Empirical study of Cultural inheritance and Family business governance

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Abstract: Family firm is a common form of economic organization, a considerable proportion in the world economy, the family governance mode has its unique advantages. Many factors that affect the governance of family business, culture is a most influential far. Since the reform and opening, the family business is increasing year by year. And the success of the family business very rare phenomenon that, in the initiative, there are many difficulties and obstacles in the development process of the passive adjustment. The successful enterprises throughout the world, family enterprises accounted for a small proportion in them, and its economic performance is obviously better than that of other enterprises, visible family governance mode is not backward way but the traditional. The governance theory cannot explain many special phenomena and prominent family relationship due to involvement. Based on this fact, from the cultural perspective to value family firm governance, this article uses the data of Chinese listed family firms that occured cultural inheritance, to test the relationship between family firms governance and firm value through empirical study.

1. Introduction

Although family businesses are common, the development situation and governance mode of family businesses in different countries are different, which is closely related to the different historical and cultural backgrounds of each country. China has a history of five thousand years. Confucianism, Buddhism and Taoism have always been the mainstream of consciousness. In the Ming dynasty, the thought of the unification of the three religions became the prevailing trend of thought. In the Ming and Qing Dynasties, the Hui merchants and the Jin merchants, who dominated the business, broke the traditional Chinese values of "honor eunuchs and shame workers", among which the Hui merchants also thoroughly combined Confucianism and commerce. Although the current family enterprise is established and organized according to the modern company law, it is still hard to get rid of the influence of traditional Chinese culture, and the glorious history of Hui and Jin merchants reminds us to know our culture.

When studying family business, the most direct problem that academia faces is how to define family business. At present, there is a wide range of opinions on the definition of family business in the academic circle, and there is no clear definition. The definition of family business varies from different perspectives[1]. From the perspective of family business ownership and management right, Chinese scholar Pan Bisheng gives a relatively accurate definition, and considers whether an enterprise is allowed to be identified as a family business, mainly based on the family's influence on the enterprise. One or more closely related families own all or part of the ownership and can directly or indirectly control the operation of the enterprise. This type of enterprise is identified as a family business. If the family only holds certain shares in the enterprise and participates in the decision-making of the enterprise as a shareholder, there is nothing about the management and operation of the enterprise. Materially, this type of business cannot be called a family business.

The definition of family business given by chandler, a famous American enterprise historian, is similar to that given by pan bisheng, a Chinese scholar. However, Dennis, another American scholar,
gave a different definition, saying that family businesses are those owned and controlled by one or several family members. From the perspective of the development stage of family business, professor Wang Guangguo, a scholar from Taiwan, gave a relatively accurate definition, believing that family business can be analyzed from four development stages. The first stage is to define the family business only in the pure sense of kinship. The second stage is the family enterprise which adopts the man-governance management; The third stage is the family enterprise which changes from the way of rule by man to the way of rule by law. The fourth stage is the modern family business which is separated from the management and ownership. To sum up, the family business examined in this paper refers to the enterprise organizational form which is controlled by one or more family members, and the management right and ownership have not been completely separated. The cultural inheritance of family enterprises does not mean the mere succession of managers. It includes not only the succession of management rights of enterprises, but also the inheritance of wealth including ownership of enterprises. The cultural inheritance of China's family enterprises is generally the family "hereditary system", which adopts the inheritance mode of "all the sons divide the inheritance", which mainly comes from the inheritance system of family property in China's traditional family culture. The influence of the thinking mode of Chinese traditional culture is profound, generally have a strong sense of belongings, many family enterprises, founder of the founding family enterprise's main purpose is to let their children and grandchildren can live on their hard struggle out of the industry, to provide their own offspring over the house of a rich, and it is not only refers to the property of money, property, property of material wealth, also includes the enterprise assets, enterprise management, enterprise management of this kind of virtual wealth. Taking the "family property management" of small and medium-sized enterprises in China as an example, many family-type small and medium-sized enterprises fail to make an accurate division of personal assets and enterprise assets, and the phenomenon of non-separation of private expenses and enterprise income and expenditure accounts of family members of enterprise managers is very common.

