

Consulting Services for International Trade Needed by Chinese Family Businesses in Chon Buri Province

- Sun Yu
- Suriyan Nontasak
- Ronald A. Markwardt

Abstract. *The purpose of this study was to investigate the needs of Chinese family businesses in Chon Buri Province for consulting services related to international trade in Asia and the Pacific. A sample of 55 respondents comprising of 25 mainland Chinese successful family businesses and 30 Taiwanese successful family businesses from Banbueng District in Chon Buri province was selected to collect data for the study. Data were analyzed using SPSS software to identify the degree of acceptance perceived by general managers on the needs of Chinese family business. The t test was utilized to analyze the differences of perceptions expressed by Taiwanese and Chinese owners of business towards consulting services. The study revealed that, the needs of Chinese family businesses planning for international trade were to pay attention to the management of (1) business development; (2) decision making; and the general guidelines were: (1) empowering employees to manage their own work; (2) revising the financial management system among personal, family, and business; (3) reviewing management process to support family business to meet the goals. For the needs of education and training, Chinese family business had to focus on gaining professional training in areas of finance, strategic planning, marketing, operations, laws and regulations, etc. When comparing the perception between Chinese and Taiwanese successful family business, it was found that there was no significant difference between the perceptions of the two groups.*

INTRODUCTION

Globalization is one of the significant trends of the 21st century. Rapid international development drives growth in the increasing development of economy among countries and countries around the world. Globalization is often associated with benefits in economy. International markets allow for more efficient, effective allocation of limited human, physical and financial resources. Global competition promotes innovation and improvements in organizations, goods and services. In the environment of economic globalization, family businesses in emerging and fringe economies need to continuously adapt their business models to the global changing. It is interesting to note that Chinese enterprises are fortunate to develop their business in Asia Pacific and other parts of the world. To adapt to the changing business world modern business organizations often use consulting services, particularly if they intend to expand their sphere of influence. More and more Chinese family businesses realized that they have new chances to take advantages of expanded operation in Banbueng District of Chon Buri Thailand. Banbueng was settled by many Chinese immigrants to develop their family businesses, but it is also part of Thailand industrial corridor. New Industrial Estates are being built along with highway and motorway facilities intended to expedite international transports production under the planned AEC (Asean Economic Community).

Miller & Le Breton-Miller (2005) indicated that businesses usually have a long-term view; a lasting mission, vision, and purpose; aimed to create a healthful, caring community; and an ability to build relationships, bonds, and connections with customers, suppliers, and other outsiders. This study demonstrated that it is urgent for children of family businesses to develop and enhance business to make balance with the changing business environment.

Overseas Chinese Family Businesses typically have a strong emphasis on hierarchical order



within the organizational structure. This is influenced by Confucian values that strongly emphasize hierarchical order (Redding, 1993; Sheh, 2001). As Sheh (2001) argued, Chinese entrepreneurs tend to mix family matter with business matters. Consequently, the organizational hierarchy resembles that of the family hierarchy. Most overseas Chinese Family Businesses do not have a formal or explicit organization chart; management positions are normally based on the individual position and seniority in the family hierarchy (Sheh, 2001). So it is better to develop a formal organizational structure and resist the temptation to violate the organizational structure, and appropriately empower employees to manage their own work instead of controlling everything by business owners.

Rivers (2009) proposed that the conventional wisdom with regard to family businesses is that they have an advantage over their larger competitors because they are more nimble, therefore, capable of making faster, homogenous business decisions. Especially for family business, most family businesses in the first generation have one primary decision maker who functions as both owner and general manager of the enterprise. The first generation family business owners are often like battlefield generals issuing directives left and right and watching lower ranked soldiers execute their decisions.

What consulting services are needed when Successful Chinese family business goes into global practice? It is necessary to study in depth for the young Chinese to begin their business, because different nationalities may manage different ways of doing business. Therefore, it is reasonable to investigate whether successful Chinese family businesses need consulting services to manage their organization and to compete with others.

RESEARCH OBJECTIVES

To investigate the needs of successful Chinese family businesses in Chon Buri Province for consulting services related to international trade in Asia and the Pacific.

To explore areas of education and training that Chinese family businesses in Chon Buri Province needed for their children to develop themselves as the next generation for international trade in Asia and the Pacific.

