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Succession in Chinese Family-SMEs: A Gendered Analysis of Successor Learning and Development

Due to characteristics such as size, financial constraints and entrepreneurial origins, HRD and learning in SMEs is generally regarded as informal in nature. How SME employees, including those in family SMEs, learn new knowledge and skills is receiving increasing attention. This paper studies learning approaches in Chinese family-SMEs during the succession process. We suggest *that founder/owners' and family-members' perceptions of gender influence the nature of successors' learning and firm leadership opportunities by identifying the masculinization/feminization of different learning modes.* We argue that many *SMEs' informal nature and owner characteristics may exacerbate negative gendered stereotypes and norms, ultimately affecting women's leadership learning and legitimacy.* The study identifies disruptions to the traditional gendered order as it emerges from women *successors' role and learning in SMEs.* This offers a new lens to understand why some family-SMEs might succeed and/or fail in the second generation.

Michael Mustafa, University of Nottingham, Malaysia Campus
Carole Elliott, University of Roehampton
Li Zhou, Loughborough University

Introduction

Organizational learning represents a key source of economic viability and competitive advantage for SMEs (Aguinis and Kraiger 2009; Noe, Clarke and Klein 2014). In SMEs, organizational learning is associated with employees' individual learning processes (Saru 2007) and the enterprise's willingness to invest in Human Resource Development (HRD) (Ekanem and Smallbone 2007; Nolan and Garavan 2016). Due to their cost-conscious nature, size and entrepreneurial origins, HRD and learning in SMEs is often informal in nature (Kitching 2007) and occurring largely through an employee's job (Geldenhuis and Cilliers 2012; Matlay 2005). Therefore, the question of how employees in SMEs acquire new knowledge and skills through learning continues to attract great scholarly interest (Short and Gray 2018).

Fundamental differences between SMEs and large businesses (Josefy et al. 2015) suggest that HRD and learning in SMEs occurs in unique ways (Kotey and Sheridan 2004). Yet significant differences can also be observed among SMEs, suggesting that factors other than size can affect their approaches to HRD and learning (Saunders, Gray and Gorregaoker 2014). One observable difference is between non-family and family-SMEs ¹(Kotey and Folker 2007; Matlay 2002). Family-SMEs differ from non-family SMEs due to the overlap between the family and the business systems, creating unique authority structures, incentive systems, accountability norms (Carney 2005) as well as economic and non-economic goals (Gomez-Mejia, Makri, and Kintana, 2010). Hence, attempts to understand family-SMEs as unique sites for HRD and learning needs to take into consideration their unique characteristics.

A unique feature of family-SMEs is succession across generations; a complex multi-staged process fraught with many challenges (Miller, Steier and Le-Breton Miller 2003). Central to the succession is successors' learning and development. Successors with the right preparation can help build a family-SME's competitive advantage by constructing a future vision that is consistent with the firm's legacy and the needs of future generations (Poza and Messer 2001). Succession has been described as an informal, long drawn-out process involving various actors (Cabrera-Suárez, De Saá-Pérez and García-Almeida 2001; Lubatkin et al. 2005) and influenced by various economic and non-economic factors (Miller, Steier and Le-Breton Miller 2003). While successors' capacity to learn and develop is an attribute of the individual, it can also be influenced by contextual determinants.

This study argues that the family-SME's founder/owner and the family's perceptions of gender influence the learning and development of successors (Nelson and Constantinidis

¹ We define a family-SMEs as "A business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua, Chrisman, and Sharma, 1999, p. 25)

2017), thus responding to calls to examine the influence of owner-manager characteristics on learning in SMEs (Short and Gray 2018). Traditionally, gender issues in the context of succession have viewed gender as a variable (Hytti et al. 2017), with studies focusing on the leadership barriers women face in family-SMEs (Barrett 2014; Constantinidis and Nelson 2009). Surprisingly, little empirical evidence concerning the gendering of successor learning and development exists, including the influence of the socio-cultural context (Braches and Elliott, 2017) on gender perceptions about successor legitimacy. Therefore, we draw on social role theory and situated learning perspective as a means of understanding the relationship between gendered expectations regarding successor learning and development and the socio-cultural assumptions concerning leadership legitimacy within family SMEs. Both perspectives view gender perceptions and individual learning as being deeply embedded in society and influencing the dynamic social interactions between individuals and contexts (Nicolini and Meznar, 1995). The continued lack of attention to gender's role in learning and development among family-SMEs, particularly outside the western context, has impeded our understanding of HRD and learning in such organizations and SMEs more generally. We pose the following research question:

How do gender perceptions/attitudes influence successors' learning and development in family- SMEs?

We draw on empirical evidence from two family-SMEs in China to explore our question. We view gender not as a property of the female successor, but as inherent to the relationship between incumbents and successor, as well as socially embedded gendered assumptions (Stead and Elliott 2013) in family-enterprise practices. We suggest that owner-managers' and family's perceptions of gender influence the nature of successors' learning and firm leadership opportunities by identifying the masculinization/feminization of different learning modes. Our gendered interpretation of successor learning and development

contributes to understandings of the micro-foundations of HRD in SMEs, and how this can influence learning in such organizations.

Theoretical Background

Learning and Family SMEs

Investments in HRD are an important means through which SMEs can enhance the quality of their human capital and develop sustainable competitive advantages (Aragon-Sanchez, Barba-Aragón and Sanz-Valle 2003), processes which are closely connected to individual and organizational learning (Ellinger 2005). Learning in SMEs can enhance organizational productivity and the development of employee problem-solving, creativity, knowledge and skills (Choi and Jacobs 2011; Ellinger and Cseh 2007). SMEs are less likely to adopt formal training and development initiatives (Kitching, 2007; Nolan and Garavan, 2016; Matlay 2005), thus making them more likely to be influenced by socio-cultural expectations about gender roles. Accordingly, learning and HRD in SMEs tends to be not only ‘ubiquitous and ongoing in nature’ (Lave and Chaikilin 1993, p. 5), but more so in response to strategic and operational needs (Ahlgren and Engel 2011).

