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The research on the family enterprise management mode selection mechanism on the basis of life cycle perspective

Yan Shi^{1*}, Liu Yiping², Chin Kim On³

¹School of Management and Economics of Qiqihar University, Qiqihar, Heilongjiang, (CHINA)

²Bank of communications Shanxi branch, Xian, (CHINA)

³School of Engineering & Information Technology, University Malaysia Sabah, Sabah, (MALAYSIA)

E-mail : abcyanshi@sohu.com

ABSTRACT

This article discusses the external factors supporting system and internal factors decision system which influence enterprise management model, puts forward to the enterprise management model select function based on the system factor, human factor and cultural factor; and establishes the internal factor affecting system of family enterprise management model; based on the different stages of family enterprise life cycle, analyzes the elements impact level and performance characteristics; suggests the family enterprises management model matches with the different development stages.

KEYWORDS

Family enterprise; Enterprise management model; Life cycle; Private enterprise.



INTRODUCTION

Family business is large in the modern social enterprise groups; clear difference is the complex relationship management, the scale of the enterprise form. In the United States, its evolution and development of family business has experienced one hundred years of development, due to the development of family firms in China is short, in the design of property right, corporate governance, cultural construction, and many other aspects are linked to gaps in foreign developed countries, particularly by the traditional concept of parental authority, enterprise inheritance, affection, etc of the entanglement of the formation of the internal friction become shackles for the sustainable development of family enterprises in our country, which involves the enterprise management mode^[1]. Therefore, to conduct the thorough research to the management mode of family enterprises in China, analyzed the family enterprise management mode choice and key elements, find, matching the characteristics of the different stages of development management pattern, is particularly important.

THEORETICAL BASIS

Previous scholars on enterprises Management Model (EMM,-Enterprise Management Model) impact factor research is less, representative of He Silong (2001), Ye Guocan (2003), Li Xinchun (2005), Lu Qicheng (2006), Chen Yunjuan (2010), etc. He Silong, Shi ZuLiu (2001) put forward "Non-Scenario Analysis Model " management model, the model that enterprise management mode should be determined by the state of social development, social system, social culture deep structure, three kinds of basic elements of social development status, including society, economic development stage, the social - economic organization, knowledge evolution stages; The social system, including political system, economic system; Social culture deep structure including the mode of thinking and the humanities spirit, create the management pattern of steps as follows: prototype selection - cultural foundation to develop the prototype characteristics decomposition - management attribute set - the schema definition^[1,3]. Ye Guocan (2003), Zheng Heping (2003), Lu Qicheng (2006), and other scholars, main factors affecting the enterprise management mode can be divided into structural elements (property right system, corporate culture and business philosophy, decision-making and leadership model, management, technology, management system and organization mode) and support elements (employees, products and services, corporate strategic objectives and customer), these elements only interact according to certain rules in the enterprise management, the proper role can occur, and the result of the different effects resulted in the different enterprise management mode^[2-4]. Li Xinchun etc. (2005), Xiang Guopeng etc.(2012) from the perspective of the entrepreneur itself, emphasizing, concept of entrepreneur, the entrepreneur system elements such as the impact on the family enterprise management mode^[5]. Chen Yunjuan (2010) put forward business enterprise principle of management mode by cultural foundation, entrepreneurs, and the impact of enterprises characteristics, cultural foundation is refers to the influence of a particular crowd traits of character, value idea, the way and principle of combined; Entrepreneur concept refers to the entrepreneurs based on their accumulation in production management or business management or the formation of the thoughts and ideas; Quality refers to the enterprises in certain stage have different characteristics with other companies^[1].

Management mode is summed up in the process of practice, is the application of management theory in management practice, based on previous research results, this paper argues that factors affecting enterprise management mode can be attributed to external elements of the system (support system) and the internal elements of the system (decision system).

