Market Orientation and Entrepreneurship in Chinese Family Business: a Socialisation View

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Market orientation and entrepreneurship in Chinese family business: a socialisation view

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Abstract: This article examines the relationship between market orientation and entrepreneurship in small to medium-sized second-generation Chinese family businesses. Market orientation is captured through a multi-dimensional framework, which defines a spectrum between a market orientation pole and a family orientation pole. The Schumpeterian tradition is adopted in entrepreneurship investigation, which emphasises the innovation outcomes. Findings are discussed by using a socialisation view. Analysis indicates that the owner-manager’s socialisation patterns have a significant impact on the firm’s entrepreneurial processes, which nuances the relationship between market orientation and entrepreneurship in second-generation Chinese family businesses.

Keywords: family business; entrepreneurship; innovation; market orientation; socialisation; succession; China.


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1 Introduction

China’s private sector has sustained a dramatic growth particularly since the 1990s when the central government decided to deepen its market-oriented economic reforms and committed to a ‘socialist market economy’. On the other hand, small to medium-sized family businesses can claim dominance in China’s private sector, in both quantitative and qualitative terms (Gibb and Li, 2003), depending on how this form of organisation is defined (Sharma, 2008).

A prevalent belief is that a market orientation is conducive to entrepreneurship and innovation (Zhang and Duan, 2010), hence the competitiveness of private businesses, especially the small to medium-size enterprises (SMEs) whose performance is often restricted by a lack of resources (Atherton, 2008). A government-led teaching of ‘modern enterprise system’, advocating an increase of market orientation in business management and operations, has expanded from China’s state-owned sector to private SMEs, of which most are family-owned and managed. However, empirical research on the actual effects of market orientation on entrepreneurial performance in Chinese family businesses tends to be inadequate and fragmented (Carlisle and Flynn, 2005). The lack of empirical evidence constrains the understanding of both family business and entrepreneurship in the Chinese context, although entrepreneurship in Chinese family businesses has evidently become a promising research topic.

This article assesses the market orientation in small to medium-sized Chinese family businesses and its effects on entrepreneurial processes and outcomes. Given the fact that numerous family businesses in China are in a generational transition, this article focuses on second-generation Chinese family businesses. It endeavours to observe and rationalise the nuances between market orientation and entrepreneurship, so as to providing evidence and insights for understanding entrepreneurship in trans-generational Chinese family businesses.

2 Entrepreneurship in Chinese family businesses

Generally characterised by weak capital structures, limited legal protection for property rights, and high institutional uncertainty (Dana, 1999, 2002; Yang and Li, 2008), China’s transition economy creates an environment in which entrepreneurship often develops in a different pattern from the more advanced economies (Ahlstrom and Bruton, 2002). Chinese entrepreneurs tend to seek alternative sources of support, namely familial networks (Poutziouris and Chittenden, 1996). Families play a central role in almost all aspects of private entrepreneurship in China; they are the primary, usually the most
durable and stable, source of capital, labour, intelligence, and psychological support (Dana, 1999).

As a major vehicle of private entrepreneurship, family businesses virtually disappeared in China after 1956, when the private sector was eliminated and the centrally-planned economic system was established (Dana, 1999). Prior to the launch of a series of market-oriented economic reforms in the late 1970s and early 1980s, private entrepreneurship in China existed on an extremely small scale in the form of an ‘underground black market’ [Liao and Sohmen, (2001), p.27]. Family businesses, like all other non-state enterprises, were considered an ideological and political taboo.

The rebirth of family businesses in China began in 1979, when the government officially endorsed a policy acknowledging the contributions of private entrepreneurship to economic development as a supplement to China’s socialist economy (Dana, 1999). However, due to policy ambiguity and continued distrust of government, family businesses did not really boom until the 1988 Constitutional Amendment finally legalised private enterprises. As Dana (1999) notes, China’s transition to a market economy typically progresses within its socialist political structure, focusing on the gradual construction of market institutions rather than destruction of socialist institutions, a view echoed by Jones (2004), who describes China’s reforms as gradual, partial, and experimental. Government policy has been notoriously volatile, and private entrepreneurship is not consistently favoured by the institutional environment, where the legacy of former centrally-planned system often intervenes (Li and Matlay, 2006). The conservative faction in the Chinese Communist Party still tends to consider private entrepreneurship a potential threat to the party’s legitimacy, ideology, administrative authority, and moral standards (Potter, 2004). Thus, many Chinese entrepreneurs find it easier and safer to have their business under the family umbrella (Liao and Sohmen, 2001).