Now that we have equated the enterprise assets with the family property, in order to keep the "family property", we must ensure the generation of "family property", which is also the main reason for the "hereditary system" of Chinese family business ownership. Compared with western family businesses, China adopts the inheritance mode of "all sons inherit from each other". In the process of inheritance, the problem of the average distribution of property between children is involved, which often leads to various disputes, while western family businesses adopt the mode of "eldest son succession". There are many ways to inherit the management right of family business, such as inheriting the father's business and hiring professional managers.

Although the right of management comes from ownership, if a family only owns the ownership of the enterprise but does not have the right of management, it cannot be called a family enterprise. The definition of cultural inheritance of the family enterprise in Chinese still focuses on the control of the enterprise. When the family business conducts the management control transfer, it is usually the most vulnerable time of the enterprise, which is the critical period for the new enterprise manager to ensure the sustainable development of the enterprise economic construction. Therefore, family enterprises will actively train their successors and comprehensively improve their comprehensive quality, so as to better carry on the cultural inheritance of family enterprises.  

2. Theoretical analysis and research hypothesis

The culture of any group can be viewed on four levels: substance, perspective, values and assumptions (Schein, 1985; Dyer, 1986). Cultural relics are a more tangible aspect of culture. They are physical - clothing, physical layouts, corporate logos, and other signs used; Oral language, jargon, stories and myths are shared by groups; Behavior - common rituals, rituals, and behavior patterns. Material is the most obvious manifestation of culture, but to fully understand culture, we must decipher the common meaning behind culture.  

Matter can be considered as a symbolic representation of the next level of culture, a common view of society. One idea is "a coherent set of ideas and actions that one person USES to deal with
problematic situations." (Becker, Geer, Hughes and Strauss, 1961). The premise is that the group considers acceptable norms and codes of conduct to handle issues such as developing new products, performance reviews, hiring and training new employees, or getting a promotion. While views are specific rules, values are broader principles such as "serve the customer," "be honest" or "don't ask your superiors." Values are both formal and informal and can often be found in the "philosophy" advocated by the group. Because groups do not always act according to the values they espouse, it is important to distinguish between ideal values and real values in cultural analysis.

The foundation of culture is the fundamental assumption of the group. The other three levels of culture are built on this most basic level. The assumption is the premise that a group is based on its worldview, on which substance, opinion and values are based[4]. In family businesses, assumptions often emerge about the nature of relationships, the nature of truth, the environment, time, the nature of human activity, and whether to give preferential treatment to particular individuals.

2.1 Family business culture model

A set of assumptions held by a group is called the group's cultural pattern. In fact, the core of any culture is this interconnected model of hypothesis, creating a unique belief system. Because basic assumptions are the key to understanding culture, using them to broadly define the family business culture they find can be divided into four common business cultures: paternalistic, laissez-faire, participatory and professional.

2.1.1 Paternalism

Paternalism is the most common culture in the family business we studied. In this model, relationships are arranged in layers. Leaders are family members who retain all authority to make all critical decisions[5]. Families don't trust outsiders and monitor employees closely. In addition, family members enjoy preferential treatment. Employees are assumed to be the direction of "doing"; That is, they should carry out the family's orders without question. The attitude towards the environment is often to actively develop new markets or products. However, families can also create a particular market niche and tend to stay in it. Paternalistic companies also seem to have two orientations on the time dimension, with some paternalistic businesses tending to the past, and inheriting the legacy of the founder and family is the primary goal of owning a family. Therefore, the long tradition is the center of culture. Other paternalistic businesses tend to be very modern, and while they maintain some traditions, they focus on current issues and needs and change quickly to cope with new threats.

Paternalism tends to work when the leader of a family business has the necessary expertise and information to manage all aspects of the business. In this culture, there is little uncertainty about who makes decisions. Decisions can therefore be made quickly and resources can be mobilized to deal with competitive threats. Because leaders in a patriarchal culture are often charismatic figures, followers tend to be highly committed to the vision of the executive leader. This commitment has a positive effect when businesses are small and struggle for survival. But some of the underlying issues also have to do with a paternalistic culture. First, companies often rely too much on the direction of their leaders. So if leaders die or lose their vigour, companies are in danger. Second, the training and development of the next generation is often neglected. Third, leaders may be unable to manage ambiguity or complexity as the business grows or the environment becomes turbulent. Fourth, after all the key decisions made by leaders, many members of the family business may feel powerless or powerless. Given these potential problems, a paternalistic culture is generally most successful when the business is small and the environment is relatively stable. As the enterprise grows, the leadership family matures, and as the environment becomes more turbulent, the family business culture often has to evolve into a new cultural model.

