jack, 2008).

Moreover, multiple case studies have broader applicability for exploratory research (Eisenhardt and Graebner, 2007), it is suiting for our aim of exploratory research.
3.6.2 Data Collection

For creating qualitative data to answer the research question, conducting data collection is necessary to step and play an essential role during qualitative research. Normally, qualitative data focus on what the participants said and done, which acquire in non-numeric form. This also can help us to get insight into the organization and social reality (Patton, 2015). According to Easterby-Smith (2015), the purpose of data collection is that through collecting this information, we can obtain and capture qualitative evidence and then transfer to fruitful data analysis. Based on these, it can build trust and honest answer to solve the research question. Besides, the primary method to achieve this purpose is to adopt an in-depth qualitative interview, which can create an environment to help us discovery views and perspectives fully (Easterby-Smith, 2015).

In the following content, we introduce our sample criteria and strategy first, followed by our data sources, which including primary data and secondary data. The primary data collected from the interview and companies’ documents; and the secondary data collected by the cases’ official website.

3.6.2.1 The criteria of sampling

Because the object of our research is the IJV involving Chinese family business. Firstly, the criteria of sampling are narrow to Chinese family business (we use the definition from Miller et al. (2007), “….. a firm in which multiple members of the same family are involved as major owners or managers, either contemporaneously or over time.”

Secondly, the Chinese family business need to be involved in international joint ventures (successful or fail);

Thirdly, our interviewee needs to play a role both in Chinese family business and international joint venture.

3.6.2.2 The strategy of sampling

Consider our research is surrounded by international joint venture’s behavior of Chinese family business. Because (1) lots of Chinese family business do not want to accept the attention from outside; (2) China as a specific country, business information is not enough for
people to search. In term of the Chinese culture and challenges in accessing information about Chinese firms, it is difficult to establish contacts through random sampling. Thus, it is necessary for us to find a middleman who could access the network of the family business in China. Then we get the first interviewee; after that, we could acquire another interviewee by the recommendation of the previous interviewee — this method matched with snow sampling and is the most effective method for us.

Snowball sampling, also known as recommended sampling, is a sampling method for finding respondents in a sparse population. Sparse population refers to the total number of units with tiny units and very uneven distribution (Etikan, 2016). Usually, when we find someone who meets our and in our sample, then we will ask them whether can introduce others that also meet the criteria (Easterby-Smith et al., 2015). It is clear to see that the advantage of this method is easy to control sample and sample characteristics, at the same time, it is good for us to find some people who are very rare, which can increase the possibility of contact with them. Besides, snowball sampling has strong feasibility, and the costs are relatively low (Easterby-Smith et al., 2015).

3.6.2.3 Data collection: semi-structured interview

The semi-structured interview can employe in our interview. Semi-structured interview refers to an informal interview and based on a list of questions. This method can adjust the question in the interview according to the actual situation, making the interview process more flexible (Easterby-Smith et al., 2015). Thus interviewers can handle different situation flexibly. Connected to our research, firstly, we mainly explore “what factors to influence on the survival of Chinese family businesses’ international joint ventures,” during this research, the relationship of the character of Chinese family business and survival of international joint ventures are our focal point. Thus the question will relate to four aspects, the reason for successful IJV, the reason of fail IJV, the culture of Chinese family business and the character of Chinese family business. Secondly, for better understand and know deeply about psychology and behavior of interviewees, at the same time help us to clarify the purpose of our interview, we choose to create topic guide which including “opening question, question around a number of key topics and closing question (Easterby-Smith et al., 2015).” For example, we want to figure out Why IJV failed? It could not help directly to ask interviewee at the early stage because this challenging question could make the interviewee feel
uncomfortable or unappreciated. Thus we can use what challenges you have experienced or faced in the business instead of failed? Besides, for getting more answers, we could request some examples or ask some opening questions from interviewees, for example, asking a similar question: could give us some examples or why this happened?

During the in-depth interview, face to face interview is an effective way of collecting information, because this way can help us collect much information. Meanwhile, it can observe and understand the research questions from the interviewer’s facial expressions and different aspects, and make the respondents feel our attention accordingly try to give a detailed answer (Easterby-Smith, 2015). Thus our interview prefers to adopt face to face. However, Consider the geographical restriction; some interviews have to conduct through skype. Thus we combine face to face with Skype as our main collection methods.

Finally, four Chinese family business with 11 people accepted our interview (Table 1), which represents different industry and position. As the following figures show that we interviewed two people in family business A, three people in family business B, two people in family business C and four people in family business D. Both of us are Chinese native speaker accordingly using Chinese to do interview can better understand each other. Besides, we recorded all interview information through manual scripts together with records that have been informed interviewees in advance. It can help us to get more information and make an interview’s context more reliable. Moreover, after that, all records can put together and conduct comparison in order to ensure the integrity of data.
### Table 1. The information of interview.
Source from: Organized by author

<table>
<thead>
<tr>
<th>Case</th>
<th>Size of company</th>
<th>Interviewee</th>
<th>Partner’s country</th>
<th>Time</th>
<th>Method</th>
<th>Language</th>
<th>Industry</th>
<th>Survival of IJV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>SME</td>
<td>Liu</td>
<td>Canada</td>
<td>1:00</td>
<td>Skype</td>
<td>Chinese</td>
<td>Technology &amp; Entertainment</td>
<td>Still exist</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hong</td>
<td></td>
<td>1:45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tao</td>
<td></td>
<td>1:15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case B</td>
<td>SME</td>
<td>Tiejun Yu</td>
<td>Iran</td>
<td>3:45</td>
<td>Face to face</td>
<td>Chinese</td>
<td>IT</td>
<td>Still exist</td>
</tr>
<tr>
<td>Case C</td>
<td>SME</td>
<td>Lee Bai</td>
<td>Germany</td>
<td>1:30</td>
<td>Skype</td>
<td>Chinese</td>
<td>Office furniture</td>
<td>Failed</td>
</tr>
<tr>
<td>Case D</td>
<td>SME</td>
<td>Zhen Yao Ao Gang</td>
<td>Sweden</td>
<td>4:15</td>
<td>Face to face</td>
<td>Chinese</td>
<td>Catering</td>
<td>Failed</td>
</tr>
</tbody>
</table>

3.7 Data Analysis

Based on the content of our interview, we divided it into four cases and designed our research methods according to what factors we studied to influence the survival of IJVs involving Chinese family businesses (Figure 3).

**First of all**, we introduce the basic situation of each case. Because the research subject is complicated, it includes the two organizational structures of the joint venture involving family business and family business. Therefore, we will divide the individual case into two parts: One is a family business, and the other is a joint venture in which family businesses participate. This division runs in the second step.
Secondly, the analysis base on the description of each case, the purpose of which is to find out the factors that influence the success and failure of each case IJV survival — after that, identifying critical factors in each case.

Thirdly, based on the success and failure of IJVs’ survival in the four cases, we divided them into two groups: the successful group and the failed group. Then compared them in different groups. The aim is to find out: what are the common influencing factors in the successful group; what are the same influencing factors in the failed group.

Finally, the success and failure groups are compared by cross-case analysis accordingly find out the coexisting influencing factors, and then compare with the previous theory. After that, we will analyze the reasons and conclude.