Now that many Chinese family businesses have completed, or are in the processes of, inter-generational succession, second-generation owner-managers (SOMs) have emerged as a major force in China’s private entrepreneurship (Li and Matlay, 2006). In general, the SOMs have received much more formal education, with less hands-on career experience (Chen et al., 2006), than their founder parents who were mostly individual or household retailers and service providers known as getihu (Dana, 1999), former state-owned enterprise engineers and managers (Chen et al., 2006), and former local government officials at township or village level of a peasant background (Dana, 1999). The SOMs need their own distinctive achievement to escape the ‘shadow’ of their founder parents’ success, and tend to be more entrepreneurial by seeking valuable market intelligence and potential opportunities. As the ‘socialist market economy’ improves, it is likely that SOMs are obliged to be more market-oriented in order to create opportunities and acquire resources to exploit these opportunities.

3 Conceptual operationalisation

In general, market orientation has been defined as the adoption of the marketing concept philosophy (Atuahene-Gima, 1996). It is characterised by organisation-wide activities and functions with regard to collecting, disseminating, and responding to market information (Jaworski and Kohli, 1993; Kohli and Jaworski, 1990). Narver and Slater (1990) posit that market orientation reflects an organisational culture of effectiveness
and efficiency, which results in the organisation’s superior performance. Three types of organisational behaviours are identified as components shaping a market orientation, namely a customer orientation, a competitor orientation, and cross-functional coordination (Verhees and Meulenberg, 2004; Zhang and Duan, 2010).

This conception, largely based on a behavioural approach, is widely accepted by organisation and management researchers, who have employed it to study the effects of market orientation on business performance (e.g., Dibrell et al., 2011; Frank et al., 2012; Gudmundson et al., 1999; Verhees and Meulenberg, 2004). The results are frequently analogous, holding that market orientation leads to high performance. One measurement that has been repeatedly used in such studies is the firm’s entrepreneurial and innovation performance. In their pioneering work, Kohli and Jaworski (1990) argue that innovation should be a defining feature of market orientation because of the effectiveness and efficiency in the responses of market-oriented businesses to market intelligence (Narver and Slater, 1990). The responsiveness is usually indicative of the firm’s openness and willingness for innovative activities (Beck et al., 2011).

Despite the growing research interests in the relationship between market orientation and entrepreneurship, particularly innovation, and the explicit consensus on a positive relationship, gaps within existing literature are still identifiable, especially when Chinese family businesses are taken into consideration.

Firstly, market orientation has conventionally been associated with marketing in existing literature (e.g., Atuahene-Gima, 1996), being understood as a set of behaviours leading to the firm’s responsiveness to market intelligence (Jaworski and Kohli, 1993; Kohli and Jaworski, 1990; Narver and Slater, 1990). From a broader perspective, however, market orientation involves not only firm behaviours, but also values and attitudes that the firm adopts in its management and operations (Whittaker et al., 2009). In other words, why the firm is, or is not, market-oriented is a question of equal importance. It is arguable that market orientation only exists when the firm has control of, or access to, necessary resources, which it can organise and deploy to respond to market intelligence (Dibrell et al., 2011; Verhees and Meulenberg, 2004). Therefore, studies on market orientation should not be limited to a behavioural dimension, but include an attitudinal dimension as well as a dimension on resources.

In line with this thinking, market orientation in this article is operationalised on three dimensions relative to entrepreneurship, namely business objectives, resources, and decision-making. By doing so, the connotation of market orientation is extended. It now concurrently investigates why the firm chooses to be, or not to be, market-oriented; with what it builds its market orientation; and how market orientation performs in the firm’s operations. Each dimension will be investigated with five criteria – family wealth, values, employment, reputation and status, and continuation and succession for the business objectives dimension; finance, trust, guanxi networks, knowledge and expertise, and organisational culture for the resources dimension; substitute decision-makers, participation, consultation, implementation, and decision review for the decision-making dimension.