Family-SMEs are characterized by the concentration of ownership and management (Carney 2005), which strongly influences their management practices and philosophies (Schulze et al. 2001). Family-SMEs’ quest for longevity and competitiveness requires ongoing learning in order to prepare the business and the family to meet emerging challenges (Zahra 2012). HRD and learning initiatives in family-SMEs are typically informal in nature and directed towards family-members (De Kok, Uhlaner, and Thurik 2006; Kotey and Folker 2007; Maltay 2002), with intra-family cohesiveness and ownership structures (Zahra, 2012), willingness to share knowledge across generations (Woodfield and Husted 2017) and familial relationships (Deng 2015) influencing the success of such processes.

Learning is a dynamic process and one which is embedded within specific contexts (Stein 1998). For family-SMEs, succession² represent an opportunity to nurture and develop the skills and capabilities of their most important human resource – next generation leaders (Cabrera-Suárez, De Saa-Perez and García-Almeida 2001; De Massis, Chua and Chrisman 2008; Breton-Miller et al. 2004). Factors such as outside work experiences, apprenticeships, on-the-job training, formal education (Breton-Miller et al., 2004), socialization patterns, mentoring by family-members (Distelberg and Schwarz 2015), opportunities to run spin-off enterprises (Au et al. 2013) and familial relationship (Yan and Sorenson 2006) have been identified as affecting the process.

Scholars have also begun to acknowledge that perceptions of, and attitudes towards, gender by families can impact how successors are developed (Constantindis and Nelson 2009; Nelson and Constantinidis 2017). Yet empirical evidence concerning the influence of gendered perceptions on successor learning and development are lacking.

Gender, Learning, Development and Legitimacy in Family-SMEs

The social construction of gender as a framing mechanism in entrepreneurship and management scholarship is well established (Calás, Smircich, and Bourne 2009; Ely and Padavic 2007). Social role theory suggests that differences in leadership behaviour between men and women originate from socialization processes, through which individuals learn to conform to gender-based expectations. As gender stereotypes refer to consensual beliefs regarding gender differences in traits and behaviours, which are pervasive and widely shared by both men and women (Kark and Eagly 2010), they are not only important in how one conceives leadership but also how individuals learn about leadership (Kumra and Vinnicombe

² We define succession as the “*the actions and events that lead to the transition of leadership from one family member to another in family firms*” (Sharma, Chrisman, Pablo and Chau, 2001, p.21).

2008; Madsen 2008). In foregrounding gender as central to women's learning of leadership, Stead and Elliott (2013) identify the role that disruption plays in organizing women's leadership learning. In challenging the male leadership norm, women leaders are always, already '*other*'.

Women's otherness challenges assumptions, norms, values and beliefs toward who is considered a legitimate leader of an organization (Tyler, 2006). As an evaluative normative concept (Suchman, 1995) legitimacy is tied to social assumptions and norms. Gender status beliefs are acknowledged as influencing others' responses to women's social and organizational advancement (Ridgeway, 2001) so that women who seek power disrupt the normative hierarchy of beliefs about gender status. Family-SMEs' preference for male successors means that women often have to challenge gender norms and expectations in order to establish their legitimacy and prove their leadership skills and capacity (Dahl and Moretti 2008). Despite the increasing recognition given to women in family-SMEs (Breton-Miller et al. 2004), the resilience of gendered norms and perceptions mean that they continue to remain largely as '*invisible*' participants (Wang 2010). Such invisibility has implications for their learning and development (Ahrens, Landmann and Woywode 2015; Barrett and Moores 2009; Jimenez, 2009; 2010 Nelson and Constantinidis 2017; Wang 2010), by constraining opportunities for them to become the leaders of the family-SME.

Nelson and Constantinidis (2009) found that the skills and competencies of women successors were constantly tested by family and non-family employees. Similarly, Hytti et al. (2016) showed how women successors adapted their behaviours to adopt a masculine-type of ownership identity to improve their chances of learning from others. Gendered role-based stereotypes also mean that women are often assigned minor or support roles, thus disadvantaging them when it comes to acquiring key experiences in the workplace, including

training and social support (Ahrens, Landmann and Woywode 2015; Cabrera-Suárez et al. 2001; Haberman and Danes 2007). Hence, women successors may have to develop their business and management skills independently, or acquire them externally through professional experience or education in order to acquire recognised symbols of leadership legitimacy.

Gender, Relationships, Socialization and Successor Learning and Development in Family-SMEs

Situated learning theory views learning as “an integral and inseparable aspect of social practice” (Lave and Wenger, 1991; p. 31). Hence learning is embedded in particular social, cultural and historical contexts. Such learning is shaped by changing contingencies in the sense that learners constantly monitor the context, interpret external demands, and act upon contextual clues through learning (Lave and Wenger, 1991). Furthermore, as learning is inherent to a social process; the concept of community of practice is central to situational learning (Stein, 1998). Communities provide the setting for social interaction through which learners engage in joint activities and generate knowledge beyond collective action (Wenger et al., 2002), as well as a setting where learners develop their identity through social, informal and relational learning approaches.