<table>
<thead>
<tr>
<th>In-depth portrait cases</th>
<th>Analysis within the case</th>
<th>Cross-case analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>Case A</td>
<td>Successful cases comparison</td>
</tr>
<tr>
<td>Case B</td>
<td>Case B</td>
<td>Failure cases comparison</td>
</tr>
<tr>
<td>Case C</td>
<td>Case C</td>
<td>Successful VS failure case comparison</td>
</tr>
<tr>
<td>Case D</td>
<td>Case D</td>
<td>Conduct the successful case analysis and the failure case analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Find out the coexisting influencing factors:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Compared with the previous theory</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Draw the conclusion.</td>
</tr>
</tbody>
</table>

Figure 3: Analysis Process Schematic
Sources from: Author

3.8 Trustworthiness

3.8.1 Reliability

Due to the nature of the subject, the participants’ responses may exist subjective emotions in the interview (Robson, 2002). For example, we only interviewed one of the IJV participants, and there have different results about IJV’ survival, such as success or failure. Thus because of an unsatisfactory experience, one of the interviewed participants may bring prejudice or
negative emotion to answer the question. In order to avoid this problem, we set up different questions on the same topic repeatedly; the aim is to determine whether the interviewee can answer the question objectively. Also, we searched for relevant reports and news before the interview for ensuring the reliability of the collection of information, in case the participants exaggerated and deliberately distorted answers, which affect the quality of information. Besides, we need to interview Chinese family business, which is influenced by the hierarchical culture of Confucianism, (such as son or daughter need to follow father’s suggestion). Thus when there is a blood tie in our interviewees, due to the influence of Confucianism, son/ daughter possible to say something that parents want to hear, affecting the authenticity of the answer. Further, the type of management could effect on the relationship between leader and employees. When there exists high centralized management in the company, employees may evaluate the mood and thoughts of the boss and fear carefully, to tell the truth to us, which lead to threatening the reliability of data (Robson, 2002). Based on this, in the interview, we interviewed only one person at a time to achieve the purpose of isolation of the respondents, at the same time, we promise that we will keep confidentiality of all interview content. Not only that, in all the interviews, we prepared the meeting room in advance and reminded the interviewer to mute the mobile phone to prevent the possibility of being disturbed during the interview. Moreover, under the agreement of our participants, we recorded all interviews to prevent specific errors in the process of manually collecting data, hindering the reliability and authenticity of the data.

3.8.2 Credibility

Before the interview, we informed the interviewee about the purpose of our research and the way we obtained the information. At the same time, we also informed the respondents that we will keep secrets for all interviews and personal information, thus creating an environment that makes respondents speak freely. Further, during the interview, we did not ask questions from the beginning, but started with interesting chats, letting the respondents relax through a short chat so that they can get more reliable data. Besides, both recordings by hand and by machine apply in the interview for increasing credibility. Because we may appear incorrect records, thus the recordings by machine can be used to compare manual notes for correcting possible errors, which make the empirical research results rigorous and reliable.
3.9 Research Ethics

Research Ethics refers to whether the source of the data obtained by the researcher is subject to ethical constraints; whether inform and explain the reasons and means of data acquisition to interviewees; whether anonymize all information, the goal of this is to prevent the respondent's interests from losing (Saunders et al., 2009).

First, before the interview, we found the first respondent through the middleman and use the method of snowballing to search for the next participant. According to this, we have not only informed the middleman by email that including the subject of our research, the reason and use of the information and a confidentiality agreement, but also when we interviewed each respondent, we still sent the same email to them again and determined whether they received it.

Further, under the agreement of every interviewee, we collected information through second-hand data sources before the interview for obtaining relevant knowledge about our research. Rather than searching for information on the respondent's information or observing and analyzing the behavior in public, without getting the consent of the participants (Saunders et al., 2009).

Besides, since all of the subjects we interviewed chose to be anonymous, all the information that appears in this article, we have given the pseudonym, including the name of the company, the name of the interview. Finally, we give participants the right to choose or reject to join our interview, and we also tell participants that we will also screen them to retain the most suitable participants who can provide the most realistic and sufficient data for our research.
4 Empirical findings

4.1 Case A

4.1.1 Chinese Family Business A’s introduction

In 1994, Liu and his wife, Yun, found Company A (Figure 4, 2019), each of them accounted for half of the company’s shares. In the early period of the company, Liu was the company’s parent” and employed several roles. He is not only responsible for the company’s day-to-day management but also for work with employees in technical research and development department. Liu’s wife, Yun work as a financial manager and help Liu to manage the company. After the company’s development is on the right track, and the scale is continually expanding, Liu needs more people to help him in the company. Hence, he arranged his brothers and sisters to work in the company.

In 2013, due to physical reasons, Liu’s wife quit from the company’s daily management but still retained shares in the company. At the same time, Liu’s youngest son, Tao completed his undergraduate study. To make his son familiarize with the company as soon as possible, Liu arranged Tao as chairman secretary and stayed with him every day. Also, Liu has another
son, Hong who only have shares in the company, but he not involved in the management of the company.

In terms of the management style, Liu concern for employees is not limited to work but extends to life. In the interview, Tao mentioned that,

> Since I was a child, my father often invited employees to visit us. When some staff got married, Dad would take me to congratulate; even in the Chinese spring festival, Dad would also prepare gifts for his employees.

(Tao)

Besides, Liu has two siblings and is the eldest in the family. He takes care of his siblings from childhood to adulthood. Tao told us,

> My father is so charming [...] he likes to control everything [...] interferes a lot with my life, which is one of the reasons why I do not want to go back to my father’s company[...].

(Tao)

However, another son Hong complained that,

> [...] He likes to control everything [...] interferes a lot with my life, which is one of the reasons why I don’t want to go back to my father’s company[...].

(Hong)

### 4. 1. 2 International joint venture A

Hong told us the story about the building of the (IJV) A:

> I worked with Peter in the same famous Canadian technology and entertainment firm and had a good relationship. [...] both of us were dissatisfied with the existing company management model for a long time. So we decided to quit the job and created our own company.

(Hong)

Both Hong and Peter want their family to invest in the new company since the technology and entertainment industry needs enormous investment, and the risk of personal financing is high. Coincidentally, the families of the two sides both own technology-related family
businesses: the Chinese family business has the capital strength and abundant resources; the Canadian family business has a high level of technology.

However, due to the substantial capital strength of Hong’s family business, it is hoped to build a wholly-owned company with full control, and hire Peter to work as a technical consultant. However, Peter’s family opposed this idea. Hong said:

*Peter and I have been working in the same company for many years. We have a good reputation among our colleagues, so we trust each other. However, his family disagrees because they think the Chinese are too smart [...] if Peter only as a technical consultant, they afraid we are going to steal the technology [...]. (Hong)*

After negotiations, the two parties decided to choose IJV to bear the risks and benefits together. Besides, another reason for the establishment of IJV A is that Liu always hopes that Hong can participate in the management of his company as same as his youngest son, Tao. IJV A established in February 2017 (Figure 5, 2019). Its main business is digital film and game development, interactive cinema development, and production. Considering the ratio of capital and technology, family business A accounts for 70% of the shares. Thus Hong was appointed as CEO of IJV A. Canada family business accounts for 30% of the shares, and Peter works as a manager in the produce department.

Meanwhile, the board of directors established. The board of directors has eight directors, Chinese family business A and Canadian family business each take four places. Liu is the chairman, and vice-chairman is Hong and Peter (Table 2).
Figure 5: The structure of IJV A
Source from: Interview, 2019

Table 2: Key figure’s position in IJV A
Source from: Interview, 2019

<table>
<thead>
<tr>
<th>Name</th>
<th>Liu</th>
<th>Hong</th>
<th>Tao</th>
<th>Peter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position in IJV A</td>
<td>Chairman</td>
<td>CEO and the board of director</td>
<td>Chairman secretary</td>
<td>Manager and the board of director</td>
</tr>
</tbody>
</table>

Since IJV A established in 2017, IJV A has performed well, and there have been no significant problems during the cooperation process, as Hong said:

*From the beginning, we have clearly defined each other’s responsibilities, […] we have shared values […] to provide customers with high quality and easy to maintain products […] this is also the core reason why we initially decided to resign and build IJV […] even if there is some little friction, we will try our best to communicate and solve […].

(Hong)

Inevitably, it appeared some conflicts in IJV A. Hong suggests that:
The cultural differences between two countries [...] such as overtime [...] the Canadian team does not advocate overtime work, [...] work efficiency is very high. [...] back to enjoy life. However, my father's values always regard the family business as our second home, which means if your superior does not get off work, it means that your elder does not have right to leave [...] it's not humane [...] I feel like the employees are working overtime not because they haven’t finished their work, but only because their boss has not gone. (Hong)

Obviously, Hong is very dissatisfied with this phenomenon:

I don't think it is necessary [...] My father's thinking is still more traditional and like many other Chinese entrepreneurs, he regards overtime work as a type of hard work [...] this will create a vicious circle. The employees know that they have to work overtime and the working hours have to extend, [...] the efficiency of the work is low. Even, their efficiency starts to rise when it is time to get off work, and want to show how hardworking they are to their boss [...] When all the employee is Chinese, from the employer's point of view, the problem is not apparent. After all, everyone works overtime [...] However, in IJV A, the Chinese worked overtime, and the Canadians did not work overtime. The psychological gap between Chinese employees was huge, [...] will bring conflicts [...] (Hong)

But this small cultural conflict has been adequately addressed and resolved.