Secondly, market orientation is a relative concept (Dore and Whittaker, 2001). When a firm is recognised as being market-oriented, researchers must clearly define the other side of the spectrum to justify the validity of market orientation (cf., Whittaker, 1990). Different perspectives are noted in existing literature, such as business orientation (Leenders and Waarts, 2003), inward orientation (Cohen and Lindberg, 1974), and organisation orientation (Whittaker, 1990), depending on the purposes of research. This
article focuses on small to medium-sized Chinese family businesses, which are typically at the connection of two types of social systems – the family and the business. In other words, they are market players with frequent influences of family values and relations. Therefore, a market orientation in these businesses naturally contrasts a family orientation, hence a spectrum between a market orientation pole and a family orientation pole in this article.

Thirdly, most prior studies on the relationship between market orientation and business performance take a quantitative approach (e.g., Atuahene-Gima, 1996; Frank et al., 2012; Low et al., 2007; Verhees and Meuleenburg, 2004; Zhang and Duan, 2010), where the numbers talk. However, as discussed above, a market orientation is in essence an attitudinal and behavioural phenomenon, for which quantitative methods may lack explanatory power without an in-depth and lively understanding of the reality (Bryman and Cassell, 2006; Nordqvist et al., 2009). There is a growing awareness and a call in the field of entrepreneurship research that more intensive ethnographic case studies are needed (Heck et al., 2008). This article therefore takes a qualitative, case study, and interpretive approach in its methods and analysis, which will be discussed in more detail in the next section.

Last but not least, this article takes a traditional Schumpeterian approach to examine entrepreneurship, which emphasises innovation as a critical outcome and a defining feature of entrepreneurship. To define innovation, the third edition of Oslo Manual (Mortensen and Bloch, 2005) is generally used, distinguishing four categories of innovation, namely product, process, marketing, and organisation. By examining the relationship of innovations to the firm’s existing business (McQuarrie and Langmeyer, 1985), three types of innovation are identified (cf., Robertson, 1967), namely discontinuous innovations, resulting in existing business completely terminated and replaced by new business, dynamically continuous innovations, which provide substantial new business as a supplement to existing business, and continuous innovations, which do not change to the nature of existing business, but significantly improve the firm’s overall productivity and profitability (cf., Cole, 2001).

4 Methodology and methods

This article examines the effects of market orientation on entrepreneurship in the context of second-generation Chinese family businesses, which involve a bunch of cognitive and behavioural phenomena that are inadequately known or partially understood. Inquiries on these phenomena require descriptive and subjective data for the generation of systematic insights (Somekh and Lewin, 2005), with which the provision of empirical evidence for theorisation of social relations become possible (Yin, 2003). Being characterised with such a nature, this article employs a qualitative case study approach in its methodology, which enables ‘quality, depth and richness in the findings’ and ‘a thick description’ [Marshal and Rossman, (1999), p.16].

Case studies were conducted in the eastern Chinese province of Jiangsu, where family business and entrepreneurship have developed relatively well. In line with judgement on information saturation (Ghauri and Grønhaug, 2005; Yin, 2003), eight small to medium-sized second-generation Chinese family businesses were eventually included, in which the founder parent had retired and no longer engaged in the business on a daily or
routine basis. The SOMs were key decision-makers and had dominant authority in the businesses, even though the retired founders might still be consulted at times.

To achieve a wealth of information, and to ensure the trustworthiness of data collected, multiple methods were used, including semi-structured interviews, personal observations, and document inspections. Information was collected from various sources, including the SOMs, employees from management and non-management positions, SOMs’ family members and relatives who either directly or indirectly involved in the businesses, and external stakeholders like clients and government officials.

To provide a common ground for presentation and interpretation of descriptive data and to increase the data’s intuitiveness (Bryman and Cassel, 2006), a scoring system, from 1 to 5, was used to evaluate the 15 criteria of market orientation in each family business. The total scores indicated the overall value orientation of the businesses. Typically, a higher score suggested that the business was more responsive to market intelligence and values, hence a greater market orientation. A lower score, on the other hand, indicated the firm’s emphasis on family values and interests, therefore a lesser market orientation.

5 Findings and discussions

Two sets of data, on market orientation and entrepreneurship respectively, were collected, which provided interesting findings. On the one hand, three different combinations of value orientation were identified from the eight Chinese family businesses – two were obviously family-oriented, three obviously market-oriented, and three with a hybrid combination of both orientations. On the other hand, entrepreneurship data indicated three distinct patterns of activities, differing between radical and incremental, and resulting in discontinuous, dynamically continuous, and continuous innovations.