The relationship between the pervasiveness of informal and relational approaches to successor development in many family-SMEs (Astrachan and Kolenko 1994), and perceptions about successor legitimacy remains largely unexplored. Informally, socialization represents one of the most important means through which successors can learn and develop specific business and familial skills and knowledge. (Dumas 1992). Research suggests that women successors are often socialized very early into the enterprise (Smythe and Sardeshmukh 2013) and encouraged to rotate into different roles (Deng 2015). Such early socialisation allows for

experiential learning and the development of tacit knowledge and specific values about the family-SME (Cabrera-Suárez et al. 2001; Man, Mustafa and Fang 2016). Early socialization also affords an opportunity for women successors to complement the formal skills they learnt through their educational experiences (Ahrens, Landmann and Woywode 2015; Cabrera-Suárez et al. 2001).

Mentoring by incumbents also represents an important way for successors to learn and develop (Overbeke, Bilimoria and Perelli 2013). Yet, research on whether gender influences successors' learning and development via mentoring remains mixed (Brockhaus 2004). On the one-hand research suggests that women successors tend to have a better relationship with the incumbent, and thus learn from them more effectively, as they are perceived to be more patient and compassionate (Deng 2015; de-Vries 1996). However, others claim that gendered norms and expectations can put additional strains on father-daughter relationships thereby hindering learning and transfer of critical and tacit knowledge (Barrett and Moores 2009; Dumas 1992). For instance, the transfer of business connections between generations is a complex process and one that is best done when there is strong incumbent-successor relationship (Dou and Li 2013; Haberman and Danes 2007). Yet, recent findings by Deng (2015) showed that gender differences and expectations between generations can affect how successors inherit incumbents' networks and learn to develop their own.

While research suggests that successors' learning and development may be considered as a social and situated practice (Lave and Wenger, 1991), shaped by the socio-cultural and family-SME context, little consideration has been given to understand the relationship between gendered expectations regarding successor development and socio-cultural assumptions concerning leadership legitimacy within family SMEs. To understand how women and men in family SMEs learn and develop to perform their roles as successors requires a consideration of

“the broader social context that dictates gender roles, cultural norms, and expected behaviours” (Bierema 2001: p. 56).

Methodology

In line with our research question, we deemed a qualitative research design appropriate. Qualitative approaches have been consistently used in the family business literature to study learning processes and successor development (Deng 2015; Tagiuri and Davis 1992). The approach is appropriate to understanding how gender bias can influence successors’ learning and development, while also taking into the account the socio-cultural context in which this occurs. Qualitative approaches such as interviews, also allow participants to share their perceptions and understandings of successors’ learning and development. It affords an opportunity for successors to relate their own learning and development experiences that led to their current leadership positions in their family businesses (Roulston, 2010).

A purposeful sampling strategy was used to identify potential Family-SMEs that matched the following criteria: (1) 50% or more of the ownership is held by a single family and two or more family-members are actively involved in the management of the enterprise, and (2) which are currently undergoing the succession process. Through local contacts five Family-SMEs in Ningbo, China matching the criteria were identified. As we were interested in the gendering of successor learning and development, we looked for combinations of male/female successor and male/female non-successors among the five Family-SMEs.

This led to the elimination of two of the Family-SMEs as each had male successors only and no females who were actively involved in the enterprise. One family-SME who had a male non-successor and a female successor refused to take part in the study. Therefore, two Family-SMEs, which fulfilled our criteria were used for further investigation (Gutex and

AquaTech). Table 1 provides a summary of the two selected Family-SMEs, including details about the interviewees.

INSERT TABLE 1 HERE

Primary data was gathered through nine interviews with key individuals we deemed most knowledgeable about, and as having direct experience with, each firm's growth and development, the succession process and the successor's learning and development. Interviews were face-to-face, lasted between 45 to 60 minutes, and were recorded and transcribed verbatim. Each interview was conducted in Mandarin and then back translated to English after the transcription process. To ensure that the same topics were covered between respondents, an interview guide was utilised. Although our interviews were semi-structured in nature participants were given the opportunity to speak freely and to elaborate on their answers and other topics of interest. Questions focused on understanding what successors learnt and how, as well key actors' attitudes and views towards successor's learning and development. Example questions included: 'Please describe how you have personally learnt the skills and abilities necessary to successfully lead your enterprise (asked to successors)', 'Can you explain/describe your attitudes towards the successors, their skills and their learning and development (asked to founders)' and "How do you feel attitudes towards women and men in your family has affected the learning and development of the successor (asked to key family-members and successors)". We also utilized data, from websites and company documents to understand the history of the Family-SMEs and the types of products/services they provided.

Cross-analytical techniques was used to analyse the interview data. First, all transcripts were read carefully by one of the authors and a research assistant. Second, the data was coded around the key themes of successors' learning and development and an inventory of key themes, based around the topics was created. Next, a narrative of succession process and

successors' learning and development for each Family-SME was constructed. Both situated learning and social role theory perspectives were used to critically analyse participants' perceptions regarding successors' learning and development. At this point we took into consideration the socio-cultural assumptions inherent to the Chinese context and how this influenced participants' assumptions concerning the leadership legitimacy of successors. Finally, we compared successors' learning and development from each Family-SME to identify and understand differences and similarities with respect to gender.

Findings

The following section provides a thick description of successors' learning and development while exploring how gendered perceptions of the founder/owner and the family influenced the process and ultimately their leadership legitimacy.

The Significance of Formal Learning

Educational institutions play an important role in shaping successors' learning and development. Both successors spent a large proportion of their formative years in local Chinese schools. Interviews suggested that the Chinese education system generally did a poor job in preparing successors with the necessary skills and abilities to succeed as future leaders. For example, *GuTex's* founder felt that Chinese education was good for teaching cultural values and how to behave in society, it nevertheless fell short in teaching his son the critical thinking skills necessary to grow a business. As he commented “*discipline and respect, that's all our schools are good for teaching how to run a business successfully many schools do not teach... (Founder – GuTex)*”. Similarly, *AquaTech's* founder felt that China's education system did not teach enough “*advanced science theories from Western countries... (Founder- AquaTech)*” in order to improve his children's thinking styles and business skills. For both founder/owners,

having their successors educated at University abroad was particularly important in broadening their successors' thinking and knowledge regarding key business skills and new technologies and preparing their leadership credentials.