I have been communicated with my dad privately [...] dinner and some family time [...] I also organized a meeting with Canadian and Chinese employees on the issue of “overtime” [...] I talked with Peter in time [...] understand the real thoughts of the other employees [...] Later, my father making concessions, and began to call on employees to learn from the Canadian side, work efficiently. (Hong)
Moreover, Hong and Peter create another way to increase communication opportunities between employees of both parties:

When I was working in Canada, there was a lot of after-work activities that gave me more opportunities to communicate with my colleagues [...]. More communication between the departments, [...] and more uniter in the company. [...] I found that Canadian staff focus on enjoying life; while Chinese employees are more frugal and unwilling to spend too much money on entertainment; on the other hand, overtime also takes up leisure time [...] I organized the after-work activity every Wednesday night, letting everyone get off their work, to know more about each other, and all the expenses [...] by the company. (Hong)

Another interesting thing is Liu, prefers to believe Hong's judgment in the joint venture and cannot give full trust to Peter, even Hong and Peter have the same idea.

As Tao said:

The cooperation is generally smooth [...] My brother played a key role. My father has run a company for more than two decades [...] do things with experience, but Peter provided many suggestions based on technical knowledge at the meeting. My father is not willing to accept; most of the time, my brother went to discuss with my father privately [...] Father believes what my brother said, [...] from my point of view, my father's action [...] I feel that it is unfair to Peter. (Tao)

Besides, Hong also mentioned that

A lot of questions can't put on the table, for example, this "Mianzi" problem [...] I talked to Peter privately, [...] Besides, if we face a problem, I will let him tell me firstly, and we will discuss it together and say to the father euphemistically. (Hong)
4. 2 Case B

4. 2. 1 Chinese Family Business B’s introduction

As shown in figure 6, family business B was established by Tiejun and his brother Qiang in 2009, with 80% control by Tiejun and 20% control by Qiang. Tiejun is the CEO of the company, and Qiang responsible for expanding the market, and he works as a market manager.

Family business B has served in the IT industry for many years. However, due to the increasing market penetration of large companies in the domestic IT market, the survival and development of small companies suffer from threatening. To achieve the family business B's growth, Tiejun decided to internationalize. However, this is not an easy decision. As Tiejun said:

*We wanted to enter the foreign market as early as 2014 since the domestic market has shrunk consistently, and many of our peers have begun to have a try. But my brother has always disagreed. He thinks this is questioning his ability, and he does not want to give up the domestic market. I don’t want to say anything; after all, I don’t want to hurt him and bring the trouble to the family. But after a few months, there were no
sales, and the company would close soon. So, I found someone to do a website and started a foreign business. My brother was so angry and left the company. (Tiejun)

In 2015, after Qiang leaves the company, Tiejun asked his wife Xin and Xin’s brother Yu to join the company, named financial manager and market manager. Xin takes over 20% shares at the same time, and Yu takes 10% shares in family business B. As for the management of the company, Tiejun appoints the family member into the company.

Another interesting thing is the wife, Xin. She admitted that she never participates into the discussion of the firm’s decision; she only wants to join the family business and support her husband.

4. 2. 2 International joint venture B

Family business B exported the product to different Iranian companies in 2015 for several times, and the performance was quite good. But something happened in 2016.

we found a new [...] when we have already sent products to this company, they disappeared [...] and did not give money to us [...] I have never encountered it before. I was thinking, it would be better if I found someone can help me to undertake risks. (Tiejun)

So, he starts to have the idea to look for a local partner to do the business together.

I usually use translation software for doing business; even if I want to argue with them, [...] and this also our mistake because we don’t have enough knowledge about the local laws, networks, and culture. So, I thought that if I had a local partner, this would not happen. (Tiejun)

Under this situation, he decided to choose an Iranian company to build IJV eventually.

We had business dealings with an Iranian company before, [...] I trust them and they also have good competence and reputation [...]. (Tiejun)
As the above picture shows that (Figure 7), in 2017, family business B built an IJV with an Iranian company. Tiejun appointed Yu as the main person to take part in IJV at the same time dispatched core employees in research and development department to the new joint venture. So far, this joint venture still exists.

![Diagram of IJV B: 2017 till now]

**Figure 7: The structure of IJV B**
Source from: Interview, 2019

According to Table 3 (2019), Tiejun, as the vice-chairman, did not show his ambition on control, he hoped that cooperation would last for a long time. as Yu said:

> My brother-in-law is a more traditional person. He believes that it is a blessing to lose, and it is acceptable to earn less [...] He feels that long-term stable cooperation is more critical and tries to avoid conflicts. I think this is one of the reasons why our business can continue to grow.

(Yu)
Besides, Yu organized lots of activities to facilitate the communication between Chinese culture and IRian culture in IJV B. Meanwhile, before the establishment of IJV, he also learned some Iranian culture in advance.

4. 3 Case C

4. 3. 1 Chinese Family Business C’s introduction

Figure 8: The structure of Chinese family business C
Source from: Interview, 2019

As shown in figure 8, family business C was founded by Lee in 1987, which is mainly producing office chairs. In 1990, Lee’s wife Wang entered into the family business as the product manager, who improve the product’s quality. This creation significantly increased product sales and helped the company to win a large number of loyal customers. As a return, Lee gifted 30% shares to his wife, Wang. At the beginning of 2014, after Lee’s daughter Bai graduated from a German university, she worked as a secretary of Lee in the company for three months, and later she promoted quickly as a marketing manager and got 10% shares from Lee. During the company, Lee settled a series of rules to manage employees and offered
incentives to stimulate work performance. But Lee always arranged his relatives in a different position without any recruitment processes, which led to lots of complaints from employees. One of the relatives could not manage a group project and result in a bit of loss, but Lee still kept this relative in current position. Thus, it led to some group members quit the job.

In 2017, as the local market has become saturated, thus, to explore more possibilities, Lee decided to make the company step on the stage of internationalization. After careful consideration with Wang and Bai, he chooses to build IJV with a German company.  

Because I didn’t have the internationalization experience before, I conservatively chose this way to cooperate with local companies. This can help me decrease some risks and allow me to understand the local market better. On the other hand, my daughter Bai stayed in Germany and had the knowledge and some networks, thus promote me to chose a german company. (Lee)

4.3.2 International joint venture C

Figure 9: The structure of IJV C
Source from: Interview, 2019

As shown in figure 9, Lee delegated her daughter Bai as the main responsible in charge of the new company. In the first year, because Bai used to study in Germany and spoke German frequently, so she got familiar with German colleagues and built the good business relationship with them, which led to the cooperation went smoothly.
However, the tranquility was illusory, because Lee ’s company charged technology and Bai slowly established own network with the help of German company, so Lee began to think that his family business could survive without the help of Germany's company.

I think that the company needs to have a local partner to share risks and find resources in the early stage. [...] but things will change over time, I think Bai has already got familiar with the local market. I think it is time to stop cooperation. [...] Germany’s company proposed some requests, for example, modified product design to cater to their market. [...] sales did not increase or even got some bad feedback from customers. (Lee)

Moreover, the hierarchical authority culture with “Mianzi” as a way of expression affects the effectiveness of communication. In JV C, as Bai said,

The Germans made straightforward suggestions when they were in a meeting [...] My father is not happy; after all, many old subordinates are there [...]. Also, he feels [...] lose face; besides, my dad does not believe translator [...] even same meanings my dad believes me [...] I always translated again to my dad after meeting [...]. (Bai)

When Lee breeds this idea, this cooperation has begun to come to an end. At the beginning of 2018, Lee decided to buy out all the shares of Germany’s family business And turn IJV company into a wholly-owned subsidiary.

<table>
<thead>
<tr>
<th>Name</th>
<th>Lee</th>
<th>Bai</th>
<th>Wang</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position in IJV C</strong></td>
<td>Chairman</td>
<td>CEO and the board of director</td>
<td>The board of director</td>
</tr>
</tbody>
</table>

Table 4: Key figure’s position of IJV C

Source from: Interview, 2019
4.4 Case D

4.4.1 Chinese Family Business D’s introduction

Figure 10: The structure of family business D
Source from: Interview, 2019

As shown in figure 10, family business D established by Zhen’s brother, Jun and Zhen in China in 2009, and they each accounted for half of the company’s shares. During the company, Zhen’s brother is mainly responsible for the research and development of technology, and Zhen focuses on the exploration of the market. In 2011, with the cooperation of brothers and sisters, the family business acquired the profit and after that annual profit increase at a steady rate every year. However, in 2017, Zhen’s brother quit the company for personal reason and transferred 50% share to Zhen. At the same time, he announced that he would never take part in the company, which means that all the shares of the family business Are in the hand of Zhen.