Figure 1 Market orientation, family orientation, and innovations
As Figure 1 indicates, both consistencies and inconsistencies existed between the two sets of data. Firstly, the most family-oriented businesses, W2 and Y2, were the most incremental entrepreneurial players, focusing on strengthening existing business and resulting in continuous innovations. This was consistent with the ‘classic’ family business literature (e.g., Gallo, 1995; Gudmundson et al., 1999; Leenders and Waarts, 2003), which holds that family orientation is associated with innovation of a less radical nature. As Davis (1983) observes, family-oriented businesses attempt to maintain a family paradigm in the business, which leads to resistance to information that does not conform with this paradigm, and hence reluctance to change. In comparison, the other businesses were more market-oriented than W2 and Y2, and were evidently more radical in their entrepreneurial processes, resulting in their innovations being less continuous vis-à-vis their respective existing business. This finding, in a general sense, supports prior research (e.g., Atuahene-Gima, 1996; Jaworski and Kohli, 1993) that advocates a positive effect of market orientation on entrepreneurship, especially on discontinuous innovations (cf., Verhees and Meulenberg, 2004).

Nevertheless, inconsistencies were also evident. Questions arose, for which the literature does not seem to provide an extant answer. Why did the most market-oriented businesses, namely C3, C4, and Y1, produce dynamically continuous, rather than discontinuous, innovators? And what made C1, C2, and W1, with modest market orientation, overtake their market-oriented counterparts to be the most radical innovators? These questions suggested that certain factors nuanced the relationship between market orientation and entrepreneurship in the second-generation Chinese family businesses. Such nuances had an impact on the SOMs’ attitudes and behaviours, and subtly changed the firms’ value orientations in entrepreneurial processes. Given the trans-generational nature of family businesses (Handler, 1989), and the central role of individual owner-managers in small to medium-sized family businesses (García-Álvarez et al., 2002), especially in entrepreneurial venturing (Whittaker et al., 2009), an individual-level investigation was carried out, highlighting the inter-generational subtleties.

As both entrepreneurship and family business research advances, there is a growing consensus on that entrepreneurship in family business is associated with the interplay between the owner-manager’s family, the business, and their social contexts (Aldrich and Cliff, 2003; Anderson et al., 2005; Le Breton-Miller and Miller, 2009; Rutherford et al., 2006). Given that entrepreneurship does not exist in vacuum and is typically subject to the social relations that the entrepreneur engages with (Dodgson, 2011; Whittaker et al., 2009), it is important to consider the specific socialisation practices both within and around the SOMs’ families and businesses, with which the firms’ value orientations were shaped and entrepreneurial activities performed. Besides, as family businesses are in nature a hybrid of a kinship system, a market player, and a social actor, a socialisation view is potentially helpful to disclose the rationale of the businesses taking certain value orientations, which will then make sense of the inconsistencies between the two sets of data, and help answer the questions.

5.1 Family socialisation and market socialisation

In general, socialisation refers to the complete process through which an individual inducts into the objective world of a society (Berger and Luckmann, 1966). Every individual is born into an objective social structure, and those who are in charge of his or
her socialisation are typically from this social structure (García-Álvarez et al., 2002). Therefore, the objective social structure is critical for one’s socialisation, and in turn is crucial for the formation of his or her value system and behavioural orientation.

Family business leaders are first of all a member of their own families, which are naturally the primary social structure where their socialisation processes start (Beck et al., 2011). Socialisation in family is particularly important for SOMs, because this process is normally the very initial and most accessible source from which they acquire knowledge and values, usually by interacting with other family members over time, particularly their predecessors – the founder parents. SOMs who intensively socialised in their families were more likely to have internalised the world of their founder parents and other family members, and were initiated into the values, norms, knowledge, and behaviours that were encouraged in their respective families, particularly by their respective founder parents (García-Álvarez et al., 2002). In a similar sense, should an SOM’s family socialisation remain at a low level, his or her business would be less likely to be family-oriented.