Nevertheless, findings suggest that founder/owners' perceptions of gender affected what and how successors learnt while abroad. For *GuTex*'s founder women are less likely to be successful than men in running and leading an enterprise and should ideally be subordinate to men in both the business and family environments. Hence, *GuTex*'s founder did not invest heavily in the formal education and development of his daughters as his son "will eventually take over after me, so he has to be the one that is well educated... (Founder - *GuTex*)". *GuTex*'s founder made the decision to send only his son abroad to study business management as he wanted him to use the knowledge gained to become the managing director and expand the enterprise. *GuTex*'s successor feels that the knowledge and skills gained from studying abroad will be of great help to his ability to successfully run the enterprise.

"It's clear that my father wants the best for me, the company as well. So he felt study at university in England was the best way. The system there is way ahead of that in China, in terms of cutting edge business knowledge... (Successor- *GuTex*)"

Similarly, although *AquaTech*'s founder sent both of his children to study abroad, his attitudes towards gender influenced what his children were able to study and thus learn. For example, *AquaTech*'s founder feels strongly about what his daughter must learn and where she should learn it from. Hence, he was adamant that his daughter study business so she could gain unique "Western-based" skills and knowledge and use them to grow the enterprise and gain legitimacy in the community. In contrast, his son was permitted to pursue his own passions with regards to studying and chose to study History, although he was also expected to work in the enterprise once finished.

“I made sure she studied Business, she needs it to help the business grow and our customers and suppliers will value *her more with a business degree...* (Founder- AquaTech)”.

The founder-owners’ gendered preferences toward what successors were to study abroad, without much consultation with the successors, was also identified as influencing how successors learnt. In fact, successors’ ended up learning subject areas for which they had little interest or personal passion. Hence, much of their formal learning abroad to become successors was through passive means. As Gutex’s successor’s sister stated:

“He was always interested in computers, that’s what he really wanted to study at university. He just did a business degree because my father wanted him to ... (Sibling 1, Female- GuTex)”.

Similarly, *AquaTech’s* successors also reiterated the passive learning that took place at university because of her father’s preferences.

“I really didn’t feel that I got the opportunity to learn what I really wanted at Uni, unlike my brother who got to study his passion. My father made sure of that, if I am going to take over the business, I must study business, to make the business success. So, I just learnt what was needed really, ignored other things... (Successor- AquaTech)”.

Interviews further suggest that gendered stereotypes affected how successors used their learning within the enterprise to further their development. For example, *Gutex’s* successor feels that his family’s respect for his position and authority has given him the confidence to introduce new management processes that lead to improving operational efficiency and increasing opportunities for doing business with foreign enterprises.

“Studying overseas meant learning ways how to do business there [west], which may not necessarily work with our business at home [China].. but I am keen to apply new ways of doing things to our business... My family and sisters know I am in charge and it’s the best for the

business, so they are generally supportive and *accepting of what I suggest...* (Successor, GuTex)”.

Similarly, Gutex successor’s sister also stated:

“He is *appointed as the next one in charge, and that’s ok, I accept that. I try and support him the best I can by working within and listening to his ideas. Helping him to implement some of what he has learnt at University....* (Sibling 2, Female, Gutex)”

The above experience has given *Gutex’s* successor the confidence to institute bold changes and gave him the opportunity to learn more about the enterprise through personal experience and experimentation. In contrast, *AcquaTech’s* successor has faced great difficulties applying her knowledge and formal learning to the enterprise. This was attributed to the incumbent’s continued presence in management and the unwillingness of some family-members to accept and respect her authority as a successor. Hence, the successor at *AcquaTech* constantly found her knowledge and learning was challenged by other family and non-family-members. Moreover, this was found to influence her development in the enterprise as it made her constantly feel in the shadow of the incumbent and unable to experiment with new ideas and initiatives and learn from them. Additionally, she also found it difficult to establish her leadership authority in the enterprise based on her knowledge expertise. As the successor commented.

“*I found management in our company was lacking... it was based on what my father thought was right. Changing this with what I learnt from university been difficult.. some of my family don’t agree with what I do and propose, they prefer to still deal with my father for most basic actions. Often I am unable to push forward with new ideas and process, to learn in the role...* (Successor, *AquaTech*)”.

Additionally, the Senior Manager, a non-family member from AquaTech added the following:

‘She has a lot to learn, and she wants to do things differently... it would be better if she followed and listened to her father more closely... (Senior Manager, non-family, AquaTech)’

In summary, the above findings suggest that the gender preference of founder/owners’ influenced what the successors learnt with respect to their formal education. Additionally, our findings suggest that in trying to apply their knowledge and formal learning to improve their enterprises, gender perceptions among family-members have also influenced successors’ opportunities to learn informally on the job via experimentation as well as establishing their legitimacy as leaders.

The Significance of Informal Learning:

It is well documented that family businesses have a strong preference towards informal learning processes (Nolan and Garavan 2016) and are significantly less likely to provide employees with formal training and development (T&D) opportunities (Kotey and Folker 2007). Interviews and case evidence confirmed this view and identified learning and development through socialization and experience, and relational learning and development, as two important successor learning and development strategies which were influenced by the founder/owners’ and family-member gender biases.

Socialization represents a complete process of an individual’s induction into the objective world of a society (Berger and Luckmann 1966). Socialization also affords the opportunity for successors to learn about specific family and business values and expectations (García-Álvarez et al. 2001). Interviews confirm this notion but also identified differences with

respect to gender attitudes and how successors were socialized into the business and learnt on the job.