After Zhen’s brother left, Zhen’s husband (Yao) and son (Ao) start to join the business. In terms of position, Yao is responsible for the financial department. Ao as an assistant and help Zhen to expand the market. In terms of equity. Yao and Ao owned 20% shares in the company, respectively.

Moving to the firm’s management, because of trust, Zhen, and Yao create a serious working environment and atmosphere, and they believe that strict supervision will help them to
monitor and control employees. Not only, they always stay together with employees and provide guide personally, but the aim is also to supervise the working process of employees.

As Gang said that:

[…]
Zhen and Yao always stand beside me and make me a little uncomfortable, […] they regard the company's affairs as a family matter
[...] involved in every department […] realizing that things should be done by professional people. (Gang)

Besides, after interviewing Ao (son) and an employee (Gang), we found a very interesting phenomenon, although Zhen is Ceo of the family business in the surface, in fact, Yao charges the right of the company’s decision-making. Even if Zhen masters 60% of the company’s control and equity, she always asks the advice of Yao (husband) in decision-making. It means that Zhen needs to reach a unified opinion with husband, then all decisions could be implemented. Moreover, Ao also admitted that Yao is always in a dominant position both in the family business and in the family.

4. 4. 2 International joint venture D

In 2017, Zhen was no longer satisfied with the company’s current growth, after she discusses with Yao (husband). Eventually, she decided to use IJV to open another market. Under the introduction of Yao’s sister, family business D investigated and contacted a Swedish company. Quickly, family business D started the journey of IJV.

My sister's company has successfully established IJV with a Swedish company, and both parties are very satisfied with this cooperation.
Therefore, I choose to trust my sister's network and recommendation.
After all, my sister will not lie to me. (Yao)
As shown in figure 11, family business D invested 60% capital in establishing IJV with a Swedish company. In table 5, Yao work as CEO for IJV. However, only one year, the cooperation between the two sides broke down, which means that the first IJV of family business D was failed.

So what caused the failure of this IJV? In the interview, we found that Yao always puts trust in the mouth. She believes that the lack of trust in the joint venture is the main reason to lead to the failure of IJV’s survival.

*The educational background and education level of the people sent by the Swedish company is much higher than that of our company. This will create a sense of fear. Therefore, we question whether they will take*
Yao admits that Swedish company managers always judge their products and management framework. Therefore, he started to feel his authority has been challenged.

_If it is a good idea for the company's development, I will certainly accept it. The problem is that our partner always puts forward some unbelievable opinions, which is contrary to our company's values and goals. Besides, I felt that our partner interfered with my family interests._

(Yao)

Ao claims that his father always insists on his ideas and cannot accept others’ opinion. Therefore, in the process of IJV, the manager cannot communicate smoothly with him. Besides, Ao also mentioned that

_My parents think the Swedish manager smarter than them because they have more experience and accept advanced education._

(Ao)

5. Analysis

In this chapter, we highlight the critical factors of each case based on the interview firstly, and then have an in-depth analysis on the root of these factors; Meanwhile, we divided the single case into two categories: “During family business” and “During IJV, which applied in the whole process of analysis.

5.1 Identified the key factors in Cases A, Case B, Case C, and Case D

5.1.1 Case A
5.1.1.1 Family business A

“Wulun”
Due to the influence of Confucian culture, Liu believes that his wife, son, siblings, and employees should follow his advice. It can say that he regards himself as the parent of them. In Liu’s native family, Liu, as the eldest child, has always undertaken the role of taking care of brothers and sisters. In China, there is a proverb to describe this situation: “The elder brother is like a father.” After Liu get married to his wife, it is not strange that Liu decided everything in the family. Besides, in the company, Liu has always been involved personally in everything. Therefore, the idea of “Wulun” not only appears in the family but also subtly inside the company.

Paternalistic leadership
In the management of the company, Liu constantly established personal authority based on his ability and morality. This also motivated him to improve himself, attracting some loyal followers. At the same time, everyone is full of confidence in the development of the company, and a bond of sympathy developed between members of the company.

5.1.1.2 International Joint Venture A

Guanxi-based trust
Liu shows a different level of trust for Hong and Peter. Even if Hong and Peter have similar or the same ideas, Liu is still more willing to believe in Hon’s ideas or proposals. This rooting from the Confucian culture trust. Firstly, for Liu, his son Hong is a family member and has the most robust trust relationship. Secondly, with the introduction of Hong, Liu knows Peter, thus Peter’s position transfer from stranger circle to people-just-known circle in the Liu’s trust circle. That is the reason why Liu does not trust Peter in IJV A.
According to Sun et al (2005), in family businesses, non-family members need to work for a family business for a few years to gain trust that is different in the innate trust of family members. As for another prominent family member, Hong, his circle of trust is a little different from Liu (Figure 11). Although family members are at the core of trust, Peter has already entered into the position of acquaintances (Figure 12), because Hong and Peter not only have a good working relationship in Canada’s company and but also develop a friendship with each other before. Based on this kind of trust, Hong and Peter can cooperate smoothly in IJV A.

Figure 11: Guanxi-based trust model of Liu
Figure 12: Guanxi-based trust model of Hong

**Communication**

In terms of Hong, whether communicating with his father or communicating with Peter, he has created an informal communication channel that allows both parties to accept Hong’s advice, thereby avoiding potential conflicts and increasing the stability of IJV. Not only that, but Hong also established an informal communication channel between employees through the after-work activities, which gave the space and platform for cultural integration, enabling the company’s employees to understand the values in different cultural contexts. Ultimately, the possibility of conflicts and misunderstandings are reduced in IJV A.

**“Mianzi”**

Under the suggestion of Hong, Peter gets used to a more euphemistic approach to express when he communicates with everyone in IJV. In the beginning, Peter often advises employees in public. For some Chinese employees, this would make them lose “Mianzi” and feel embarrassed and angry; For some Chinese managers, when they accused by the leader in public, they feel like to lose dignity and status. This behavior may cause psychological shadows for some managers and employees, thus affecting the stability of IJV (Holton and Richard, 1990).
The intermediary role of the family member

Hong, on the one hand, he and Liu are family members, hence, they have a bloody tie and have the most potent trust; On the other hand, he has other relationships with Peter: Hong studied in Canada and worked as a colleague with Peter; this previous overseas working or learning experience enables Hong to understand Canada’s culture and behaviors of Peter. Therefore, He can play a role in reconciling between the two cultures and become a bridge for communication between the two parties (Figure 13) in IJV A.

![Hong's intermediary role in the IJV A](image)

Figure 13: Hong’s intermediary role in IJV A

Common goals

The starting point for cooperation between IJV A’s partners is the dissatisfaction with the management system and marketing strategy of the Canadian companies that Hong and Peter worked together before, so they have a common goal before the establishment of IJV. This shared vision brings two partners together and solves problems actively.
5.1.2 Case B

5.1.2.1 Family business  B

Table 7: Key factors in IJV B

<table>
<thead>
<tr>
<th>Company</th>
<th>During Family Business</th>
<th>During IJV</th>
<th>Outcome of IJV</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>“Wulun”</td>
<td>Harmony</td>
<td>Guanxi-based trust</td>
</tr>
</tbody>
</table>

Harmony

In the family business B, Tiejun has to make a cosmetic compromise to his brother for avoiding the conflict and keeping the union of family. During the interview, he emphasized that family harmony is the most important thing for many times, so he choose to trust his brother, even he has already realized the opportunity of the international market.

This situation verified the fact that the correctness of decision-making is not an essential thing in terms of family harmony in a family business, and family member will keep the union of the family through trust and tolerate (Zeng, 2003), even sacrifice the economic interests.

“Wulun”

As the younger brother, Tiejun not only obeys his brother’s orders in the family but also do what his brother says as much as possible in the business, even Tiejun as founder and CEO who occupied a relatively higher sharing ratio (80%) than his brother (20%). Thus it can be said that under the influence of “Wulun”, family relations were extended to the company.

According to Gong (2013) “the parent” with older and higher qualification tend to assume the role of the top leader in the family business. Hence, the authority of the top leader is no longer delegate based on the position and family ownership instead of the family relationships advocated by “Wulun”.