Market socialisation, on the other hand, is one’s networking process in the market structures, from which one acquires and internalises intelligence, associates, and practices to guide his or her values and behaviours in business operations (García-Álvarez et al., 2002). Market socialisation helps increase the firm’s market recognition and legitimacy (Barach et al., 1988). All SOMs in this article socialised in either local, regional, or even national markets for not only business knowledge and expertise but also potential opportunities. In line with the relationship between family socialisation and family orientation, it is arguable that SOMs who actively socialised in market were more likely to lead a market-oriented business, and on the other hand, the less market-oriented businesses would normally have an SOM who was relatively weak in the market socialisation process.

As Figure 2 depicts, family socialisation and market socialisation practices of the eight SOMs can be patterned into three groups, namely the weakly family-socialised and strongly market-socialised SOMs of C3, C4, and Y1, the weakly family-socialised and weakly market-socialised SOMs of C1, C2, and W1, and the strongly family-socialised and weakly market-socialised SOMs of W2 and Y2. Explanations are given as follows.

**Figure 2** Family socialisation and market socialisation

![Diagram showing family socialisation and market socialisation](image_url)
First, SOMs of C3, C4, and Y1 had all been designated as successors by their respective founder parents, and received well planned in-service successor training. Throughout the succession processes, their founder parents’ supervision was relatively loose and the SOMs were able to make, or take part in making, key decisions in relation to the firm’s future development. On the other hand, their designation as successors freed the SOMs from competition or threats from their siblings for business leadership, and made the role-specific family socialisation process a non-necessity for them. Certainly, these SOMs went through specific family socialisation processes and acquired family values, norms, and beliefs. However, given the carefully tailored successor training, they did not have to socialise within their families in a consistent way for their business portfolio. Their market socialisation practices, on the contrary, were much more active. The systematic successor training effectively smoothed succession processes with no major changes to business operations. Stability of existing business freed the SOMs from immediate pressure of growing the businesses, which resulted over time in the SOMs’ lack of job challenge and desire for distinctive merits. The SOMs were therefore motivated to take further advantage of the market through extensive networking and socialisation activities.

The second group included the SOMs of C1, C2, and W1, none of whom was designated as a prospective successor by the founder in the first instance. Being free of the commitments as a designated successor, these SOMs needed no socialise in their families for business or succession purposes. Their family socialisations were mostly at a primary stage, maintaining their membership in the family or kinship system (Berger and Luckmann, 1966). Similarly, their market socialisation practices were also generally loose and weak, particularly in comparison with their counterparts at C3, C4, and Y1. This was mainly because they did not expect to lead the businesses, and did not receive systematic successor training.

The third group was comprised of SOMs of W2 and Y2. Both were designated as successors long before succession, and received systematic and comprehensive successor training in their families and businesses. However, they were given little autonomy in the successor training processes, which was dominated by the founders through intensive supervision. Therefore, the SOMs’ family socialisation, especially with the founders, became critically important to guarantee the effectiveness of the programmed successor training. Given the founders’ continued control over numerous key resources or access to such resources after succession, both SOMs had to maintain strong socialisation practices in their families, primarily with the founders, as well as with other family members who had stakes in the businesses. On the other hand, they were apparently inactive in market socialisation. Part of the reason was that most resources at W2 and Y2 were provided by the extended owning families, particularly the founders. In other words, the SOMs’ overwhelmingly strong family socialisation was already sufficient to ensure their desired business successes, which substantially offset the necessity of systematic and continuous socialisation practices in market. Therefore, their market socialisation activities were mostly highly project-specific, tending to be fragmented with no long-term nature or effect.

5.2 Over-socialisation and under-socialisation

Realistically, every individual SOM socialised in both his or her family and the market simultaneously (cf., Anderson et al., 2005). Therefore, it is necessary to compare the
strength or intensity of the two types of socialisation practices performed by each SOM, in order to examine how the relationship between market orientation and entrepreneurship is influenced.

Three patterns of socialisation practices were identified earlier in this article, of which two included a notable contrast between the SOMs’ family socialisation and market socialisation. The first was taken by the SOMs of C3, C4, and Y1, whose businesses were the most market-oriented and implemented dynamically continuous innovations. As mentioned above, these three SOMs paid much more attention to market socialisation than family socialisation. They apparently prioritised market socialisation practices, while the socialisation activities in their families were comparatively weak.