To analyze the different perceptions proposed by Taiwanese and Chinese Department Heads of business in the areas of consulting services needed by successful Chinese family business in Chon Buri Province.

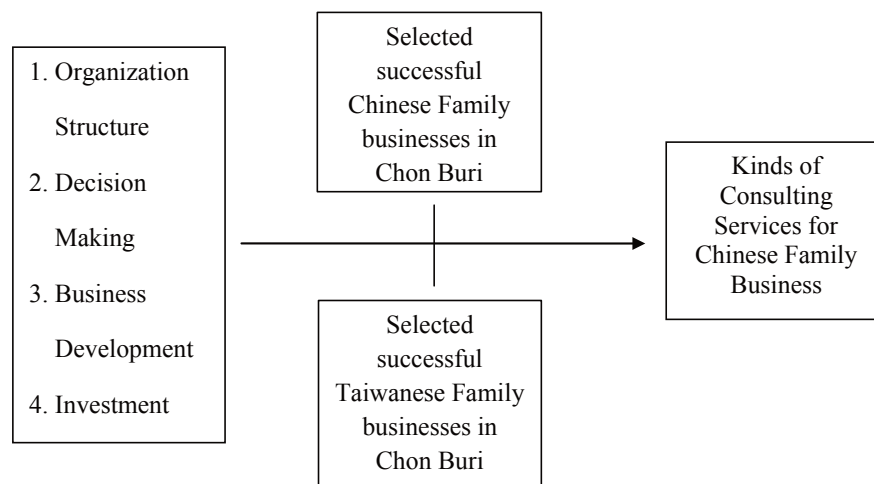


TABLE 1 CONCEPTUAL FRAMEWORK

REVIEW OF LITERATURE

Venter, Boshoff and Mass (2005) defined family business as the business that is owned by members of the same family to shape and/or pursue the formal or implicit vision of the business (which employs



between five and 200 workers) and where it is the intention of family members to hand the business over to the next generation or where the business has already been handed over to a family member to manage and/or control.

The conventional wisdom with regard to family businesses is that an advantage they have over their larger competitors is that they're more nimble, therefore, capable of making faster, better business decisions (Rivers, 2009).

Most overseas Chinese Family Businesses are still under tight control of core family members and the top management mainly consists of family members. Due to the concentration of ownership and management control, CFOBs are typically small in size and have a simple organizational structure (Chen, 1995a). Moreover, influenced by Confucian values that strongly emphasize hierarchical order, overseas CFOBs typically have a strong emphasis on hierarchical order within the organizational structure (Redding, 1993; Sheh, 2001).

Each family-owned company has its own personality, its own set of values, its own goals for success. Family-oriented issues of intergenerational transitions, ownership, strong personalities and trust must work hand-in-hand with the family business issues of finance, strategic planning, marketing, operations, laws and regulations. As the family grows to second, third and fourth generations, these issues become more and more challenging. Consulting services help family gather information, choose the avenues that will work best, plan a course of action, and implement chosen strategy. Every family owned company has its own set of goals and challenges, the aim for consulting services is to help take the steps and make the decisions that will grow business consistent with family goals (Chrisman; Chua & Sharma; 2003).

RESEARCH METHODOLOGY

A quantitative method was chosen as the research method for the study to investigate the practices and consulting services needs of Chinese family businesses in Banbueng, Chon Buri. The participants of this study were 55 family businesses' executives in Banbueng district, Chon Buri province that were members of Taiwanese Business Association (TBA) and groups of TBA's Chinese business partners. According to TBA in Chon Buri, there were approximately 60 Chinese family businesses located in Banbueng, Chon Buri at the time of the study. The researcher sent introduction letters (Delete "Appendix B) describing the research topic and objectives to the 60 Chinese family businesses' executives in Banbueng, Chon Buri inviting them to participate in this study and 55 of them responded. The 55 participants of the study consisted of 25 mainland Chinese executives and 30 Taiwanese executives.

Instrument

For this research, the questionnaires were used to obtain information from Chinese executives. The researcher designed a four-scale rating questionnaire to collect data of family businesses' practices and consulting services needed perceived by Chinese family businesses' executives in BanBueng, Chon Buri. The questionnaires were written both in English and Chinese; the English version of the questionnaire was prepared and followed by Chinese version.