2.1.2 Laissez-faire culture

We call it another cultural model, and we study laissez-faire culture. This model is similar in many ways to the paternalist model[6]. With well-structured relationships, family members get preferential treatment and employees are expected to achieve family goals. Moreover, the two cultures are similar in the direction of environment and time. They are, in different places, assumptions about human nature and truth. In a laissez-faire culture, employees are seen as trustworthy and have a responsibility
to make decisions. Although the ultimate truth about the mission and goals of a company is in the hands of the family, employees have great power and discretion to determine the means to achieve these goals. As a result, a laissez-faire enterprise is completely different from a paternalistic enterprise. Family businesses determine the purpose and means.

A laissez-faire culture is better suited to corporate growth and individual creativity than a paternalistic model, because families represent a lot of responsibility. This model is appropriate if families are unable or unwilling to monitor all the day-to-day activities of the business, which requires employees to take advantage of their initiative and rapidly change to meet new conditions. The main danger of a laissez-faire culture is that employees do not consistently follow the family's basic values and assumptions. While some family businesses have been able to grow rapidly by giving factory managers autonomy, in the 1970s when some factories produced clothing that did not meet company standards, serious problems began to arise in product quality. Without proper scrutiny, employees working in a laissez-faire culture may ignore the company's goals and the business could spin out of control.

2.1.3 Participatory culture
The third model is participatory culture. This cultural pattern is relatively rare in family businesses. We found that only four organizations in our group developed this pattern at some point in their history. Participation patterns are based on assumptions that are significantly different from the first two patterns I described. Relationships tend to be more equal and collective-oriented. Family status and power are often not valued, employees are considered to be trustworthy, and families attempt to provide employees with opportunities to amplify their talents. "Doing" is not enough, and employees must do their work in a way that others participate in, to achieve personal growth and development. Participatory cultures tend to actively manage their environments. They try to get to the truth and make the right decisions by guiding the opinions of their employees. No one is going to assume all the answers. The culture of participation is current, but also futuristic, with nepotism and other forms of favoritism officially devalued. This culture has many advantages: high commitment, morale, ability to respond quickly to changes in the environment and innovation.

The idea is to de-emphasize the use of headings and status symbols and create a sense of community. There's no job description, no organizational chart. After a year of service, the employee becomes the owner of the company. In a participative culture, employees are often able to use their talents and abilities creatively. By participating in decision-making, they become more able to understand and internalize the value of the company and they are more committed to the decisions they make. Such a model seems to succeed in a complex and volatile environment, requiring different levels of employees to make the right decisions. The main weaknesses of participatory culture are also found in its decision-making process. It usually takes a long time to get involved in decisions. The process of gathering employee input can delay or undermine important decisions. So the challenge for people working in a participatory culture is to distinguish between decisions that need to be made quickly and those that require minimal discussion, and decisions that must be made with more time and employee involvement.

2.1.4 Professional Culture
The term "professional culture" doesn't mean this type of organization is more professional than other organizations, but it's often found in companies with families that decide to shift business management to non-family managers. Professionals often bring a set of assumptions that are distinct from the other three models. Relationships are individualistic, which means that employees focus on personal achievements and career development. This culture is fiercely competitive, and professional managers tend to take a fairly objective and neutral attitude towards their employees, who are assessed as being able to contribute to corporate profits. Businesses with family involvement in other cultural traits tend to disappear with the advent of professional management. Professionals rely on their years of professional training to make rational decisions, and the results often involve creating programs to improve efficiency and reduce costs, encouraging employees to get things done quickly and efficiently. Employee personal development is a secondary issue. To turn things around, professional managers are often brought into a family business, so they may find themselves in a
passive mode to reduce risk, or they may take the initiative to reduce costs by developing "modern" management techniques.

Career managers often bring new ideas and new management skills to the enterprise, so you can find the advantages of the professional culture\[^9\]. Outsiders can often improve a company's accounting, marketing or other operating systems and make the business run more efficiently. Also, there is no complex relationship with the past, so they can see new possibilities and move the company in a new direction. The main weakness of professional culture is that it tends to alienate employees who are used to working for the home, which is set according to different assumptions. Absenteeism, turnover, unhealthy competition between individuals and departments, low morale, and poor commitment are often the negative effects of career management change.