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5.1.2.2 International Joint Venture B

**Guanxi-based trust**

First of all, in Tiejun’s Guanxi-based trust circle (Figure 14), family members always stand in the core. This is the reason why although many non-bloody relationship employees have more extensive management experience than Yu in Chinese family business B, Tiejun still appoints Yu to manage IJV B. Secondly, the manger from the Iranian company has already stood in the position of acquaintance. Because Tiejun has previous cooperation experience with him, and they develop a good friendship with each other. Thirdly, under the introduction of Tiejun, Yu knows the Iranian manager. Thus, in the beginning, the position of the Iranian manager from stranger to people-just-know in Yu’s trust circle. With the development of IJV, Yu not only gradually established a working relationship but also developed a friendship with Iranian manager. It leads to Iranian manager to enter into the acquaintance area of Yu’s trust model (Figure 15). Through trust’s building, Yu and Iranian will have the tacit cooperation in IJV B.

![Figure 14: Tiejun’s Guanxi-based trust model](image-url)

Figure 14: Tiejun’s Guanxi-based trust model
Communication

Regarding communication, Yu learned about Iranian culture at the beginning of the establishment of IJV, and he also held cultural exchange activities at the company regularly, which enabled Chinese employees and Iranian employees to understand each other and reduce potential conflicts in their work. Not only that, when Iranian manger offers some advice about the product based on market research, Yu always actively discuss with Iranian managers and can accept good opinions. Through enough communication, the problems have resolved promptly in IJV B.

Previous experience

The unpleasant cooperation experience between Tiejun and his brother Qiang in the family business before promotes him to adjust his management style. Also, Tiejun realized the importance of communication. Accordingly, Tiejun not only gave Yu enough autonomy to manage IJV B but also advised him to keep communicating with partner in IJV B.

Clear division of management

Due to the unpleasant cooperation experience of Family business B before, leads, Tiejun realizes that he lacks local market knowledge and experience. He understands that his company’s competitive advantages on production. Therefore, during IJV, the duties between family business B and Iranian companies are apparent. The Iranian company is responsible for exploring the market, and family business B provides technical production. Through a
clear division of responsibilities, avoiding conflicts by inefficient overlapping or ambiguous duties, and promoting the stable development of IJV (Ren, 2017).

5.1.3 Case C

<table>
<thead>
<tr>
<th>Company</th>
<th>During Family Business</th>
<th>During IJV</th>
<th>Outcome of IJV</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>&quot;Wulun&quot;</td>
<td>&quot;Mianzi&quot;</td>
<td>Control</td>
</tr>
<tr>
<td></td>
<td>Guanxi-based trust</td>
<td>Communication</td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Key factors in IJV C

5.1.3.1 Chinese family business C

"Wulun"
In Chinese family business C, Lee’s daughter Bai and wife Wang were influenced by "Wulun" and showed great obedience to father and husband. This also promoted Lee’s desire to control everything and extended this desire to the company. For example, in the company, he also thinks his subordinates need to obey him unconditionally. This is also one of the reasons that promote Lee to interfere with the management of her daughter in IJV C.

5.1.3.2 International Joint venture C

Guanxi-based trust
Firstly, in Lee’s trust model (Figure 16), he puts Bai in the core, because Bai is a family member. To the translator in the meeting, Lee regards him as a stranger. Plus, Bai is good at speaking German. Thus, after meeting, he always asks Bai to repeat context to him, even Bai said the same thing with the translator.
Secondly, the manager of German only stands in a people-just-know area in Lee’s trust model, because German manager never give “Mianzi” to Lee in the meeting, which leads to
Lee does not build trust with him. Due to untrust, Lee begins to question the decisions of the German manager.

Thirdly, Bai has a different trust circle (Figure 17). She puts the German manager in acquaintance area Because she had an overseas studying experience that helped her understand the German manager better. It is the reason why she can cooperate with German partners smoothly at the beginning of IJV.

Figure 16: Lee’s Guanxi-based trust model
Figure 17: Bai’s *Guanxi*-based trust model

“Mianzi”

German manager always directly expressed opinions to Lee at the meeting in front of the his daughter Bai and other subordinates, this situation make Lee feel that he lose “Mianzi”, which directly led to Lee’s dissatisfaction.

**Communication**

In terms of Bai, although she had a learning experience in Germany and was able to communicate well with German colleagues, she did not make her father understand a culture by communicating enough. Furthermore, she did not tell the German manager about Chinese culture which related to work, such as the “Mianzi” problem. Thus, it exacerbated the contradiction between the German manager and her father, Lee.

**Control**
Although Bai is the CEO of IJV C, her decision always intervened by her father. Meanwhile, Bai gets used to following his father’s opinions, when his father decides to finish IJV, she lets the event take place.

5.1.4 Case D

<table>
<thead>
<tr>
<th>Company</th>
<th>During Family Business</th>
<th>During IJV</th>
<th>Outcome of IJV</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Wulun”</td>
<td>Division of power and responsibility</td>
<td>Guanxi-based trust</td>
<td>communication</td>
</tr>
</tbody>
</table>

Table 9: Key factors in IJV D

5.1.4.1 Chinese family business D

“Wulun”

At home, Yao is the “parent” of the family, his son (Ao) and wife (Zhen) always obey to his arrangements; this relationship also extends to the family business. In Family business D, in the surface, Zhen control and manage the company, but in fact, Zhen’s every decision follows Yao’ advises. When Yao disagrees with Zhen’s idea, Zhen choose to obeys his husband, even she has a higher equity ratio (60%) of shares than his husband (20%). This situation formed a high centralized mindset of Yao gradually. Hence, he is used to others to listen to his ideas.

Division of power and responsibility

In Family business D, according to the description of Gang (employee), Yao acts as a financial manager but also interferes with the product. This is because Yao regards things in the company as “Things in his own home,” which leads to the unclear division of power and responsibility, and employees have interfered.
5.1.4.2 International joint venture D

Guanxi-based trust

As Figure x shows, for Yao, his family member Zhen (wife), Ao (son), sister stand in the core area, and Gang, who has worked in family business D for many years, entered into acquaintance area.

Also, family business D choose this Swedish partner, because of the of Yao’s sister. Thus, in terms of trust in sister, Yao allowed Swedish partner to enter into the people-just-know area.

However, Yao took a precautionary attitude towards Swedish manager for a long time, because he felt that the manager may be smarter than him since the Swedish manager has advanced education. Thus he cannot let the Swedish manager enter the acquaintances' area (Figure 18).

Figure 18: Yao’s Guanxi-based trust model

Control

For Yao, he always manages and controls everything in the family business. As the CEO of IJV D, he also continued this way to IJV D. Because he gets used to others to listen to his
orders, thus when Yao and Swedish manager have different opinions about same problems, Yao seldom accepts manager advises, which leads to some conflicts in IJV D.

**Communication**

Yao builds a top-down communicate way and brings this way to IJV, which leads Swedish employees’ dissatisfied.

**“Mianzi”**

Swedish managers often doubt Yao’s decisions in the company’s meetings. It makes Yao lose “Mianzi.” Also, Yao could not accept the suggestion from the Swedish partner, because he gets used to a way that is to make others follow his opinions and believe his judgment. Thus, when the Swedish manager proposes some suggestion in public, he felt that his ability was questioned and also lost “Mianzi.”

5. 2. **Compare the successful experience of Case A and Case B**

<table>
<thead>
<tr>
<th>Company</th>
<th>During Family Business</th>
<th>During IJV</th>
<th>Outcome of IJV</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>“Wulun”</td>
<td>Paternalistic leadership</td>
<td>Harmony</td>
</tr>
<tr>
<td>B</td>
<td>“Wulun”</td>
<td>Paternalistic leadership</td>
<td>Harmony</td>
</tr>
</tbody>
</table>

Table 10: Key factors of Case A and Case B

As shown in Table 10, three factors have emerged in both successful cases A and B: “Wulun”, “Guanxi-based trust”, and communication.

**“Wulun”**

In Case A and Case B, both of them are influenced by the hierarchical order thought of “Wulun”, which are manifested in two aspects. In the family, follow the five different kinds
of relationships roots from “Wulun”; In the company, follow the “Wulun” level idea. However, “Wulun” has a distinct impact on the family businesses A and B.