Data Analysis

The rank order scores of individual items were employed to determine their relative importance as perceived by the Chinese participants, based on levels of agreement or disagreement (rang = 1 to 4) with 34 statements.

Table 2 The needs of Chinese Family Businesses as perceived by their executives in four areas. (N=55)

Practices of Chinese Family Businesses	\bar{x}	S. D.	Ranking
Organization Structure	2.98	0.57	3
Decision Making	3.08	0.72	2



Business Development	3.12	0.74	1
Investment	2.93	0.75	4
Average \bar{x}	3.03	0.70	

Table 2 shows the average importance or preference that executives gave to each area of their businesses. It demonstrated that the respondents rated at the ‘agree’ level of all areas of Chinese family businesses’ needs (withranging from 2.93 to 3.12). The ranking showed that items relating to business development area were rated at the highest level (= 3.12). The second group of items related to decision making (= 3.08). The third highest score was organization structure items (= 2.98) and the lowest score was investment items (= 2.93).

Table 3 The preferences in organization structure areas perceived by Successful Chinese family business executives

Organization structure	\bar{x}	S.D.	Ranking
1. Family members should be assigned to control all sections of business for unity.	2.71	0.76	5
2. There are various jobs for business owners and family members.	2.98	0.71	3
3. Developing a formal organizational structure and resisting the temptation to violate the organizational structure can help the business and family operate more smoothly.	3.15	0.65	1
4. High centralized organizational structure provides the family business to be more effective.	2.95	0.70	4
5. It is possible to empower employees to manage their own work.	3.13	0.58	2
Average \bar{x}	2.98	0.57	

Table 3 demonstrated mean scores given to each item of preferred organization structure. The three highest rank orders of the respondents’ perceptions respectively in this area were: (1) developing a formal organizational structure and resisting the temptation to violate the organizational structure; (2) empowering employees to manage their own work; and (3) dividing various jobs for business owners and family members.

The data on organization structure showed that the highest mean score was 3.15 in item 3, while it was rated at the lowest mean score (2.71) in item 1. According to the average mean score, the respondents perceived the practices at the ‘agree’ level (average= 2.98) with all the items related to organization structure area.

Table 4 The preferences in decision making areas perceived by Successful Chinese family business executives

Decision Making	\bar{x}	S.D.	Ranking
6. Business board should play major roles in solving business problem.	3.25	0.62	2
7. The enduring beliefs of the family impact business management.	3.31	0.66	1
8. The owner should make all the important decisions and being involved in every detail and phase of the business.	2.96	0.79	4
9. When the owner decides that a change is needed, he /she can communicate this decision directly to the employees.	3.09	0.75	3

10. When family businesses make a personnel decision, it is made from the perspective of family values and personality issues.

	2.80	0.78	5
Average \bar{x}	3.08	0.72	

Table 4 showed the perception of executives given to each item in the areas of decision making practices. The respondents rated at the level of 'strongly agree' with the items 6 (= 3.31) and item 7 (= 3.25). They rated at the level of 'agree' with the item 8 (= 2.96), item 9 (= 3.09), and item 10 (= 2.80).

The data on decision making area showed that the highest mean score was 3.31 in item7, while it was rated at the lowest level (2.80) in item 10. According to the average mean score, the respondents perceived the practices at the 'agree' level (average= 2.98) with all the items related to decision making area.

The ranking of decision making area indicated that, the three highest level of agreement of respondents' perception respectively were (1) the enduring beliefs of the family impact business management; (2) business board should play major roles in solving business problem; and (3) when the owner decides that a change is needed, he /she can communicate this decision directly to the employees.

Table 5 The preferences in business development areas perceived by Successful Chinese family business executives

Business Development	\bar{x}	S. D.	Ranking
11. Consulting agencies are needed for vision and mission for family business.	3.27	0.68	2
12. Family business always thinks of benefit of family members.	2.78	0.83	5
13. Business should be developed based on the needs of the family and the money that has been saved.	2.87	0.75	4
14. Owners will not easily change their vision and mission in business development.	3.20	0.70	3
15. It is important for family business to have a long term planning base on their vision and mission.	3.45	0.72	1
Average \bar{x}	3.12	0.74	

Table 5 revealed that for items of business development, the respondents rated the three highest agreement level respectively on the items: (1) family business should have a long term planning base on their vision and mission; (2) consulting agencies are needed for vision and mission for family business; and (3) owners will not easily change their vision and mission in business development.