2.2 The dimension of measurement

The direction outlined in each category shows how family business leaders use dramatically different assumptions when running a business. For example, the paternalistic model is based on the assumption that it emphasizes the personal characteristics of the founder and family, while the professional model emphasizes non-personal rules as a means of getting the job done. The direction outlined in each category shows how the family business leader uses entirely different assumptions when running the business.

| Dimension                        | Descriptive                                                                 |
|----------------------------------|-----------------------------------------------------------------------------|
| 1. Nature of the relationship    | Is the relationship between the members of an organization assumed to be mostly linear (that is, hierarchical), hypothecated (that is, group-oriented) or individualistic? |
| 2. Human nature                  | Are humans considered basically good, basically evil, or neither good nor evil? |
| 3. The nature of truth           | Is the truth discovered from authority figures (that is, the right decision) determined by the individual investigation and testing process? |
| 4. The environment               | There's a fundamental belief that humans can master the environment, that they have to be conquered by the environment, or that they should try to reconcile with the environment? |
| 5. Universalism/p particularism  | Should all members of the organization be evaluated according to the same criteria, or should certain individuals be given preferential treatment? |
| 6. Nature of human activities    | Are humans basically active? Are humans passive and unable to change existing conditions? Or is humanity's main goal self-development as a whole (becoming a orientation)? |
| 7. Time                          | Are the members of this organization primarily oriented toward the past, present or future? |

At present, "inheriting from father to son" is still the main cultural inheritance mode of China's family enterprises, and this mode will continue for a long time, because the development of this mode is closely related to China's national conditions, traditional concepts and institutional environment, and it is the inevitable choice of cultural inheritance. Although this inheritance method has many disadvantages in the process of practical application, it is a theory formed under the long-term multi-party game. When we study the relationship between cultural inheritance and enterprise value, EVA is used to evaluate enterprise value. By analyzing the preparation stage of cultural inheritance and the situation of family enterprise inheritance, we can judge the relationship between family enterprise culture inheritance and enterprise value.

The relationship between cultural inheritance and corporate governance is mainly analyzed in three aspects\[^10\], which are the cultural foundation of family business governance, the influence of cultural inheritance on family business governance and the analysis of cultural inheritance on the governance mode of family business. From the perspective of the cultural foundation of family business governance, Chinese family business governance is deeply influenced by traditional cultural thoughts and has a strong flavor of "family culture". Such "family culture" is the cultural foundation of family business governance and also the cultural foundation of family business system selection or behavior mode. From the perspective of the influence of cultural inheritance on the governance of family enterprises, we mainly analyzed the organizational form and operating efficiency of family enterprises, and conducted in-depth discussion based on the excellent theories of experts and scholars at home and abroad to clarify the promotion effect of cultural inheritance on the governance of family
enterprises. From the cultural inheritance of family corporate governance mode analysis perspective, mainly some basic characteristics of the cultural inheritance, compare different national family enterprise culture inheritance and the relationship between corporate governance, a clear cultural heritage to the effects of family corporate governance, to help the family business on the basis of cultural inheritance, a more comprehensive and perfect the governance and management.

2.3 Research hypothesis

This paper mainly studies the relationship between cultural inheritance, family enterprise governance and enterprise value, and makes four hypotheses for relevant theoretical basis:

Hypothesis 1: the actual controller concurrently serves as the chairman or general manager of a listed company inhibits the development of cultural inheritance, family enterprise governance and enterprise value.

Hypothesis 2: group control inhibits the development of cultural inheritance, family business governance and enterprise value.

Hypothesis 3: the chairman or professional manager concurrently holding the post of senior executive of a listed company has certain influence on cultural inheritance, family enterprise governance and enterprise value development.

Hypothesis 4: the change of chairman of the board of directors has an enhancement effect on enterprise value compared with the change of general manager.