It is important to point out that the strength in the SOMs’ market socialisation does not imply by default that their family socialisation was dispensable or did not matter; what essentially makes a difference here is the contrast or relativity between the two types of socialisation. It is likely that the SOMs of C3, C4, and Y1 also attached much importance to family socialisation, but simply because their market socialisation practices were substantially stronger, the strength in their family socialisation was significantly offset and became seemingly invisible. It is arguable that the contrast in this pattern contributed to a serious imbalance in the SOMs’ cognitive and behavioural orientations (García-Álvarez et al., 2002), which in turn had a direct impact on the firms’ value orientations. Thus, the SOMs’ over-socialisation in market and under-socialisation in family effectively led the businesses to be more market-oriented than family-oriented.

Similarly, the third socialisation pattern, taken by the SOMs of W2 and Y2, was characterised by much stronger socialisation practices in family than in market. In other words, both SOMs were typically over-socialised in family and under-socialised in market. As a result, the businesses of W2 and Y2 tended to be substantially family-oriented. Again, SOMs of W2 and Y2 might also have been active in their market socialisation practices, but what eventually pushed both businesses towards a family orientation was the markedly dominant strength of the SOMs’ family socialisation practices. Combined with the carefully programmed and systematically implemented successor training, the active founder involvement in the businesses after succession, and the highly collaborative founder-SOM relationship in the families, the SOMs’ strong family socialisation eventually contributed to the notable family orientation of the businesses, which in turn exerted influences on their entrepreneurial processes, which led to continuous innovations.

5.3 Nuances between market orientation and entrepreneurship

Turning now to the socialisation pattern performed by SOMs of C1, C2, and W1, unlike the over-socialisation and under-socialisation patterns, there was no obvious contrast between the two types of socialisation practices. All three SOMs appeared to lack initiative and consistency in both types of socialisation, which led the businesses to seek a balance between market orientation and family orientation. In comparison, this group of businesses performed the most nuanced pattern of market orientation and entrepreneurship; they were not the most market-oriented, but the most radical entrepreneurial players, and produced the most discontinuous innovations. Taking a socialisation view, these nuances become explainable.

Firstly, rather than emphasising one type of socialisation, these three SOMs socialised weakly and generally equally in both their families and market, which prevented
over-socialisation and under-socialisation, and led the businesses to be neither too family-orientated nor too market-orientated. This way, the businesses were able to take advantage of a combination of family orientation and market orientation. As a result, fundamental family interests were effectively guaranteed in the businesses through family ownership and control; on the other hand, the businesses maintained relative independence from the families, in case the businesses became too committed to family interest and neglected other stakeholders in the market. Being at the nexus of the family and the market, the SOMs were able to be selective and flexible in their resource acquisition and deployment for entrepreneurial opportunities.

Secondly, being active in neither family socialisation nor market socialisation kept the SOMs from intensive internalisation in either the family or the market. Therefore, they did not have a significantly strong membership to certain social groups that could influence their business management and operations. This ‘freedom’ in effect decreased groupthink and led to more original, critical, and creative ideas (Janis, 1972; Katz, 1982; Weick, 1976), and increased their ability to engage in radical entrepreneurial activities, resulting in discontinuous innovations.

Thirdly, these nuances can also be explained by the classic weak-tie theory (Granovetter, 1973), which holds that weak social ties, namely distant and infrequent relationships, are advantaged for accessing novel information, in that the weak ties bridge otherwise unconnected or disconnected individuals and groups, and such bridged relationships are unlikely to be influenced by shared norms, particularly the norm of reciprocity. Therefore, members of a network characterised by weak ties and low level of reciprocity are more likely to get into relationships with multiple previously unconnected or disconnected parties, from whom novel information is obtained and used for the creation of an entrepreneurial opportunity and implementation of radical innovations (Simsek et al., 2003). In the cases of C1, C2, and W1, the SOMs had built numerous relatively distant interpersonal relationships, or weak ties, in both their families and the market, as a result of their inactive and fragmented socialisation practices. The vast majority of these weak ties were free of the norm of reciprocity, and therefore helped the businesses to connect with wider clusters and receive more novel information with regard to potential entrepreneurial opportunities.