The data on business development also revealed that the highest mean score was 3.45 in item 15, while it was rated as the lowest level (= 2.78) in item 12. According to the average mean score, the respondents perceived the needs at the 'agree' level (average= 3.12) with all the items related to business development area.

Table 6 The preferences in investment areas perceived by Successful Chinese family business executives

Investment	\bar{x}	S. D.	Ranking
16. Family members who invest more money in business should hold more authority in all section of management.	2.73	0.78	5
17. Financial management is clear among personal and business expenses.	3.40	0.66	1



18. Most of the investment is discussed with family members.	3.00	0.64	2
19. Most of the investment just approves by family members without professional analysis.	2.75	0.93	4
20. Every family member should take equal risk for the investment.	2.78	0.74	3
Average \bar{x}	2.93	0.75	

Table 6 demonstrated that for items of investment, the three highest rank order of respondents' perception respectively were: (1) clear among personal and business expenses in financial management; (2) most of the investment decision is discussed with family members; and (3) every family member should take equal risk for the investment.

The data on investment showed that the highest mean score was 3.40 in item 17, while it was rated as the lowest agreement level (\bar{x} = 2.73) in item 16. Of all 5 items in this area, it was found that the respondents rated at the level of 'strongly agree' with only the item Financial management is clear among personal and business expenses.

Table 7 The important areas of consulting services which Chinese family businesses need for education and training

The importance areas of consulting services	\bar{x}	S.D.	Rating	Ranking
21. Consulting services that help solving family issues of finance.	3.05	0.65	Agree	8
22. Consulting services that help solving family issues of strategic planning.	3.25	0.55	Strongly agree	2
23. Consulting services that help solving family issues of marketing.	3.15	0.68	Agree	7
24. Consulting services that help solving family issues of operation.	3.20	0.68	Agree	4
25. Consulting services that help solving family issues of laws and regulations.	3.33	0.61	Strong agree	1
26. Consulting service that help family gather information, choose the avenues that will work best, plan a course of action, and implement chosen strategy.	3.22	0.50	Agree	3
27. Based on family owned company's goals and challenges, consulting services that help take the steps and make the decisions that will grow business consistent with family goals.	3.18	0.58	Agree	5
28. Consulting services that help family owned and operated businesses successfully combine family dynamics with business savvy.	3.16	0.63	Agree	6
Average \bar{x}	3.18	0.47	Agree	

Table 7 revealed that in the areas of the importance of consulting service, the respondents rated at the level of 'strongly agree' with the item 25 (\bar{x} = 3.33) and item 22 (\bar{x} = 3.25). They rated at the level of 'agree' with the rest of all items (\bar{x} = 3.05 to = 3.22)

According to the ranking of the importance of consulting service for education and training, the three most important areas of consulting services needed by Successful Chinese family business were (1) Consulting services can help solving family issues of laws and regulations; (2) Consulting services can help solving family issues of strategic planning; and (3) Consulting service can help family gather information, choose the avenues that will work best, plan a course of action, and implement chosen strategy.

Table 8 The needs of education and training which Chinese family businesses need for developing their family members

The needs of Chinese family business for education and training	\bar{x}	S.D.	Level	Ranking
29. The old age of the family should train family members	2.82	0.80	Agree	6
30. The family members join any classes or programs that related in improving the skills of SME.	3.27	0.59	Strongly agree	3
31. Most family business needs professional training in areas of finance, strategic planning, marketing, operations, laws and regulations, etc.	3.35	0.62	Strong agree	2
32. Training and education can help family members clear the current situation and support family business to meet the goals.	3.42	0.57	Strong agree	1
33. Participation any training program cost a lot of money.	2.85	0.78	Agree	5
34. Reading business books is one alternative in developing family business.	3.25	0.52	Strongly agree	4
Average \bar{x}	3.16	0.42	Agree	

Table 8 showed that the respondents perceived at the level of 'strongly agree' with the 4 items of education and training practices which were item 32 ($\bar{x}=3.42$), item 31 ($\bar{x}=3.35$), item 30 ($\bar{x}=3.27$), and item 34 ($\bar{x}=3.25$). They rated at the level of 'agree' with the 2 items which were item 33 ($\bar{x}=2.85$) and item 29 ($\bar{x}=2.82$).