3. Research design

3.1 Sample selection and data collection

Considering the cultural heritage, family business management, and to promote relations between the enterprise value, this article choose from thousands of listed companies in a lot of family enterprises were analyzed, and the use of 2011-2016, conduct the thorough research to the big data, choose the cultural inheritance of the previous year, cultural heritage that year, a year after the cultural inheritance of a total of three years a comprehensive comparative analysis, obtained in 2011-2011, 2011 samples were analyzed, from the perspective of long-term data collection and observation, to provide basic guarantee the authenticity and accuracy of the results of the study. The data involved in the paper were collected from information published on websites such as guotai’an database, wande database, shenzhen stock exchange and Shanghai stock exchange. This data has certain authority and authenticity.

3.2 Variable selection

3.2.1 Explained variable

This paper uses the EVA assessment model of cultural heritage, family companies governance and analyze the relations between and among the enterprise value, through the cultural heritage changes before and after three years EVA numerical measure of family corporate governance and corporate value, because the sample enterprise's environment each are not identical, greatly increasing the accuracy of the probability of the EVA value changes. The calculation formula of EVA used in this paper is:

\[ EVA = \text{NOPAT} - \text{NAO} \times \text{WACC} \]  \hspace{1cm} (1)

Where NOPAT is the adjusted profit value of the operating company; For the initial investment cost of establishing the company, NAO mainly consists of two parts, namely interest-bearing debt capital and equity capital. WACC is the weighted fixed capital.

3.2.2 Explaining variable

This paper adopts the method of separation of checks and balances the ownership of the family business, management and supervision in the cultural heritage before, during and after the change of the three process analysis, to understand the change trend of family corporate governance and corporate value, and checks and balances and separation analysis will also be able to cultural heritage,
family positive impact on corporate governance and corporate value, for the most suitable family enterprises on the choice of cultural inheritance model has certain practical significance. In the analysis process, the measure of ownership is mainly through family control and absolute family control. The determination of management rights depends on the identity of the CEO. The inspection of the right of supervision is mainly based on the status of chairman and the proportion of independent directors in the board of directors.

3.2.3 Control variable
There are four kinds of control variables involved in this paper, which are enterprise scale, company history, institutional risk and industry competition. Each control variable plays a crucial role in the development process of family enterprises. Table 2 defines tables for variables.

| Table 2 Variables Definition |
|-------------------------------|
| Name | Symbol | Descriptive |
| Dependent Variables | Change of EVA during cultural inheritance | EVA | The change of EVA during cultural inheritance of three years |
| Ownership | Group | 20%-49% by family members |
| | OWN | Higher than 50% by family members |
| Independent Variables | Operation | CEO | CEO is a member of family |
| Monitoring | BOARD | Board is constitute by family members |
| | Ind | Percentage of Independent board |
| Control Variables | Size of firm | SIZE | LN total assets |
| Age of firm | AGE | The years between cultural inheritance and firm founded |
| Industry risk | RISK | Standard error of return |
| Industry competition | INDU | Higher, normal and lower |

3.3 Model design
To the enterprise value, cultural inheritance and cultural inheritance and family businesses governance theory analysis and the research hypothesis as a reference for the design of the research model, from the cultural heritage, family enterprise management, enterprise value researches in three angles, and specific cultural heritage to the influence of family enterprise management and enterprise value, build a family business checks and balances and separation of the inheritance model, through the supervision, ownership and management rights in cultural heritage before, during and after the change of the three process in-depth analysis, a more thorough understanding to the cultural heritage, family business management, the relations between and among the enterprise value, as shown in a specific form, such as model:

\[
EVA = \alpha_0 + \alpha_1 \text{Ownership} + \alpha_2 \text{Operation} + \alpha_3 \text{Monitoring} + \sum \text{control variables} + \varepsilon_1
\]  

(2)

4. Empirical analysis results

4.1 Descriptive statistics
In this paper, the samples of the three stages before, during and after family succession were taken as samples, and the sample intervals of the first two years, the first two years of family business inheritance, and the second two years of family business inheritance were selected as samples. A total of 300 samples were obtained from 2011 to 2015 for analysis, and descriptive statistics of the sample interval were mainly carried out through changes in EVA change rate. Specific descriptive statistical results are shown in Table 3:

| Table 3 Descriptive statistics of Change of EVA during cultural inheritance |
|-------------------------------|
| Time | Average | Mean | Minimum | Maximum |
| former | –27.485 | –0.336 | –59.257 | 0.325 |
| Point of time | –34.562 | –0.767 | –62.477 | 0.126 |
| latter | –10.168 | 0.033 | –35.412 | 0.851 |
After the cultural inheritance, the value of the family business has declined, and the effect of the management of the family business is not satisfactory. However, with the passage of time, the governance effect of family enterprises becomes more and more perfect, and the value of enterprises also shows a trend of value appreciation. It can be seen that when the successor or external manager just takes over the family business, there will inevitably be some inadaptability, which requires a certain period of running-in to adapt, and maybe the enterprise performance of that year will decline. However, it can bring huge economic benefits to the future development of family businesses.

