

**Job Satisfaction, Work Performance and Turnover Intention:
A Study on Chinese Family Enterprises**

Abstract

By an investigation in 121 family enterprises in China, this article provides a new empirical model to describe the relationship between job satisfaction, work performance and turnover intention. Previous viewpoints argue that a higher job satisfaction degree brings higher work performance. Considering the family-business embeddedness perspective and the agency theory, we find that the insider-outsider difference of family members plays a key role of moderator. In particular, our findings show that such an effect is slight for family insiders, but significant for family outsiders. Our study also shows that the relationship between job satisfaction and turnover intention is not significant for family insiders, but significant for outsiders. Our study enriches the family business literature by examining an important moderator, the family insider-outsider differences as members in the governance of family business.

Key words: Chinese family enterprise; Job satisfaction; Turnover Intention; Work Performance

1. Introduction

A long debate is present in the literature review regarding the governance of family business: what should be the place of executives coming from family members and the place of executive from non-family members? (Dyer, 1989; Klein, 2000; Anderson & Reeb, 2003, 2004). In the literature of governance of family business, two main stream theories are widely used: the agency theory and the family-business embeddedness perspective. The agency theory shows that the measurements and governance of non-family member executives are big challenges, as the family often has a lot of power and can easily replace the non-family managers (Block, 2011). Furthermore, such non-family member managers' performance is often evaluated by less senior executives who are members of the business-owning family (Block, 2011).

The problems of non-family member managers become more significant when their preferences and time horizons differ from the family owners (Schein, 1983; Dyer, 1989; Chua, Chris-man, & Sharma, 2003). However, in family business studies, the use of the agency theory focuses mainly on the conflicts between the core members as principles and the agents, the roles of non-family member managers are largely ignored (Chua et al., 2003). How family business enterprises integrate the divergent interests of family member and non-family member is worth of studying.

Family–business embeddedness is defined as a confluence of values stemming from divergent institutional contexts—family, business, and symbolic—within the family firm (Khanin, Turel & Mahto, 2012). In the family business literature, both sides of family and business play important roles with overlapping and opposite demands. Due to such institutional overlap in family business studies, the opposite value systems of family and business bring negative outcomes for family business (Lansberg, 1983). Le Breton-Miller & Miller (2009) further discuss the difference between family embeddedness and business embeddedness having contrary impacts on the managers' governance in the family business enterprises. Business embeddedness refers to family executives' embeddedness in the family business, while family embeddedness refers to family executives' embeddedness in their family (Khanin et al., 2012). Due to the opposite or conflicted orientation of the two types of

embeddedness, it is not easy to reach the potential benefits: the synergy resulted from the business value and family value deployment (Le Breton-Miller & Miller, 2009). Therefore, how family business enterprises address the different value orientation between family members and non-family members is demanding. Mitchell et al.'s (2001) theory of job embeddedness provides a sound theoretical perspective to understand the decisions to turnover between family and non-family members. According to them, 1) job embeddedness captures some theoretical ideas that off-the-job and non-affective factors can influence turnover, 2) links to organization can be increased and 3) being less embedded does not push an employee to leave a job as dissatisfaction does.

To fill in those gaps, we conduct a quantitative study on Chinese family business enterprises. One of our motivations in this study is inspired by conversations with several large Chinese family enterprises. Several key informants complained with us: *“while family participation in a business can strengthen the business since family members are loyal and dedicated to the family enterprises, family interests often conflict with business interests in HRM”*. According to Zahra and Sharma (2004), the same issues have been studied over the last twenty years and have dominated the discourse in the field of family business: succession, performance and governance of the firm. Therefore, key issues need to be addressed such as resource management, culture, internationalization.