The 4 items with 'strongly agree' perceptions of the respondents in ranking order were (1) Training and education can help family members clear the current situation and support family business to meet the goals; (2) Most family business needs professional training in areas of finance, strategic planning, marketing, operations, laws and regulations, etc; (3) the family members join any classes or programs that related in improving the skills of SME; and (4) Reading business books is one alternative in developing family business.

The different perceptions proposed by Taiwanese and Chinese family business that executives gave to each area of their businesses. According to the mean scores (), both Chinese and Taiwanese executives perceived the family businesses' practices at the 'agree' level in four areas of the business practices with item means ranging from 2.87 to 3.19. Further analysis on an independent sample t-test (2-tailed) showed that the average scores of four areas of practices were more not significant at the 0.05 level.

In the comparison of practices related to the needs of education and training area between Chinese and Taiwanese executives, data indicated that there was no statistically significant difference between the perceptions of Chinese and Taiwanese executives towards the practices in the area of the perceived of education and training.

CONCLUSIONS AND DISCUSSIONS

The main findings of this study were:

The result shows the needs for Consulting Services proposed by successful Chinese family business. The responses to five areas of business indicated a (non-significant) preference for business development, decision making, organization structure, investment, education and training.

The item of business development: (1) the family business should have long term plan based on their vision and mission; (2) consulting agencies are needed for vision and mission; and (3) the owners will not easily change their vision and mission in business development.

The item of decision making: (1) the enduring beliefs of the family impact business management; (2) business board should play major roles in solving business problems; and (3) when the owner decides that a change is needed, he /she can communicate this decision directly to the employees.

The item of Organization Structure: (1) developing a formal organizational structure and resisting the temptation to violate the organizational structure; and (2) developing a formal organizational structure to empower employees to manage their own work.

The item of Investment: (1) clarifying among personal and business expenses in financial management; and (2) most of the investment decision is discussed with family members.

In the areas of education and training, consulting services needed to reach the following points: (1) solve family issues of laws and regulations; (2) understand strategic planning; (3) implement chosen strategy; and (4) support family business to meet the goals. And consulting services also needed to know that most family business also needed professional training in areas of finance, strategic planning, marketing, operations, laws and regulations, etc. Consultants may advise the family members needed join any classes or programs that related in improving the skills of family members, and to read more business books was also one alternative in developing family business.

Chinese and Taiwanese family business had similar perception in the areas of consulting services needed for international trade in Asia and the Pacific. There was no significant difference between the acceptance of Chinese and Taiwanese family business in the areas of organization structure, decision making, business development and investment, or the needs of education and training in the study.

Miller and Le Breton-Miller (2005) discussed how Francois Michelin, the former CEO of Michelin, made decisions. When faced with tough decisions, decisions were not made by the financials or the investment community, but the enduring beliefs of the family. Decision making is usually highly centralized, with the owner-manager making all the important decisions and being involved in every detail and phase of the business.

Family businesses in emerging and fringe economies need to continuously adapt their business models to the global changing. Miller & Le Breton-Miller (2005) indicated that family businesses usually have a long-term view; a lasting mission, vision, and purpose; aim to create a healthful, caring community; and an ability to build relationships, bonds, and connections with customers, suppliers, and other outsiders. It indicated that vision and mission is important for a family business to have a long term planning and benefit, therefore, consulting agencies help family business to build up strategies planning should based on their vision and mission.

Consulting services can help the family gather information, choose the avenues that work best, plan a course of action, and implement chosen strategy. Every family owned company has its own set of goals and challenges, the aim for consulting services is to help take the steps and make the decisions that will grow their business consistent with business goals. Once a consultant has helped family business to find the problem, family members can begin to make decisions together that will strengthen family and business for the long term.