4.2 Correlation analysis

Through the cultural inheritance of family businesses, family businesses governance and three aspects of enterprise value is interpreted variable correlation analysis, interpretation and control variables, we find three and no obvious correlation between the independent variable, in order to further prove the relations between and among, regression analysis is needed. The debt ratio is negatively correlated with the fact that the actual controller of the family enterprise is concurrently holding the post and the group control is negatively correlated. In other words, the fact that the actual controller of the family enterprise is concurrently holding the post and the group control is not conducive to the governance of the family enterprise and the value appreciation of the enterprise. Table 4 shows the data results of correlation analysis.

|       | 1   | 2   | 3   | 4   |
|-------|-----|-----|-----|-----|
| EVA   | 1   |     |     |     |
| Ownership | 0.082 | 1   |     |     |
| operation | 0.018 | 0.019 | 1   |     |
| monitoring | 0.124 | 0.044 | 0.036 | 1   |

4.3 Regression analysis

First, the influence of family control on family business governance and enterprise value after inheritance is understood, and in-depth research is conducted on variables such as the listing mode of family business, whether the actual controller is concurrently the chairman of the company, and group holding, to clarify what influence these variables will have on the governance and enterprise value improvement of family business. Subsequently, the results of a series of regression analysis were tested, and it was concluded that family enterprise group control has a direct impact on family enterprise governance and enterprise value, but it will not cause too great loss to the financial situation of family enterprises in the short term. Table 5 shows the data results of regression analysis.

|       | 1   | 2   | 3   | 4   | 5   | 6   |
|-------|-----|-----|-----|-----|-----|-----|
| Ownership | 0.112*** | 0.113** | 0.114*** | 0.115* | 0.112*** | 0.012*** |
|         | (4.21) | (4.24) | (4.29) | (4.33) | (4.20) | (5.26) |
| operation | -0.440*** | -0.443** | -0.444*** | -0.446*** | -0.432*** | 0.016*** |
|         | (-5.20) | (-5.26) | (-5.28) | (-5.31) | (-5.08) | (2.09) |
| monitoring | 0.232** | 0.230*** | 0.231*** | 0.231* | 0.231*** | 0.024*** |
|         | (7.41) | (7.35) | (7.38) | (7.39) | (7.38) | (8.63) |
| Control variables | 0.013* | 0.015** | 0.015** | 0.011** | 0.007* | 0.001*** |
|         | (0.24) | (0.27) | (0.27) | (0.20) | (0.13) | (0.25) |
Through the analysis of table 5, we can know that the actual controller who concurrently serves as the chairman or general manager of a listed company has an inhibiting effect on cultural inheritance, family enterprise governance and the development of enterprise value, so hypothesis 1 is established. Similarly, group control has inhibiting effect on cultural inheritance, family enterprise governance and enterprise value development, so hypothesis 2 is established.

At present, the listed companies still exist in the process of development of the phenomenon of "head", chairman of the board of directors in the company decision certainly dominance, and general manager in decision-making is relatively low in the position of leadership and being led relationship exists between the two, further influence enterprise culture inheritance, the family corporate governance with the development of the enterprise value, therefore, hypothesis 3 was established.

Compared with the general manager, the change of chairman of the board of directors does not increase the enterprise value. The chairman of the board occupies the position of soul in the enterprise development, and the enterprise will also be influenced by the chairman's personality in the development process. For example, Ren Zhengfei, the founder of Huawei enterprise, is famous for his Wolf nature. However, the change of chairman is also an inevitable choice in the process of enterprise development. Once the chairman becomes a non-founder, the value of the enterprise will decrease accordingly. Therefore, hypothesis 4 is not established.