Regarding the pattern of socialization, *AcquaTech*'s successor was socialized very early into the enterprise, while *Gutex*'s successor was socialized much later. Such differences were attributed to the founder/owners' personal views regarding the roles of men and women in Chinese society. *AcquaTech*'s founder/owner requested his daughter work informally in the enterprise during the evenings and weekends while at high school, and during term breaks when studying abroad. Throughout her socialization experience, the successor took on various informal roles with no official authority and often found herself doing menial work. *AcquaTech*'s founder/owner felt that exposing his daughter early into the business was a necessary way for her to learn the skills and knowledge necessary to balance motherhood and work. As *AcquaTech*'s founder stated:

“This job is demanding, she has to learn to make it work while attending to her family. This can be best done and learnt from a young age.... (Founder-*AcquaTech*)”.

Gutex's founder/owner also required his three daughters to regularly work in the enterprise during their early school years. His attitude towards the socialization of his son however was very different. *Gutex*'s successor began his socialization into the enterprise quite late. In fact, the successor would only work casually in the enterprise during university break periods as the founder wanted his son to “*study hard and not get distracted too much... so I asked him to only work in the business when he can and wanted..* (Founder- *Gutex*)”. Additionally, during *Gutex*'s successor's socialization he was given a managerial role similar to his academic background even though he was only in the role on an ad hoc basis.

Interviews also suggested that the founder/owners' gender perceptions affected what successors learnt during their socialization. At *Gutex*, the late socialization experience of the successor allowed him to spend considerable one-on-one time with the founder/owner talking

about the family and the enterprise. According to the successor, the incumbent used such encounters to instil a strong sense of family, ambition as well as the importance of a strong business and entrepreneurial acumen.

“He [founder] always reminded me to seek opportunities, work hard and make sure the family is taken care of.” (Successor - Gutex)”

Although socialized early into the enterprise, AquaTech’s successor had little interaction with the founder/owner during this period. Instead, her socialization allowed her to spend considerable time with her mother and other women family-members, through which the importance of conforming to group norms and putting family interests ahead of personal interests and managing employees was personally learnt. Accordingly, AquaTech’s successor believed that such experiences taught her much about how to deal and manage human-relationships in the enterprise.

“My mother and aunts have always taught me the importance of family and how to deal with difficult people. That is why I am so good with managing *our employees in the business.*” (Successor- AquaTech)”.

Similarly, the successor’s mother at AquaTech also mentioned that:

“I have been slowly teaching her on a daily-basis about understanding how to manage *our workforce... they are simple people and need a fine but stern approach... she needs to know in order to be successful later on in this business...* (Mother- AquaTech)”

Socialization into the business also afforded successors the opportunity to learn on the job. Broadly, both successors felt that there was significant learning embedded in their roles as they contained high task and skill variety, a wide scope for action, and had significance to their enterprises. However, interviews reveal that gender stereotypes held by family-members and the founder/owner affected how successors learnt informally on the job.

At AcquaTech, the successor has held various informal roles and responsibilities in the enterprise. Surprisingly, all of these roles have been administrative in nature and directed at dealing with the firm's large number of employees. This is the case as some of her family-members objected to having a female deal with financial and production related issues, and more broadly in a leadership position. This has no doubt impacted her ability to learn critical skills related to those functional areas and develop her leadership qualities. However, the successor has used the frequent problems she has encountered in her roles as unique learning opportunities. By solving such work-related issues and problems, the successor has also gained confidence in her own abilities while demonstrating to family-members that she has the skills and abilities to succeed as a leader.

“I learn by doing, I *can't* be reliant on my father or others. So when I see a new problem I try new things, think about what I have done to solve it and see what I can do better ... This gives me confidence in my skills, but others [family] also see that I have what it takes. ”
(Successor-AcquaTech)

Gutex's successor has not had the opportunity to undertake various roles in the enterprise. Instead, he was appointed as Managing Director (MD) upon being socialized into the enterprise. Interestingly, both the founder/owner and fellow family members remain very supportive of the successor's appointment into the role despite him lacking practical experience. Rather than learning by himself and directly through experience, *Gutex's* successor claims to have learnt considerably on the job through the direct support of family-members, long-term employees and personally through the founder/owner. This has allowed him to further his technical and business skills and knowledge and gave him valuable insights into running a business the ‘Chinese way’ which he was not able to acquire through his University education. Additionally, *Gutex's* successor's position and authority in the enterprise has also

meant that individuals were willing to share their valuable insights with him in order to accomplish critical tasks. As the successor explained:

“There’s much to learn in the role, but I am fortunate that everyone around here [the enterprise] wants me to succeed in this role, so they are willing to step in and help me know if *I’m doing things the wrong or the right way.*” (Successor – Gutex)”

Similarly, Gutex successor’s sister also mentioned how she helps him learn as appointed successor:

“I show him the small things he needs to know, especially about managing our employees. And he wants to learn, so when he asks questions I am more than willing to go out *of my way to share my experiences and ideas with him...*(Sibling 2, Female – Gutex)”

To summarize, the findings suggest that gender perceptions and attitudes can influence how successors are socialized into the enterprise and the specific values they acquire through the process, as well as their legitimacy to lead. Additionally, gender stereotypes regarding roles further influenced the types of learning strategies (self-directed vs observational) the successors used in their roles.

The Significance of Relational Learning:

A key element in successors’ learning and development is the transfer of idiosyncratic knowledge and skills from incumbent to successor (García-Élvarez, López-Sintas and Gonzalvo 2002). The transfer of such skills and knowledge is more likely when there is a strong incumbent-successor relationship in place. However, interviews revealed that cultural and gendered norms influenced what and how successors learnt within such relationships.