For example, the SOM of C1 first came across the valuable information, which was later used to create his entrepreneurial opportunity, from a distant source related to his former employer, completely by chance. And many necessary resources, such as part of the initial capital, for the opportunity creation and exploitation were from his and his wife’s distant relatives. The SOM of C2 happened to receive the triggering information from a long disconnected supplier, who dealt with the founder occasionally before succession. Also, with regard to resources and capabilities, his extended family, mainly from his wife’s side, and some distant cousins provided major assistance. Similarly, in the case of W1’s SOM, the source of the triggering information would have remained completely a stranger to her if she had not paid a ‘task-like and long-adjourned’ visit to one of her husband’s distant elders, with whom the source person had a regular connection.

Presumably, had these SOMs had strong ties in either their families or the markets, their connections to the distant networks would be less likely, and they would have naturally relied on the strong ties for intelligence, opportunities, resources, and capabilities. Then, they would have not only missed the certain information which led to their subsequent entrepreneurial activities, but also taken different attitudes and
behaviours in the entrepreneurial processes (cf., Beck et al., 2011; Frank et al., 2012). More importantly, their innovations – if they were still able to be entrepreneurial and innovative – would have been less radical and more continuous to their respective existing business.

6 Conclusions

Market orientation has been assumed conducive to entrepreneurship and innovation. This was partially confirmed in this article as the family-oriented family businesses were obviously less radical in their entrepreneurial processes and produced continuous innovations. However, inconsistencies were identified and questions emerged on why the most market-oriented Chinese family businesses were neither the most radical entrepreneurial players nor discontinuous innovators, and why the most discontinuous innovations were produced by businesses with a hybrid combination of market orientation and family orientation.

To answer these questions, a socialisation view was introduced, mainly because of the nature of entrepreneurial family businesses engaging with various social systems, including the family, the business, and the market. In line with the central role of the entrepreneur in the firm’s opportunity creation and exploitation (Whittaker et al., 2009), entrepreneurship in second-generation Chinese family businesses is inevitably influenced by the social contexts with which the SOMs interacted (Simsek et al., 2003). Therefore, the strength and intensity with which the SOMs socialised with the most immediate and relevant social contexts, namely their families and the market, were investigated. It was then argued that the SOMs’ strong socialisation practices in the families were indicative of a family orientation in the businesses, and strong socialisation practices in the market contributed to a market orientation.

The socialisation view was effective in explaining the nuances between value orientations and entrepreneurship in the second-generation Chinese family businesses. The combinations of over-socialisation and under-socialisation contributed to either a greater market orientation or a greater family orientation. And the equally weak socialisation in both family and market resulted in the businesses balancing a market orientation with a family orientation, instead of obviously preferring one over the other. By using the weak-tie theory, it was noted that the SOMs’ weak socialisation practices actually helped them to be radical in entrepreneurial processes by accessing novel information and acquiring necessary resources from relatively distant sources. In the meantime, being neutral and alienated to both family and market networks, the SOMs were able to have more original and creative ideas, which were conducive to discontinuous innovations.

This article was not able to identify a fourth socialisation pattern, which would be strong socialisation practices in both the family and the market. Presumably, as over-socialisation and under-socialisation do not exist in this pattern, businesses will most possibly have a balanced combination of family orientation and market orientation. However, the relationship between their market orientation and entrepreneurship remains uncertain in the absence of empirical data. It is noticed that after Granovetter (1973), an opposite view has emerged and been growing (e.g., Krackhardt, 1992; Uzzi, 1997), which argues that strong ties are efficient in facilitating radical entrepreneurial behaviours, because they “are more likely to promote in-depth communication as well as valuable
and accurate information exchange” [Simsek et al., (2003), p.434]. If that is the case, then the fourth socialisation pattern will be significantly interesting and valuable for future empirical research and theorisation.

References


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Notes

1 This article acknowledges Berger and Luckmann’s (1966) differentiation of two stages in the socialisation process – ‘primary socialisation’ as to acquire general knowledge and values for one’s survival in a social system, and ‘secondary socialisation’ as to acquire role-specific knowledge and values for one’s advancement in a social system. However, for the purpose of this article, socialisation stages are not emphasised; instead, it is the types of socialisation that are examined and discussed.

2 In light of Granovetter’s (1973, p.1361) definition of the strength of an interpersonal tie as “a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie”, these notions are used to describe the extent to which the SOMs were committed to family and market socialisation practices.