5. Conclusions and recommendations

5.1 Moderate reduction of family shareholding ratio

Through a series of empirical analysis, we can conclude that proper family control on the enterprise is conducive to the cultural inheritance of the family enterprise and has a positive impact on the enterprise value and corporate governance. However, if the family adopts the mode of absolute control over the enterprise, it will cause some adverse effects on the cultural inheritance of the family enterprise, which will affect the management of the family enterprise and the improvement of the enterprise value. It can be seen that it is necessary to reduce the family shareholding ratio moderately and maintain a certain degree of equity dispersion. Currently, retains the ownership of the family is the most suitable for the developing mode of family enterprise culture heritage in our country, holding high level of the enterprise, if the family can appear unreasonable equity structure distribution situation, the company's major decision, operation and management in family hands, is not conducive to enterprise decision-making mechanism effect of the play, to the enterprise's economic construction has caused certain obstacles. Therefore, the proportion of family ownership should be appropriately reduced and the shareholding structure should be further adjusted to avoid the enterprise being completely controlled by the family as much as possible [11].

5.2 Appropriate introduction of professional managers

Through the empirical analysis in this paper, we can conclude that the appropriate introduction of external managers has a certain promoting effect on the cultural inheritance of family enterprises and has positive significance for the future corporate governance and the value appreciation of enterprises. When the external manager just takes over an enterprise, it is inevitable that there will be some unadaptability, which requires a certain period of running-in to adapt. Maybe the enterprise performance of that year will decline. However, it can bring huge economic benefits to the future development of family businesses. Therefore, when carrying on the cultural inheritance of family enterprises, we should not only focus on the short-term economic benefits, but also take a broader view to enhance the enterprise value from a long-term perspective. At the same time, family enterprises should make appropriate adjustments to their employment mechanism, give full play to the important role of the appointment system of corporate board of directors, and provide basic guarantees for the sustainable development of enterprises. The enterprise manager should eliminate the enterprise's administrative level completely, strengthen the construction of the manager talent market, and help the enterprise to find the external manager with excellent comprehensive quality. In
addition, a complete set of manager market should be established to restrain the behavior of external managers under the background of modern enterprise system, reasonably control the risk in the way of using external managers, and promote the stable development of economic construction of family enterprises under the efforts of external managers.

5.3 Strengthen internal control and external auditing

Family business managers must strengthen the attention to the external control and internal audit, internal control management system and build a complete set of external audit management system, through the use of the internal control management system to make up the lack of personal control in scale, even if the absence of enterprise managers, the company will operate orderly, greatly reduce the risk of the enterprise "wise men" exit. With the rapid development of economic construction, family enterprises are gradually expanding the scope of business, its internal control system construction should also make further adjustment, combined with modern, new ideas and new ideas to improve the strength of the enterprise internal control management, maximum full play the important role of the internal control management system. External audit is an analysis of the actual operating conditions of family enterprises. Effective external audit can help managers to have a better understanding of the actual operating conditions and operating results of enterprises and help managers to make correct corporate decisions. Therefore, it is necessary to strengthen the internal control management system and external audit management system of family enterprises.

5.4 Improve the incentive and training mechanism

There are mainly three cultural inheritance modes of family enterprises. The first one is the "son inherits father's career" mode, which inherits family enterprises through the cultivation of children's professional comprehensive enterprise management ability. The second is "generic family-based" inheritance pattern, when the children of family enterprises management does not have the ability to manage the enterprise, will be around the children choose reliable internal training such as relatives, friends, classmates, as heir provides a wider range of choice, can effectively solve the problem of the contradiction between "kiss and xian". The third is the inheritance mode of employing professional managers, which refers to hiring managers with strong management level from the outside to manage family businesses. They have the management right of family businesses, but do not have the ownership of family businesses. This shows, family firms in the cultured the candidate, also should begin from the three aspects, make training mechanism, fair and just help candidates fluent in business management and related professional knowledge and practical experience, a comprehensive enhance the comprehensive strength of candidates, in addition to have special knowledge of enterprise management, also need to master the ability to build a harmonious team. And managers have to establish and improve the incentive mechanism, in the process of candidate training, often will encounter all sorts of difficulties, if there is no strong psychological ability is prone to give up the psychological, to avoid this situation, the appropriate to give candidates some spiritual and material rewards, help them to the training of candidates.

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