Gutex’s founder has strong beliefs about what his son should and should not learn. According to him, to succeed in China a business must have strong ‘GuanXi’ or relationships,

as the “bigger Guanxi you have the more business you will have....(Founder- Gutex)”. However, he remains adamant that only his son can inherit and build on his personal ‘Guan Xi’ as it is a *‘man’s job to ensure the business succeeds and develops’* and that other skills like financing and day-to-day operations are best “left to the females, as they are more sensitive in dealing with [our] employees... (Founder- Gutex)”. Thus, *GuTex’s* founder has taken great strides to carefully mentor the successor so he can inherit his ‘*guanxi*’ as well as develop his own.

“Relationships, I teach him how to manage and build those... I take him along to visit my old clients, so they know his face and he know them” (Founder- Gutex)

Such actions have ensured that *Acquatech’s* successor be recognized by external stakeholders as the legitimate leader of the enterprise. *Acquatech’s* founder has also made a conscious effort to pass on knowledge about marketing to his daughter, by making her shadow his every move in these areas. However, the founder still remains rather reluctant to pass on his knowledge concerning his ‘*guanxi*’ and financing. Instead, the founder has spent considerable time introducing his son and his brother-in-law (who still works in the enterprise) to existing clients with the hope that they will inherit them. When asked why this is the case, the founder stated:

“These are old old friends I have known for years, she is still young and a female, she can’t develop a strong personal connection with my clients and friends... so I have asked my brother and brother-in-law to help... (Founder-AcquaTech)”

Consequently, the successor has sought alternative ways to secure orders and build her own ‘*guanxi*’ by developing business opportunities and relationships via her personal school and university relationship. She has also taken the time to visit some of the firm’s existing clients to try and understand how she could personally develop stronger relationships with them.

“I actively visited some old clients and some that we lost. Just to find out what I can do *make our partnerships better with them...*” (Successor- AcquaTech)”

Interviews further identified the nature of the relationship between the successor and the incumbent has influenced the successor’s learning and development. For GuTex, both incumbent and the successor have a close relationship. *GuTex’s* successor has a lot of respect for his father and feels that “no matter where they are, they can talk about anything... (Successor- Gutex)”. Accordingly, both parties feel that they have a strong harmonious relationship based on mutual understanding which allows them to “chat freely about *anything... which helps in the understanding each other and the solving of business problems....*(Founder- Gutex)”. *GuTex’s* successor views the incumbent as a teacher and a mentor to him. Thus, since joining the enterprise, he has been shadowing and observing the incumbent in order to directly learn how to manage the company and how to do business from him. Accordingly, *GuTex’s* successor feels that the incumbent’s openness and trust in him, and his willingness to mentor him has afforded him unique insights into the enterprise and how to grow it.

“He’s had a strong guiding presence in my development here. It’s given me lots of little insights in how to manage and get things done in China, very different from what I learnt at university which has little meaning here.... (Successor- Gutex)”.

At AquaTech, the successor’s relationship with incumbent is rather awkward in nature and resembles that of a “boss and a subordinate” in that it is “strictly professional in nature”. Hence the founder, rather than consulting with the successor, often assigns her specific tasks which he expects her to comply with. Moreover, the founder feels by having a strict professional relationship at work with the successor “she will have the confidence and gain the respect of our employees..... (Founder- AquaTech)”. While the successor was given managerial

authority in certain areas, the incumbent regularly interfered with day to day tasks she was performing. Unfortunately, the awkward relationship between the two has often meant that the successor finds it difficult to stamp her authority over the enterprise, especially with respect to key decisions. It has also meant that *AcquaTech's* successor rarely gets the opportunity to be mentored by him and pick up unique insights about the enterprise from such experiences. Hence, she has taken it upon herself to learn informally about the enterprise and its operations through active experimentation. As the successor explained:

“I generally rely on figuring things out myself. I like the challenge in facing problems. My farther mostly directs me to do certain tasks. There is not much discussion between us on business matters. (Successor-AcquaTech)”

Interviews further indicated the importance of knowledgeable others in helping the successors learn and develop. In both cases such knowledgeable others were often key family-members and women currently in the enterprise. According to *AcquaTech's* founder, his wife is the best person to teach his daughter and not himself as “she has the patience, and skill to explain things to my daughter... (Founder- AquaTech)”. The mother from *AcquaTech* reinforced this view by claiming “it is my duty to teach my daughter all she needs to know, to make sure she becomes successful in the business like her father... (Mother- AquaTech)”. Similarly, *GuTex's* successor has learnt most of the day-to-day aspects of the business from his sisters who have informally coached and mentored him on this matter. Particularly important for the successor, was the insightful knowledge he gained about managing employees and administration from his sisters.

“Managing our employees is always a challenge for me, we have to be tough yet compassionate with them.. I have learnt to better deal with them from my sisters, they are naturally good at dealing with people, they have the skills to do it, not me.....(Successor-GuTex)”

Overall, the findings suggest that the gendered perceptions and attitudes by founders and family-members affected how successors learnt and more importantly what they learnt in the family-SME. Additionally, our findings highlight the importance of relationships or Guanxi in the process of constructing the leadership legitimacy of the successor. The development of Guanxi serves as an important mechanism through which successors can signal their leadership legitimacy to those within and outside of the family-SMEs. For instance, at GuTex, the founder and successor have a very strong bond with each other. Other family-members and business partners are well aware of this strong bond and have thus '*accepted*' the successor as the leader of the enterprise. Furthermore, the successor has been able to utilize his legitimacy to implement change and learn. In contrast, the more fraught relationship at AcquaTech, has only led to the continued de-legitimization of the successor in the enterprise, especially in the eyes of extended family. Hence, she has had to forge her own identity and subsequently utilize different approaches to her own learning and development.