From the family-business embeddedness perspective, such a logic behind is the opposite value system of business embeddedness and family embeddedness of the family business governance. Similarly, from the agency theory perspective, it is difficult for outsiders to obtain promotion and enter the core management level because of nepotism. Therefore, the turnover rate of the outsiders is high, and the deficiency of talents is serious in Chinese family enterprises. As consequences, family members and non-family members show a different perception regarding their job security and job satisfaction within the same family firm. Therefore, many of the firms are unable to access the human resources and capabilities needed to sustain competitive advantage and to grow, particularly compared with the powerful state-

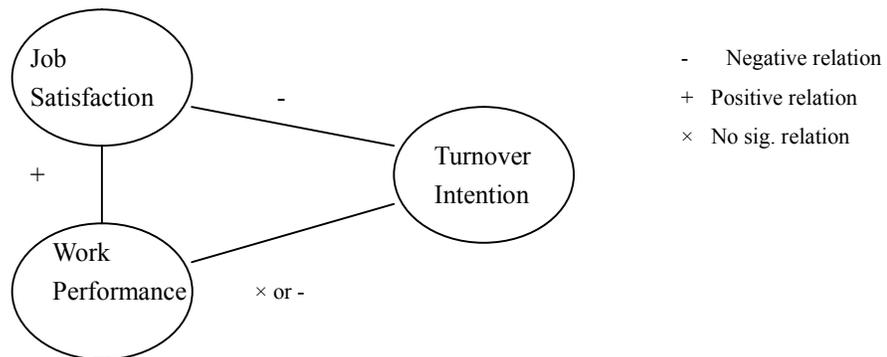
owned enterprises in China. In this case, when alternative jobs are available outside, unsatisfied or unsecure employees may have a stronger interest in changing jobs. The impacts of such turnovers on the performance are even stronger when the executives in key positions leave family business enterprises.

However, “modern business enterprise required more managers than a family or its associate could provide” (Chandler 1977, p.395). Rutherford et al. (2006) raise the point that limited managerial resources affect the capacity of the firm to pursue new opportunities and to manage a growing number of employees. Therefore, it is an urgent issue for Chinese family enterprises to look for management skills in order to balance family interests and business interests in terms of HRM.

In addition to the research motivation mentioned above, it is also interesting to explore family business governance problems in Chinese family enterprises in theoretical senses. Lee (2006) comes to the conclusion that more research studies should be conducted in Asia in order to improve our knowledge and understanding of family business issues in this part of the World. More specifically, future research, according to Lee, should examine the influences of family relationships on workplace behaviors and attitudes in family businesses of different sizes. Our study enriches the literature not only from the theories but also empirical setting. Finally, in the research on transition economy, little has been written on other aspects, particularly on HRM, in contrast to the abundant literature on privatization (Lane, 1995).

This article mainly discusses the basic relationship (Shore and Martin, 1989) among several important HRM factors including employee’s job satisfaction (Cavender, 1984), turnover intention (Cohen, 1999) and work performance (Cavender, 1984) in Chinese family enterprises, and makes the following contributions. The major theoretical contribution is the moderation effect of family members/insiders and non-members/outside difference, which is largely ignored in the literature. This research broadens the research on family business in emerging markets and gives responses to the call for indigenous research in Chinese context (Li, Leung, Chen and Luo, 2012).

Figure 1. A typical HR model



2. Theoretical background and hypothesis development

2.1. Job Satisfaction and Turnover Intention

Most scholars agree that job satisfaction and turnover intention are negatively related (DeConinck and Stilwell, 2004: 225). However, the opposite opinion also exists, for example, turnover, a fairly specific concept, cannot be successfully explained by more general concepts like job satisfaction and organizational commitment.