In case A, first of all, Liu is the eldest child at home, the younger brother and sister obey his arrangement. Secondly, Liu’s wife also believes the husband’s decision. Therefore, “Wulun” makes family members connected closely and gives them a formal order relationship, which reduces the possibility of conflict and facilities family harmony. “Wulun” is more comfortable for Liu to make decisions in family business A, increasing the efficiency of decision-making.

As for case B, “Wulun” became the cause of the contradiction. Because of hierarchical order shows by “Wulun,” it can not deny that Tiejun needs to follow the arrangement of his elder brother at home. When it comes to the family business, Tiejun shares and positions are higher than his brother Qiang. From an institutional point of view, Tiejun has the right not to follow Qiang’s decision. Although Tiejun was dissatisfied with his brother’s decision (stay in the domestic market), he still chose to compromise to maintain his relationship with Qiang since the Confucianism has ingrained in the minds of Tiejun and Qiang. Notably, the core of Confucianism is that the interests of the family are much higher than everything (Bell, 2000).

In summary, the clear hierarchical relationship forming by “Wulun” can make the internal responsibility of the family clear and promote the harmonious and stable development of the family. When high-ranking parents (such as, elder brother and so on.) are in senior positions in family business companies, “Wulun” can intensify family cohesion and concentrate the power of family members to promote business development. However, when the high-ranking parents hold a low position in the family business (for example Qiang from family business B), the leader of the family business needs to balance the relationship between the family and the business. But because “Wulun” from Confucian culture advocates harmony and put the interests of the family first (Fukuyama 1995; Liu, 1996; Yan and Sorenson, 2006), thus the most of parents prefer to choose the family unity rather than the development of business. This is why Tiejun still chose to continue to listen to his brother Qiang, although he knew that internationalization was beneficial to the company.

**Guanxi-based trust**

Trust based on Guanxi-based trust is well presented in IJV A and IJV B. First of all, because the trust of Confucian culture is based on the closeness of blood (Zhang, in Chinese, 2012),
thus for family members, they all show unconditional trust with each others. For example, Liu and Hong trust each other; Tiejun trust in Yu, especially even Yu did not join the company for a long time, Tiejun still sent him to Iran to be responsible in IJV B. However, for non-family members, the performance of trust is different. In IJV A, for Liu, he knows Peter based on the relationship between his son and Peter, but Peter does not belong to a family member, thus he cannot get trust from Liu in the beginning. However, when IJV gradually going better, under the help of Hong, Liu gets to know about Peter, thus the trust between Liu and Peter become more and stronger.

As for the IJV B, because there have been other types of cooperation between family business B and Iranian company before the building of IJV B and Tiejun knew the ability of Iranian’s manager, thereby competency-based trust is established at the beginning before IJV B. This trust is different from the trust of Chinese traditional culture since there is no emotional connection instead of based on the performance of both companies (Boersma et al., 2003). However, After Tiejun’s company have already cooperated with the Iranian company for several times, Tiejun built a friendship with Iranian manager. Thus trust has been transformed into an emotional-based trust, and Tiejun enabled Iranian manger to enter the acquaintance area.

In summary, Chinese family businesses have a natural trust in family members and a natural untrust in non-family members (Zhang, in Chinese, 2012), so when non-family members want to gain trust in the family business, they need to spend more time or need a collective experience to build trust.

Communication

In the process of managing IJV, the CEO of IJV A and IJV B used communication as a tool to avoid potential conflicts caused by cultural differences. Not only that, but they also pay attention to the establishment of informal communication way, because it can increase the emotional connection between employees and employees, between employees and leaders, and between leaders and leaders, so that everyone can fit with the IJV A. Besides, in Case A, due to the excessive interference of Hong’s father, Hong not only needs to use communication within the company to resolve cultural differences and conflicts but also needs to solve the problem of trust between father and Peter through communication. In general, consistent with the literature (Vaidya, 2018), it is crucial to establish appropriate
communication channels, and effective communication can solve potential misunderstandings and solve problems (e.g. the overtime work problem in case A).

Based on the successful empirical analysis of case A and case B, we can get the main factors affecting the survival of IJV: “Wulun,” Guanxi-based trust,” and communication. First, they both effectively deal with the impact of “Wulun,” as we discussed earlier, the hierarchical order advocated by “Wulun” might generate the conflicts or promote harmony when this order extends from the family to the company. In case A, “Wulun” increased the cohesiveness of the company because the position setting in the company is in line with the order of “Wulun.” As for Case B, the contradictions and adverse effects brought by “Wulun” became Tiejun’s experience, which promotes him to realize he needs to reduce his interference with Yu (brother-in-law) in IJV. Second, Guanxi-based trust model always put a family member in the center of the circle, when non-family member enters into this model based on common experience or connection. Finally, Both of them use effective communication to resolve conflicts that arise from culture and trust.

5. 3. Compare the fail experience of Case C and Case D

Table 11: Key factors in Case C and Case D

As shown in figure 11, five factors have emerged in both failure case C and D: “Wulun,” “Guanxi-based trust,” “Mianzi,” communication, and control.

“Wulun”

In Case C and Case D, hierarchical order present by “Wulun” is embodied both in the family and the company impressively. Whether it is Case C’s Lee or Case D’s Yao, they have gained
high-centralized control because of “Wulun” (Dai, 2004). In Case C, Lee thinks Bai should obey his orders both at home and in business; Also, he always interferes with daughters to make decisions. In Case D, even if Zhen is the founder of a family business and has a substantial equity ratio, the company’s decision-making power is in the hands of Yao. In summary, “Wulun” formed a high-centralized decision-making power. Hence, the firms’ fate highly depends on the ability of the decision-maker (Chen et al., in Chinese, 2017).

**Guanxi-based trust**

Both Case C and Case D put the family member into the central position of the Guanxi-based circle. In terms of the non-family members, they have some difference. In Case C, Bai and Lee, before the cooperation, they did not have a relationship with the German partners, there is no basis for trust; their mutual trust was established in the process of IJV cooperation, so it will take more time to build trust. Moreover, in this process of building trust, other problems will arise due to a lack of trust, which increases the instability of IJV. In the Case D, they choose Swedish partner based on the introduction of Yao sister. Yao trust Swedish partners based on trust in family members, so it has a good foundation of trust. However, due to Yao’s uncertainty about his ability, he still has hesitation towards the Swedish partner.

**“Mianzi”**

Both the German manager in case C and Swedish manager in Case D, ignore the importance of “Mianzi” in the minds of Chinese people, and thus there are scenes of criticism in front of their subordinates. This has essentially affected the establishment of the relationship between the two parties. For Lee and Yao, the “lose face” will make them feel that they have lost their dignity, and they lose their authority in the subordinates, thus affecting the harmony and unity of the company. This is an unacceptable offense.

**Communication**

Communication in Case C and Case D is one of the reasons that affect the failure of cooperation, but it is not exactly the same. Bai in Case C, on the one hand, she knows Chinese culture (such as “Mianzi”), on the other hand, she studied in Germany and has a certain understanding of German culture. However, she cannot build communicate bridge between the family business and IJV, and the lack of communication led to the emergence of
cultural issues, which became one of the fuses of IJV failure. Case D’s communication problem lies in the effectiveness of communication. Yao is accustomed to other people's obedience and is not willing to communicate with an open mind and accept the opinions of partners.

**Control**

Both Case C and Case D are affected by the control, but there are differences in direction. For Case C, control reflects in power, which roots from the character of family business (Silin, 1976; Yang et al., in Chinese, 2009). Even if his father sends his daughter to manage IJV, he is still unwilling to delegate power. Also, Lee interfered with his daughter's management power, especially when he saw IJV slowly on the right track, regardless of his daughter's opinion, trying to turn IJV into a wholly-owned subsidiary to control.

As for the Case D, control is more about the management. The management of Yao’s centralized power has been brought into IJV with him. In the entire IJV, Yao as a domain role has developed some strict rules to constrain the behavior of employees and subordinates. However, the manager and staff of the other party did not adapt to this control, which led to a series of contradictions.

In summary, based on the failure experience analysis of case C and case D, we can get the main factors affecting the survival of IJV: “Wulun”; “Guanxi-based trust,” Mianzi and control.

First of all, they did not deal with the impact of “Wulun” in time; based on hierarchical order present by “Wulun”, it evolved into extreme control and decision-making power in Case C and Case D, and the individual’s power was too high without checks and balances. Thus, decision-making is susceptible to other irrational factors such as personal preferences and personal emotions (Zhang, in Chinese, 2005), thus hindering the company’s development.