The external element system (support system) mainly includes three categories: political and legal environment, market economic environment and social cultural environment. (1) Political and legal environment for the enterprise, national political and legal system of enterprise is inevitable, the influence of enterprise as a social element that must be subject to national political environment

constraints and constraints. (2) The market economy environment, the market is the carrier of enterprise survival, fair and open competition in the market environment, is the guarantee enterprise operation good premise, the degree of developed market economy also determines the development of the enterprise. (3) Social and cultural environment, cultural environment affects the enterprise actual operation mode and style, each enterprise is deeply printed on the external culture and, arguably, the external culture affects all aspects of the enterprise. Internal factors (decision system) are the main system consists of three categories: cultural factor, system factor and humanism elements. Cultural elements are rooted in the enterprise environment; the cultural factors directly affect the entrepreneur's idea and enterprise culture. (2) The system elements, including the relationship of property right, management mechanism are the core factor which restricts the healthy operation of the enterprise. (3) Humanistic elements, the person is the main body of management, including ability, knowledge and entrepreneur itself of choosing and employing persons.

THE RESEARCH DESIGN

Define the elements of management mode

System based on the above analysis, the author believes that the external elements (support system) in a particular period are stable, and controllable factors, and the internal factors of system (decision system) are the dominant factor, controllable factors, so this research institute to consider enterprise management mode is refers to the internal factors influencing factors, enterprise management mode should be represented by the following function:

$$EMM=f(C, S, H)$$

Family enterprises in the management mode of choice, should first establish "Cultural management + System management + Humanistic management " the management idea, through the Culture, System and humanism^[6], these three aspects of the in-depth analysis (shown in figure 1), On this basis, this paper established as shown in TABLE 1 family enterprise management mode total factor system.

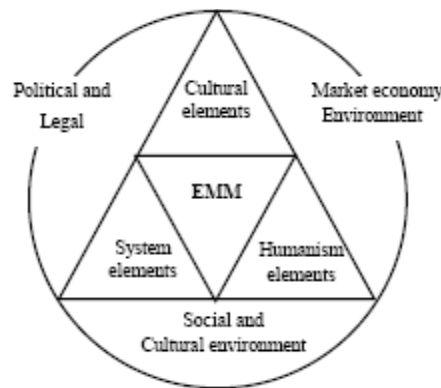


Figure 1 : Management pattern overall frame

The distribution of the elements' importance in different stages of management mode

The enterprise life cycle theory is divided into start-up period, growth period, mature period and decline period. Start-up period refers to the enterprise from the registered to the early stage of the official start of the sale, at this stage, the main problem companies face is to rapidly expand the market and ensure sufficient cash flow. Growth period refers to the stage that the enterprise scale and sales ability enhance, and the enterprise business grow rapidly, in this stage, enterprises mainly face to expand

sales, increase production, reduce cost. Mature period refers to the stage that the enterprise scale is relatively stable, product sale remains to be relatively high and stable, at this stage, companies need to solve the problem setting up scientific management mode, controlling the costs strictly. Decline period refers to the company's business stagnate or begin to decline until the firm Closure or re-developed, in this stage, enterprises need make strategic adjustment, promote the change of the organization and management, look for new ways actively^[7].

According to above analysis, the issues of the elements in the family enterprise management mode and the enterprise life cycle relationship, two theoretical propositions can be drawn.

Proposition 1: Influence factors' performance of the enterprise management mode in different stages of enterprise life cycle is different.

Proposition 2: Family enterprise management mode can reflect differences due to different stages of life cycle.

Different stages of enterprise life cycle impact to the importance of the enterprise management model elements, for this aspect has carried on the questionnaire data collection. This study issued out 560 questionnaires, respondents for family business executives, actually collected questionnaires 342, eliminated invalid questionnaires 14, reserved 328 valid questionnaires.

According to the elements' importance in different stages of management mode, these elements in the questionnaire are divided into three levels, "*"said important degree is relative to the minimum, "***"said important degree is relative to be general, "****"said important degree is relatively high. As shown in TABLE 1.