Without applying unfair pressure, how can seniors involve, educate and inspire the next generation is a big issue, to ensure they have a real interest in the business that will be needed when they take on ownership or management roles? Joining the business should be a choice, not an obligation. As well as benefits and opportunities, the next generation must be aware they will face special obstacles and pressures. Information, education and career development plans make it more likely that family members will "opt in", Taking part in practical training courses and outside work experience to build skills and knowledge that will be needed in the family business.

LIMITATIONS OF THE STUDY

This was a convenience sample; therefore, the results may not apply to all Chinese family businesses in Thailand.

Another limitation of the study is that individual questionnaire items were analyzed rather than scales, because as with most survey research the answers cluster closely to a midpoint.

The rankings of the various aspects of the questionnaire were not analyzed statistically, so the findings are only suggestive.

RECOMMENDATION

Recommendation for Consulting Services

The study provides the useful information about business needs the areas of organization structure, decision making, business development and investment. The consulting agency can be utilized as a basic resource, then through their rich experience to achieve successful outcomes for family business expanding from Thailand. Based on interviews with business families, author suggests that consulting could assist in the following:

1. To build vision and mission for family to help business development.
2. To understand the enduring beliefs of the family impact business management, any decision and solving problems would consider their family belief.
3. To develop a formal organizational structure and resist the temptation to violate the organizational structure; then empower employees to manage and be responsible for their own work.
4. To clarify among personal and business expenses in financial management; and make sure that every family member takes equitable risk for the investment choice.
5. In terms of education and training, consulting services need to focus on providing the knowledge of (1) solving family issues of laws and regulations; (2) solving family issues of strategic planning; (3) helping family gather information, choose the avenues that will work best, plan a course of action, and implement chosen strategy; and (4) helping family members clear the current situation and support family business to meet the goals.

Recommendations for Chinese Family Business

The Chinese family business planning to expand their small business or the new comers planning to invest in Thailand can give more information and develop ideas from the real practices in this study. The readers will more open-minded to face the good opportunities and challenges, make a good decision and plan well for business strategies. And this study also involved the knowledge of education and training for next generation to take over their parents businesses. The suggestions as follows:

1. In the areas of investment: (1) Family should do most of the investment approval by family members, also with suggestion by professionals if possible; (2) and family members should know that not the person who invests more money in business should hold more authority in all section of management, he/ she should have the knowledge and ability in their field of management (Table 6).
2. In terms of organization structure, (1) High centralized organizational structure did not always guarantee the family business would be effective, (2) it is no necessary to assign family members to control all sections of business for unity; some people outside the family may have experience or professional skills needed for advancing the business (Table 3).
3. In the areas of education and training: (1) most family businesses need professional training in areas of finance, strategic planning, marketing, operations, laws and regulations, etc; (2) the family members may need join any classes or programs that relate to improving the skills of SME; and (3) reading more business books is also one alternative in developing family business.



Recommendations for Future Research

In this study, the researcher showed that consulting services for Chinese family business were based on four factors. Organizational structure, decision making, business development, and investment. Future studies are recommended to investigate the detail of how each factors influence the development of Chinese family businesses. Also, future studies should use qualitative or mixed methods to get in depth information about the needs of family businesses in other expanding markets.

REFERENCES

- Chen, M., (1995a). *Asian Management Systems*. London: Thompson International.
- Chrisman, J. Chua, J., & Sharma, P. (2003). Current trends and future directions in family business management studies: Toward a theory of the family firm. (Coleman White Paper Series). Kent, OH: Coleman Foundation and U.S. Association of Small Business and Entrepreneurship.
- Miller, D., & Le Breton-Miller, I. (2005). *Managing for the long run: Lessons in competitive advantage from great family businesses*. Boston: Harvard Business School Press.
- Redding, S.G., (1993). *The Spirit of Chinese Capitalism*. New York: Walter de Gruyter.
- Rivers, W. (2009). The Paradox of Family Business Decision-Making. *The Family Business Institute*, 8(1), p. 65-69.
- Sheh, S. W., (2001). Chinese Culture Values and their Implication to Chinese Management, *Singapore Management Review*, 23, (2), 75-83.
- Venter, E., Boshoff, G., & Maas, G. (2005). The influence of successor related Factors on the Succession Process in Small and Medium-Sized Family Businesses. *Family Business Review*, 18(4), p. 283-303.