The relationship between job satisfaction and turnover intention may also be moderated by several variables including experience, performance, role overload, organization's climate, etc. Russ and McNeilly (1995) posit that satisfaction with promotion, income, and supervisors will have more impact on the organizational commitment and turnover intention of less experienced sales representatives, and satisfaction with co-workers and the work itself will have more impacts on more experienced representatives. Van Scotter (2000) finds that employees whose contextual performance is higher are more satisfied with their jobs, more committed to the organization and less likely to leave, but task performance does not explain significant incremental variance on the variables. Role overload is also found to affect job satisfaction negatively. Job satisfaction and turnover intention for more experienced salespersons are more adversely affected by role overload than that for less experienced salespersons (Jones et al. 2007). Schwepker (2009) finds that the more salespeople perceive their organization's climate as ethical, the higher their reported levels of job satisfaction, the more their commitment to the organization and

the less their intent to leave. Valentine et al. (2006) propose that perceived organization support would mediate the relationships between an ethical context and job satisfaction and turnover intention. As the results are mixed, we believe there must be some important moderator missing. Therefore, we use the Chinese family business enterprises to test the moderation effect of family member/insider and non-member/outsider difference.

From the family–business embeddedness perspective, family-business embeddedness enhances family employees' job satisfaction and thus helps reduce turnover intentions (Khanin et al., 2012). The reason behind is that the family–business embeddedness is likely to reduce frustration and hostility of job dissatisfaction, resulting from conflict between different institutional dimensions of the family business enterprises, conflict that often arises and may have negative consequences for the family firm's cohesion and employee satisfaction (Ensley & Pearson, 2005; Ensley, Pearson, & Sardeshmukh, 2007).

From the agency theory, the owners of the family business enterprises hold different evaluations of family member and non-member executives and employees. For instance, the wages of a manager depend on its short-term performance, which is determined by short-term measures (Antia, Pantzalis, & Park, 2010). If a non-family manager wants to increase its wages or change job with a new employer, this manager needs to reach high scores in these areas. The personal goals of the non-family manager might differ strongly from those of the family member executives or of family owners. The goals of the business-owning family are often long-term (Block, 2010) and may differ from those of nonfamily firms (Lee & Rogoff, 1996).

This will lead to different executive's perceptions, as they may or may not be the family members. As a consequence, executives' perception of job security and job satisfaction follow the membership per se. Solving the conflicts and paradox demands between principles and agents helps family business to reduce the misunderstanding and management costs. It is also beneficial to the overall integration of employees in the family business and the increase of job satisfaction, thus reducing the potential turnover intentions (Khanin et al., 2012).

2.2 Job Satisfaction and Performance

Perspectives on job satisfaction-job performance relationship are diversified and “has a controversial history ” (Wright and Snell , 2005), and can be concluded as three streams as follows: Brayfield and Crockett (1955) conduct research on employees’ job attitude and practical work efficiency, their results show that employees with a higher degree of job satisfaction may have a higher performance, but employees with a low degree of job satisfaction may also have a high performance, that is, job satisfaction and performance do not have remarkable correlation. The findings of Iaffaldano and Muchinsky (1985) have been influential and provide the evidence that satisfaction and performance are virtually unrelated. Brashear et al. (2003), on the basis of the role model, point out that role ambiguity is negatively related to both job satisfaction and performance, but performance is not related to satisfaction.

On the other hand, some scholars believe that job satisfaction and performance are meaningfully related, but there are differences on the causal relationship between them. While some suggest that job satisfaction causes job performance (Shore and Martin, 1989), others think that job performance causes job satisfaction (Olson and Zanna, 1993), and others propose that the causal relationship between job satisfaction and job performance is bidirectional (Cavende, 1984). Wanous (1974) finds that, for the external degree of job satisfaction, job satisfaction causes job performance; while for the internal degree of job satisfaction, job performance causes job satisfaction.

As the present study mainly discusses the external degree of job satisfaction, we may anticipate that in Chinese family enterprises job satisfaction and work performance are positively related, high satisfaction brings high performance and investigate which aspects of satisfaction affect performance significantly.