TABLE 1 : Distribution table of all the elements and the importance of family enterprise management mode

		start-up period	growth period	mature period	decline period	
system elements	property right mechanism	property right structure	**	***	***	**
	governance structure	governance mode	*	**	***	*
		governance mechanism	*	**	***	**
	management system	organization and management system	*	**	**	***
		salary management system	*	***	**	**
		performance management system	*	***	**	***
		financial management system	***	***	**	***
humanistic elements	entrepreneur	entrepreneurs' own quality	***	**	**	*
	mechanism of selecting talented people	talent introduction mechanism	*	***	***	***
		Staff quality assessment system	*	**	***	**
	employment mechanism	talent configuration system	*	**	***	***
		training system	*	***	**	**
cultural element	cultural connotation	humanistic culture	*	**	***	**
		innovation culture	*	**	***	***
		executive culture	**	***	***	***
	operating mechanism	learning culture	*	**	***	**
		enterprise culture propaganda system	*	**	***	***
		enterprise culture	*	**	***	**

execution system				
corporate culture	*	**	***	*
assessment system				

Note: the degree of importance here doesn't mean the importance degree of factors themselves, but rather the conclusions show that the factors in this phase compared with other stages, the size of the degree of importance.

**INFUENCE FACTORS' CHARACTER ISTIC ANALYSIS OF FAMILY ENTERPRISE
MANAGEMENT MODE IN DIFFERENT DEVELOPMENT STAGES**

Start-up period

Entrepreneurs raised funds through internal family, organize members of the family to product and sale, all kinds of resources combination and contractual relationship are very simple, scale of the enterprise founded at the beginning is small, almost no formulate standardized management system and enterprise development strategy, not to mention the enterprise culture construction, just governed by members of the family cohesion.

1. Institutional system. Enterprise property right is highly concentrated, members of the family as an enterprise, entrepreneurial family owns the absolute control of the enterprise. Enterprises set up a simple centralized linear framework of organization and management, there is no clear development strategy and sound rules and regulations, enterprises established performance-related simple performance management system and compensation system.

2. Talent mechanism. Entrepreneurial drive and keen grasp of the market and hard-working qualities play a decisive role in enterprise development, because at this stage enterprise focus on capital and market, didn't establish scientific talent introduction and evaluation mechanism.

3. Enterprise culture. Enterprises pervaded the keen "family" culture, mutual trust among family members and cohesion can ensure the loyalty of employees to the enterprise, the enterprise did not consider or consciously build deep intension of enterprise culture.

Growth period

When family business developed into the growth period, the horizontal and vertical communication and coordination, the difficulty and complexity of the management also increases accordingly, is beyond the scope of enterprise founder ability gradually, at this point, At this point, the entrepreneurs start gradually to delegate, absorb the relatives, friends, classmates with members of the initial trust relationship into the enterprise, such as by establishing rules and regulations to standardize enterprise management.

1. Institutional system. The trinity of the enterprise's ownership, management control and the family, the property right diversified appropriately, entrepreneurial family still has the relative control. The organizational structure of both centralization and decentralization take a more linear functional organization structure. Enterprise system construction has been more specification, distribution system, rewards and punishment system and various business management systems and so on all have the textual system.

2. Talent mechanism. Enterprises have begun to diversify non-family members closed to family entered the business, and assume some management work, companies began to focus on the core backbone capacity building training, and motivate the core staff by improving pay and performance system.

3. Enterprise culture. Enterprise culture began to focus on the establishment and promotion of enterprise systems, specification and behavior for the content of corporate culture, emphasizing the importance of innovation, trying to establish a family enterprise culture constraint mechanism.

Mature period

The family business after the first two phases of rapid growth has entered a stagnant stage, the maturity. Maturity is the most ideal family firm life cycle of a phase, then the higher market share and popularity of the enterprise, business scale is larger, the money is more, with the help of social capital is a must to continue to develop, to a higher level of human capital and the management of more standardized.

1. Institutional system. Have a sound corporate governance structure, proper separation of management and ownership, the family holding in the relative position to bring in some non-family members held management positions. Implement general manager responsibility system, directors, supervisors and shareholders will be monitoring mechanisms; organizational structure develops to the matrix or business model, focusing on the implementation of scientific performance pay system, the focus of financial concerns that foreign investment.