Second, they did not establish a “Guanxi-based trust” in an effective way. They chose a joint venture without fully trusting each other and planted seeds for later failures.

At the same time, they did not achieve effective communication. Case C was because Bai did not communicate cultural differences in time; Case D was due to Yao did not accept
communication with an open mind. Then, they ignored the importance of “Mianzi" to the Chinese, especially Chinese treat “Mianzi” as a symbol of identity and authority, and cannot be easily offended. In the end, they did not solve the problem of control. The interests of the family and the interests of the joint venture are intertwined.

6 Discussion

6.1 Compare the successful experience and fail experience of international joint ventures
Table 12: All key factors

“Wulun”

Despite the “Wulun” plays a vital role in four cases, there is a difference in the impact on each case. In the successful cases, “Wulun” united the family members together, and the top decision-makers and family members also worked together to balance the potential contradiction between the hierarchical order brought by “Wulun” and the relationship between the company and the subordinate, so that decisions can be executed more effectively.
In the failure cases, “Wulun” trigger a series of contradictions, which caused the conflict between the interests of the family business and the interests of the joint venture, thus affecting the survival of IJV.

On the whole, “Wulun” is a hierarchical order culture rooted in the Chinese blood, and has become an important characteristic of Chinese family businesses (Hui and Graen, 1997), so it is difficult to change in a short time.

At the same time, “Wulun” is also a factor that promotes paternal management. For the family business in the four cases, because of their small size, the “Wulun” factor can prompt the top decision-makers to concentrate management rights, ownership and decision-making power within the company. It is faster to adapt to the market and make decisions more efficiently (Dai, 2004).

However, as companies continue to grow, especially when they establish joint ventures with companies that have cultural differences, the hierarchical order presented by “Wulun” is incompatible with or understood by the other’s culture and values, it will trigger a series of potential contradictions and conflicts. As for the joint venture involving by the family business, when family members participating in the joint venture, the hierarchical order brought by “Wulun” may extend from the family business to the joint venture, thus affecting the decision of the manager. So, it requires the manager who also as a member of the family, to balance the interests of family businesses and joint ventures, reduce the impact of family business interventions. For example, in Case A, Hong continued to communicate with his father Liu through informal communication, thereby reducing his father’s interference in the joint venture. Also, “parents” in the family business need to have an open mindset to avoid excessive interference with the joint venture. For example, in Case B, Tiejun gives his brother-in-law Yu a degree of freedom in management and only proposes as a mentor at the appropriate time.

Therefore, the impact of “Wulun” requires family members who involve in IJV and “parents” in the family to work together to balance its impact on the joint venture.

**Guanxi-based trust**

In China, entering the Guanxi-based trust circle (acquaintance area) means that both parties have a high degree of trust, obligation, and altruism (Lovett et al., 1999; Zhang, in Chinese, 2012). Therefore, when non-blood relationship people want to enter the Guanxi-based circle
of the member of the family business, they need to undergo many tests. This test is reflected in the ability, whether there is a similar experience before (Keith et al., 2017) and whether exists a connection point with family members, such as Lee’s son Hong and participate responsible Peter has established a friendship before. In the successful case, Case A’s Peter entered Hong’s acquaintance circle through a common working background, and entered the people-just-known circle of Liu through friendship with Hong, besides, under the influence of Hong, Peter is gaining trust from Liu; In Case B, Iranian manager entered Tiejun’s and Yu’s acquaintance circle with past cooperation experience.

On the contrary, in the case of failure, Case C’s Lee did not have too much direct interaction with the German partner, and Bai did not assume the role of communication bridge, resulting in the German partner has been unable to enter Lee’s acquaintance area of Guanxi-based trust circle; In Case D, even if the Swedish partner is from the sister’s introduction (the premise of being able to reach cooperation is based on unconditional trust in the sister), but because of Yao’s uncertainty about his ability, he does not fully believe in the Swedish partner. Therefore, the Swedish partner did not enter Yao’s acquaintance area of Guanxi-based trust circle either.

In summary, If there is no relationship in IJV, it is difficult to enter into acquaintance area of “Guanxi-based trust” circle and build emotional boundaries, at the same time, there is more instrumental bond with the other party in a position outside the acquaintance area which leads that Chinese family businesses may not undertake the responsibility and not responsible for the other party from the emotion-based way.
Communication

In four cases, communication has played an important role. The difference is that in successful cases, frequent communication and informal communication channels reduce potential conflicts and contradictions in IJV (Vaidya, 2018; Khalid and Ali, 2017); failures are due to lack of communication, and the lack of reliable communication will make it impossible to resolve the contradictions in IJV in time. Besides, in successful cases, Case A and Case B, communication are used as a tool to moderate cultural differences between parent companies. The conflicts from Case A’s overtime culture and the religious culture of Case B achieved through timely communication and informal communication. In Case C, because of the lack of communication, this cultural difference (e.g. “Mianzi”) has not been adequately solved, which is one of the reasons for failure; in Case D, in the family business, there exists the top-down communication approach between Yao and employees. However, Yao brings this to IJV, which does not meet the partner’ culture, thus produce some misunderstanding. However, Yao does not communicate with the timely response but instead believes that his authority has been challenged. It also becomes one of the reasons for the failure of IJV.

Control

Figure 20: Guanxi-based trust
In our case, the ownership structure and management structure of both family business A, B, C, and D are relatively simple, and the culture of “familysim” and “Wulun” rank order becomes a catalyst for centralization, which makes power more concentrated. (Wife and son are obedient). This is reflected in two aspects: the unwillingness to decentralize and centralize management. In Success case A, after his son Hong fully communicated, Liu reduced his interference in the management of his son which lead to reducing the negative impact on IJV. In Case B, Tiejun gave Yu the freedom of management and kept a suitable distance to IJV. This led to the steady development of IJV.

But in the case of failure, the influence of the control of the family business has been extended to IJV. Vaidya (2018) suggests from the perspective of organizational structure, it is impossible for IJV to always have a uniform control mechanism. However, one of the characteristics of a family business has a strong desire to keep control (Abdellatif, Amann and Jaussaud, 2010). Besides, in Case of D, because of the excessive management control of Yao, a series of contradictions have arisen in IJV. This may be due to lack of knowledge, experience (Liu et al., 2014) and influence by “Wulun”. Thus when it comes to the Chinese family business, “familysim” and “Wulun” hierarchical order will strengthen parents' desire to control everything. When Chinese family companies participate in IJV cooperation, this contradiction arising from uneven control mechanisms will be magnified.

“Mianzi”
In the successful case A, Hong is very aware of this issue and through informal communication channels (on non-conference occasions with dad; drinking time with Peter); In the fail case C, relatively speaking, although Bai recognized the problem, but did not solve the problem in a targeted manner, it also became one of the factors of later failure. And in the fail Case D, Yao did not communicate well with the manager of the partner and did not mesh culture together in advance. In general, “Mianzi” does affect the establishment of trust and relationships in joint ventures, but the deepest reason is cultural differences and lack of effective communication. If the principal of IJV can have cultural awareness in the early stages, create an environment for cultural exchanges (Keith et al, 2000), and build bridges of communication between family businesses and IJV, the impact of “Mianzi” can be minimized.
Family members as an intermediary role

Regarding the successful case A and failure case C, Hong, and Bai, on the one hand, they and Liu and Lee are family members, and they have a blood relationship and have the most potent trust; On the other hand, they have other relationships with their partners: Hong studied in Canada and worked as a colleague with Peter; Bai studied in Germany and learned more about the language, culture, and behavior of German partners; this previous overseas working or learning experience enables them to understand and accept the ideas and behaviors of their partners. Therefore, they can play a role in reconciling between the two cultures and become a bridge for communication between the two parties. However, as shown in the empirical finding, Hong tries to communicate with his father Liu to explain cultural differences (overtime work). Moreover, through an informal way that is easier for fathers to accept, Liu understands the shortcomings of the original corporate culture, and its purpose is to let the father accept and improve the original deficiencies. However, Bai, although able to understand German culture, she ignores the crisis hidden by cultural differences (such as “Mianzi” problem). Also, she not only did not try to communicate with her father about the culture of Germany but also she did not communicate with the German side in time for avoiding the conflict caused by cultural differences. For example, accuse his father in public and make her father lose face.