Discussion

Drawing on social role theory and situated learning perspective, we applied a gendered lens to examine learning and development in family-SMEs in order to understand successor leadership legitimacy. By doing so the study makes a number of contributions to the existing literature on HRD and learning in SMEs. Recently, Short and Gray (2018), and others (Nolan and Garavan 2016) have challenged scholars to examine HRD in SMEs noting the effects of organizations' size, structure and industry. We respond to this call by considering how the concentration of ownership and management in the family's hands, and gendered perceptions can influence HRD and learning initiatives. Besides an organization's size and structure, concentration of ownership and the socio-cultural context can create a unique set of goals, objectives and employee relationships within family-SMEs (Mustafa et al. 2018). In

considering the specificities of ownership and management relationships we deepen our understanding of how HRD decisions are made in relation to gendered assumptions about who is a legitimate successor.

We also contribute to the HRD literature with respect to identifying how and why learning can take place within SMEs. Prior research into learning in SMEs has typically focused on a limited number of workplace and personal factors (Tannenbaum et al. 2010). In contrast, this study focuses on gendered perceptions and biases to understand learning and development in SMEs. Broadly, our findings suggest that the informal nature and characteristics of many SMEs may exacerbate gendered stereotypes and norms, which ultimately constrains women's leadership learning and aspirations. Specifically, we identify disruptions to the traditional gendered order as it emerges from women successors' role and learning in SMEs. Findings provides further empirical support to Stead and Elliott's (2013) observation regarding the role of disruption as an organizing influence on women's leadership learning, albeit in the context of SMEs. For example, we note how at an individual level disrupting manifests its-self in the way a woman successor can feel uneasy in her positioning as a leader. At the organisational and societal level, women successors' disruption of the leadership norm challenges others' expectations of who can be a legitimate leader.

Figure 1 provides a summary of our key findings and their inter-relationships. The findings show how the different approaches to successors' learning and development (e.g. formal, informal and relational) are associated with a different learning styles and foci. For instance, formalized learning was viewed as a way which successors could be infused with new knowledge and world perspectives. In contrast, learning and developing through socialization and relationships was viewed as means of developing idiosyncratic knowledge about the family-SME and how to lead it. Findings demonstrated that each way of learning was supported by specific learning strategies, for example either through observational, incidental or on the

job-learning. More importantly, the findings reveal how gendered perceptions held by the founder/owner and family-members influence the learning and development strategies adopted by the successor. These perceptions were influenced by the broader socio-cultural context and assumptions held about leadership legitimacy.

The resilience of the '*leadership equals male*' model is manifested in formal and informal learning choices and relationships within and outside the family-SME. As illustrated in Figure 1, this extends to perceptions and decisions regarding which formal and informal learning approaches are deemed most suitable for either a female or male successor. It further translates into a masculinization/feminization of knowledge and learning within the family-SMEs. For instance, in both cases specific knowledge was either provided to or withheld from the successor based on their gender. *GuTex's* founder took great lengths to personally ensure that his successor inherited his '*guanxi*'. In contrast, at *AcquaTech*, the successor was largely left to fend for herself with respect to learning about relationships important to the business. Knowledge related to the growth and survival of the enterprise was deemed to be the exclusive domain of men. In contrast, '*softer*' skills and knowledge, such as dealing with employees or administration, were described as more feminine in nature and considered to be women's domain.

INSERT FIGURE 1 HERE

Our evidence suggests that, despite gender bias towards their learning and development, the female successor was able to adopt various learning strategies in a purposeful manner to acquire specific knowledge about the family-SME as a means to attain leadership legitimacy. Prominent among these learning and development strategies was the application of experiential and observational learning methods. Interestingly such strategies are largely personal in nature and are less influenced by gender perceptions. Finally, the gendering of learning and development in both instances, further indicates the influential role played by

women in Chinese family-SMEs. While both founders acknowledged the importance of women's role in their enterprise's success, assumptions regarding who is considered a legitimate successor inform the gendered division of learning and knowledge to constrain women's succession ambitions. Women's presence signals how aspects deemed crucial to successor learning and development are valued differently. While the building and maintenance of outside relationships through '*guanxi*' to secure and sustain the SME's legitimacy is positioned as men's work, ensuring harmonious internal relationships is regarded as women's work. While women's potential to learn, and ultimately acquire, leadership within the two family-SMEs appears restricted, the findings indicate a disruption to the gendered order. Women remain a disruptive presence, as indicated by the gendering of learning and knowledge that maintains traditional attitudes to men and women's work.

Several practical implications emerged from our findings. First, the findings indicate the importance of informal and family-firm specific learning styles as important means of complementing successors' formalized educational experiences. Family-SMEs contain a significant amount of idiosyncratic knowledge, which has been accumulated over years and is very difficult to transfer (Chirico and Salvato 2008). We suggest that family-SMEs employ family-members who have implicit, idiosyncratic knowledge concerning the enterprise to act as mentors and coaches to the next-generation. Second, to meet the dynamic learning and developmental needs of successors, we encourage family-SMEs to build a culture of continuous learning. This may help to counter the negative effects of gender on what and how successors learn. Finally, while both case firms had a strong idea of who the successor would be, neither firm had a formalized succession plan in place. Therefore, we suggest that family-SMEs incorporate a formal succession plan and communicate this to the family. The presence of a formal succession plan can formalize leadership opportunities for women (Ramadani et al. 2017) while allowing families to evaluate formally the skills, knowledge and attitudes of

potential successors (Aun, Chung and Guan 1993). This can permit family-SMEs to develop specific learning and development plans for successors.