2. Talent mechanism. Family enterprises introduce excellent management talents, making the management has the certain innovation, enterprise attaches great importance to the talent resources, people-oriented, pay attention to the training and incentives for employees; Decision efficiency, perfect management system, realize the enterprise efficiency, the balance of energy, stability and development.

3. Enterprise culture. Establish distinct ideas and unique enterprise culture of enterprise, employees have a strong sense of belonging and professional dedication; Has the good public awareness, in the pursuit of economic efficiency of enterprises at the same time, pay attention to the social benefit and good public relations.

Decline period

Enterprise development to a certain period, mature period of family enterprise competitiveness began to abate, gradually stepped into recession, family businesses through strategic alliances, mergers and acquisitions to seek enterprise second startup and a new growth point. Members of the family management gradually fade out; Many professional managers to senior enterprise.

1. Institutional system. Strong family enterprises absorb the social capital and become a listed company, some enterprises through strategic alliances make equity more diversified, corporate governance structure is reasonable, although the family has a company's shares, but gradually fade out the management, professional managers to senior enterprise; Enterprise's each rules and regulations have been more perfect; the related organization, compensation performance and so on also changed accordingly, so as to adapt to the needs of the development of future strategy.

2. Talent mechanism. Entrepreneurs gradually fade out the enterprise management, enterprise promising talent, professional managers began to act as corporate responsibility, professional managers' professional ethics and code of conduct for healthy development of enterprises plays an important influence.

3. Enterprise culture. The original enterprise culture are effected by external innovation concept and innovation thinking, enterprises pay more attention to learner's understanding of the original culture, attach great importance to the innovative talents.

CONCLUSIONS AND IMPLICATONS

The choice of enterprise management mode depends on the environment. For family businesses, therefore, according to the performance of management mode elements in different period, they should select management mode matches with themselves.

1. Family business start-up period-Owner Management Model

In the start-up period, family enterprise operation and management decision-making should be positioned in the family owners, can help family businesses to grasp the market opportunities, reduce the management risk, and achieve rapid growth.

Family business when choosing the owner management pattern should grasp the following points: (1) the size of the family enterprise should not be too big; the family business entrepreneurs should pay attention to the cultivation of their ability. (2) To give full play to the role of enterprise culture, for the development of enterprise start-up period provide solid corporate culture foundation. After successfully in the market, (3) Enterprises should consciously promote the construction of the enterprise standardization management system, gradually improve various rules and regulations, enhance the level of enterprise standardization management.

2. Family business growth period-family management mode

In the growth period, family enterprise operation and management decision-making should be positioned in the members of the family, the family management pattern.

Family business to choose the family management mode should grasp the following points: (1) Entrepreneurs raise their decision-making ability and market insight ability, and at the same time, they should be more valued human resources development and use. (2) Entrepreneurs should assess the situation, keep a clear head, prevent the expansion of blindly diversified enterprise. (3) Enterprises should gradually establish a reasonable benefit distribution mechanism, through the home culture to enhance the cohesion of the enterprise.

3. Family business mature period -half professional management mode

In the mature period, the family enterprise management decision-making should be positioned in the internal and external two aspects of professional managers, using half professional management mode.

Family businesses when choosing half professional management mode should grasp the following points: (1) through the introduction of professional senior management personnel, scientific corporate governance structure are established within the family business, entrepreneurs through appropriate decentralization, truly achieve the professional management of the enterprise. (2) For the choice of professional managers should be careful, especially the work ethic and literacy is very important to enterprise development. (3) To give full play to the role of the management mechanism and the supervisory board, coordinate the interests of the relationship between family members and non-family members.

4. Family business decline period -half professional management mode- entrepreneur management model

In decline period, family business has the potential to develop into its own public company with a way to attract a lot of social capital, a number of professional management gradually become the enterprise top managers instead of members of the family, truly realized the separation of owner and operator of professional managers management mode.

Family enterprises in selecting entrepreneur type management mode should grasp the following points: (1) at the strategic level, enterprise to make a strategic adjustment timely, to market positioning, meet the needs of enterprise development. (2) Actively promote enterprise technology innovation and management changes, looking for new growth pole. (3) Through organizational change, integrate the internal and external network resources, seeking the second startup of the enterprise.

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