![Diagram](image)

Figure 21: Intermediary role in IJV A and IJV C
7. Conclusion, limitation, and contribution

7.1 Conclusion

Our research question is, “What factors affect the survival of IJV involving Chinese family?”. With an in-depth case study, our results suggest that the “Wulun”, “Guanxi-based trust”, and communication as the main factors, control, and “Mianzi” could impose an impact on the survival of IJV. Among them, “Wulun,” “Guanxi-based trust,” and “Mianzi” derived from Confucian culture.

First of all, the core of “Wulun” is (as a basis for the classification of Chinese families and Chinese family businesses). When a family business is one of the parent companies of an IJV, family members will try to extend the hierarchical relationship of “Wulun” to the joint venture. However, because IJV has the characteristics of two different cultures participating in management (Shenkar and Zeira, 1987; Yan, 2000), when “Wulun”’s hierarchical order is not fit with participates culture and values, The series of potential contradictions and conflicts increase the instability of IJV, which in turn affects the survival of IJV.

Secondly, Guanxi-based trust. It is widely established that trust plays a vital role in the survival of IJV, because trust can help companies solve problems in different cultural contexts, integrate culture and achieve agreed goals (Ertug et al., 2013; Pajunen and Fang, 2013; Calhoun and Harnowo, 2015; Vaidya, 2018). In our research, we put trust into specific Chinese cultural context, which can get a better understanding about the feature of Chinese’s trust--natural trust in family and natural distrust of non-family members (Redding and Wong, 1986) because the Chinese have a broader distrust of people. (the number of non-family members wider than family members). This increases the difficulty of building trust between partners, which in turn affects the survival of IJV.

Thirdly, Chinese regard “Mianzi” as the most valuable business asset (Brunner and You, 1988; Smith, 2012), since it can show the whole picture of personal reputation, glory, emotional, personal image, dignity and status (Lockett, 1988; Zhuojia Zhao, 2009), it is the
result of many years of hard work. Hence, it can be easy to understand why Chinese treat the situation that is partners do not express opinions in a euphemistic way as a severe incident, at the same time Chinese feel like the partner does not pay attention to this partnership. Thus, Making Chinese lose face will have an impact on the survival of IJV.

In terms of the control, our research show consistent with the previous researchers, that control have an impact on the survival of IJV(Steensma and Lyles, 2000; Lu and Ma, 2015). However, with the analysis of Confucian culture, our research shows that the characteristics of the highly centralized decision-making power of Chinese family business (Li and Cai, in Chinese, 2005), “Wulun” will strengthen parents’ desire to control. When the CEO of IJV comes from a family business, and the level is lower than the “parent” of the family business, the control of the person in charge of IJV may be disturbed. This intensifies the instability and survival of IJV.

In addition, communication as the main influencing factor has also played an essential role in our research. Consistent with Keith et al (2017) ’s research, effective communication can promote the establishment of trust and solve current problems promptly. Lack of effective communication can lead to misunderstandings and contradictions between the two parties, thus affecting the stability of IJV. Not only that, in our research, we found that due to the influence of Confucian culture on Chinese family businesses, informal communication channels can help family members to solve conflicts which come from “Wulun” in IJV.

7. 2 suggestions
Regarding the Chinese family business:

1. “Parents” in the family and the “parent” of the family business need to accept opinions with an open mind.
2. Family members can try to communicate more through informal channels (family meetings, family dinners).
3. Restructure the culture of the joint venture. The essence of cultural reconstruction is to abandon the influence of irrational blood and kinship concepts in traditional family
ethics, and to combine the culture of other participants to establish another culture which adapt to IJV.

7.3 Contribution

The main contributions of our research as following:

First of all, we carried out an in-depth analysis to the ancient culture of “Wulun”, rooted in the blood of Chinese people, from three situations: family to society, family to the family business, family business to IJV. It is helpful for readers to understand how this ancient culture affects the behavior of Chinese, Chinese family businesses and IJV involving in Chinese family businesses today.

Secondly, compared with the past scholars who used trust directly as a factor in influencing cooperation (Ertug et al., 2013; Pajunen and Fang, 2013; Calhoun and Harnowo, 2015; Vaidya, 2018), we not only regard trust as the influencing factor in cooperation, but put the trust into the Chinese culture context, and study a special trust model that rooted in culture. Besides, we explain how the trust mechanism works on “Guanxi”. For example, Who will the Chinese trust? Why would you trust him? And how to gain the trust of the Chinese.

Based on this, we can map the person into the “Guanxi” based trust model, hence to know how Chinese people expecting a treat to he/she since Chinese have the distinct communication principle.

Meanwhile, our research call for the Parkhe (1993), investigate the “soft” factors affecting the survival of IJV, refer to the interaction between people; and call for the suggestion of Nippa (2019) to focus on the specific category of IJV firm, refer to the family business.

7.4 limitation

1. The number of samples is limited, some factors may have limited generalizability.
2. We did not consider the impact of macro factors (e.g. politics) on IJV’s survival.
3. The acquisition of resources and materials are restricted, thus the application is clearly limited.
4. Due to our topic stands in a special context, thus our finding may not apply to all businesses.
Reference


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Appendix

1. Interview Questions

1: Introduction

1. Introduce yourself please.
2. Talk about your family business’s history.
   a. When was the firm founded?
   b. What is the business mission/ vision
   c. What are major events in the history of the company?
3. How is the family currently involved in the business.
4. Which generation is currently owning the business
5. Is the company for 100% owned by the family?
6. Can you tell about the international activities of the company?
   a. Why did you decide to internationalize?
   b. Which countries are the main countries that you do business with
   c. How did you select these countries?
   d. Which operation modes do you use?

2: Culture part:

1. How would you describe the culture of the company?
2. What are important family values?
3. How do these family values translate to the business culture?
   a. How does the family communicate these?
   b. Can you provide examples of how these family values influence decisions?
4. Which Chinese traditional culture influences the culture of your family business?
5. What are the factors that influence the formation of the family's culture?
6. What factors are critical to the family business?

3: International Joint Venture:

1. You have established an international joint venture, can you tell us about the process for establishing the IJV?
   a. What were the reasons for doing so?
   b. Have you considered alternative operation modes?
c. What was the process that you had to go through to set up the IJV?
d. What were major events in the process?, what happened, how did you handle?
e. Who are the key persons in the process?
f. Is the partner also a family business? Is it important that it is a family business? Why?

2. In your opinion what is important for the success of an international joint venture?

3. What are challenges that you experience in the international joint venture?
   a. How do you deal with these challenges?
   b. Have you always been able to find a solution for problems that arose?
   c. Can you give an example of a situation in which you were able to deal with the challenges?
   d. Can you give an example of a situation where you were not able to deal with the challenges?
   e. What kind of reasons that make you want to cooperate with a foreign company?

4. In this cooperation, which form of cooperation is your first choice?

5. Is there any conflict in the cooperation? Is there any specific example?

6. Is there a case of failure in your cooperation?

7. Does your cooperation have a successful case?

4: Family ownership, culture and IJV

1. In your opinion, how do family values influence the operations in the IJV?
   a. Which family values have especially played a role in setting up the IJV?
   b. How do you align the culture in the IJV with the family values?

5: Influence :

1. What factors contributed to the failure of cooperation?
2. What factors contribute to the success of cooperation?
3. Can you compare the success and failure cases, what is the most deadly factor?
## Reference for the factors affect the IJV’s Survival

The factors affect the survival IJV

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<td>Lowen and Mipe, 2008</td>
<td>Survival Analysis of International Joint Venture Relationships</td>
<td>24 M IJVs formed in Brazil between 1973 and 2004</td>
<td>Failure</td>
<td>Age difference, leader, parent firm location, host country political stability and turbulence of ownership structure</td>
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<td>13</td>
<td>Mosch and Recio, 2008</td>
<td>Country risk, national cultural differences between partners and survival of international joint ventures in Brazil</td>
<td>Country risk, national cultural differences between partners and survival of international joint ventures in Brazil</td>
<td>Survival</td>
<td>Country risk, national cultural differences</td>
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<td>14</td>
<td>Fang and Zou, 2010</td>
<td>The effects of absorptive and joint learning on the sustainability of international joint ventures in emerging economies</td>
<td>1039 international joint ventures in China</td>
<td>Unstability</td>
<td>Ante-investor learning, partners' joint learning capacity</td>
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