Limitations and Directions for Future Research

This study is not without limitations. First, we draw our conclusions based on interviews with 9 participants from two Family-SMEs. The advantage of such an approach is that it can provide rich data and understanding of how gender perceptions influence successor learning and development. A further limitation was our limited ability to draw on secondary data sources, such as company reports, websites et cetera, due to language and access issues. Future research may wish to supplement primary data from interviews with secondary data in order to better discern the gendered portrayal of leadership in Chinese family-SMEs. Doing so would add to the richness and robustness of future findings.

Recently, Anderson (2017) noted that statistical-probability generalisation is neither applicable to qualitative research nor a goal of it. Hence we encourage future research to explore in more detail how the conclusions and findings reached in this study can apply in other contexts. For instance, Haung (2011) suggested that nearly 85% of private enterprises in China are family enterprises. Given the evolving nature of Chinese societal values and norms, as well legal and political norms and values (Li et al., 2015) considerable heterogeneity with respect to China's family enterprises may exist. For example, some family enterprises in China can range in size from micro to large-scale professionalized enterprises and may be found throughout all sectors of the Chinese economy. Hence a worthwhile line of future research may be to explore gender and learning issues in variety of family enterprises. Doing so could extend the findings here and enrich our understanding of gender and learning.

Second, our findings are based on the experiences of two family-SMEs in a specific institutional context strongly influenced by traditional Confucian practices and thinking -

China. Future studies which incorporate cross-cultural comparisons may yield new insights into how gender perceptions influence successor learning and development and the emergence of leadership legitimacy and thus extend the findings found here. Finally, our study focuses predominantly on how gender perceptions about successor legitimacy influence the development and learning of successors in family-SMEs. Yet important questions remain concerning successor learning and development more broadly. Of particular importance is the characteristics of HRD in family-SMEs and how they contribute to the performance of such enterprises (Arthur and Boyles, 2007). Specifically, future research might investigate the range of informal and formal HRD practices in family-SMEs (Marlow, Taylor, and Thompson 2010; Mustafa et al. 2018) and how they function in a conjoint manner.

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Case Firms	GuTex	AcquaTech
Size (No. Employees)	110	200
Annual Turnover of \$USD (FYR 2015)	0.77mil	1.01mil
Industry	Textile Manufacturing and Exporting	Specialist design and manufacturing of aquarium products
No. of Interviewees	5	4
Interviewee Profiles	Founder (Male, 68yrs, no formal education; Current CEO); Successor (Male, 36yrs, Degree from overseas university, 3yrs working experience in the enterprise; Managing Director (MD)); Sibling 1 (Female, 44yrs, no degree, 12yrs working experience in the enterprise; Admin Director); Sibling 2 (Female, 30yrs, no degree, 8yrs working experience in the enterprise; Line Manager); Mother (Female, 60yrs, no formal education; 10yrs working experience in the enterprise)	Founder (Male, 63yrs, no formal education; No official role); Successor (Female, 31yrs, Degree from overseas university, 7yrs working experience in the enterprise; Current CEO/Director); Mother (Female, 56yrs, no formal education; 8yrs working experience in the enterprise; No specific role); Senior Manager (Male, 58yrs, local degree, 14yrs working experience in the enterprise; Operations and Marketing Director).
Firm Background and History	Originally established as a joint venture in 2005 between the current owner and a close school friend as the current owner did not have the technical experience or the ‘guanxi’ necessary to start an enterprise on his own. However, after 4 years of operations, current owner found himself in a position to purchase full ownership of the enterprise as his partner was experiencing financial difficulties. Founder decision to acquire sole ownership of the enterprise was strongly driven by his desire to ‘give his children a happy life’ in the future and to help overcome some of the financial penalties and costs associated with having more than one permissible child in China.	Founder established enterprise in 2002 after working nearly 30 years in the industry, where he was able to develop the necessary ‘guangxi’, knowledge and financial capital to establish his own enterprise.
Founders Vision for the Enterprise and its Future	<p>Founder believes current generation face difficulties in finding a good job in the current Chinese economy and where possible seeks to change that situation for his own children. Hence, founder believes that the “family business is the best choice” in terms of current and future employment opportunities for his family and children.</p> <p>Founder believes that the business must remain in the family and that only a male should be heir to the business.</p>	<p>Founder believes that by establishing his own enterprise, he could further improve the social and financial position of his family. For instance, A founder used the wealth generated from the family business to relocate his family to the more affluent Guangdong area, and to send both his son and daughter to university overseas. The enterprise has also led the family to raise their standing and prestige in the community.</p> <p>Founder believes strongly that the enterprise must remain in the family, but the most competent successor should take over.</p>

Founders Attitude towards Gender and Management	Traditionalist world view and attitudes towards business and family are strongly shaped by his traditional Confucian upbringing.	Traditional up-bringing in poor region. Founder however considers himself a progressive individual and has sought to modernise his enterprise by incorporating Western thinking to improve its management.
Number of Children and Stage of succession	Three daughters and One son Only Son is the current successor. Son has assumed both managerial and ownership control of the enterprise	One daughter and one son Daughter is current successor. Daughter has assumed managerial control, but is yet to assume ownership control.
Role of Family and Gender in the Enterprise	Clear hierarchy and gendered segregation with respect to the roles of family members in the enterprise. For instance, despite having close to 9 years of working experience with the enterprise, all three daughters work in middle-management positions where they are responsible for dealing with day-to-day issues of the firm and its employees. In contrast, the only son, was immediately appointed deputy general manager when he joined the enterprise only 4 years ago. Unlike, his sister's roles, his role deals closely with the strategic aspects of the enterprise, such as growing the business and acquiring new customers	Wife and daughter work full-time in the family enterprise and play prominent roles when it comes to dealing with staff. Founders youngest son as of yet has no official position in the enterprise as he is still completing his university studies abroad. However, he regularly works in the enterprise during school breaks, but as a regular rank-and-file employee

Table 1: Case Firm Characteristics and Background.

Figure 1