From the family-business embeddedness perspective, the performance of family business is related to the value congruence and the ethical focus (O’Boyle, Rutherford, & Pollack, 2010). As value systems are different with either family orientation or business orientation, and because family members and non-family members have divergent value systems, family-business embeddedness is likely to

reduce the cognitive dissonance resulting from value collisions (Festinger, 1957), job satisfaction is strongly influenced by family-business embeddedness.

Considering the agency theory, the tasks and assignments principles provide to agents are influenced by the capabilities and resources of agents. But members and non-members of the family can access to different levels or scale resources, family members and non family members will perceive different levels of difficulty of the given tasks. Such difference influences their self-evaluation of the job. As a consequence, executives and employees will have different attitudes to the same type of tasks assigned.

In this study, we will further study the association between job satisfaction and performance, and we conjecture that in Chinese family enterprises job satisfaction and work performance are positively related. As both the family-business embeddedness perspective and the agency theory suggest that there are differences between the family member and non-family member in their job satisfaction, how such difference works in the relationship between job satisfaction and performance is not clear.

2.3 Turnover Intention and Performance

Many studies show that work performance has an impact on employee turnover intention. Zimmerman and Darnold (2009) show that work performance and turnover intention are negatively correlated. Performance directly affects the motivation of employees to search other jobs, and high-performance employees leave the job more easily than low-performance employees do (Jackofsky, 1986). The study also finds that high performance will enhance employees' expectations regarding organizational rewards. High-performance employees are less likely to leave the organization when these expectations are satisfied. Since low performance may lead to a low attitude towards the work value, increasing anxiety and frustration, low-performance employees are more likely to leave the organization (Steers and Mowda, 1981) .

Some studies propose the opposite view, and think that the relationship between work performance and turnover intention will be affected by a variety of regulatory variables. For example, in the regulation of the reward, high-performance

employees get more reward, and have lower turnover intention (Allen and Griffeth, 1999). Under the action of the competition, employees with a high performance will have more choices of employment opportunities and move more easily (Jackofsky, 1984) .

Some researchers identify a causal relationship between job performance and turnover intention through studying the impact of perceived organizational support on organizational commitment, role performance and turnover intention. First, employees' involvement in their job is less important when the turnover rate is high, thus affecting their performance (Hulin, Roznowski, and Hachiya, 1999). Second, job performance has an impact on job satisfaction, and job satisfaction influences organizational commitment, which then imposes an impact on turnover intention (Jones, 2007).

2.4 Hypotheses

In this study, we take the family-business embeddedness perspective and the agency theory to test the influence of family membership and the relationships with job satisfaction, turnover intention and job performance. And we conjecture that family membership plays an important role in Chinese family business firms.

From the family-business embeddedness perspective, the difference between the family oriented value system and the business oriented value system strongly impacts the family firms' performance (Khanin et al., 2012). Within the context of family business firms, family members and non-family members both have different value orientations. This creates further challenges for the family business firms to benefit from the potential synergies. In family business firms, family members will be satisfied with their job when they perceive their positions and tasks as well as responsibilities are aligned to the value, vision and mission of the family and family business founder. Due to such alignments, family members' executives and employees view the job within their family business firms as meaningful, important, and exciting (Khanin et al., 2012). It is similar for non-family members if they consider their efforts are constructive for the family business enterprises' value and long term mission. Their tasks and assignments will be considered the core steps and

foundations by the family owners and company. Under such conditions, non-family members also take the job in the family firm as meaningful and are committed. In both cases, if family members and non-family members are satisfied with their jobs in the family firms, they will take care of the job more seriously and show stronger beliefs in the importance and commitments of the job in their lives (Paullay, Alliger, & Stone-Romero, 1994, p. 225). As direct or indirect consequences, their positive inputs will lead to perform better.

Based on the agency theory, agents' efforts may not be easily to present to the family owners or founders, without a proper channel such as family membership. And even if non-family members can show their contribution to family owners, they differ in management style and cognition (Block, 2011). Family members and owners try to motivate their employees via charismatic behavior, while non-family member managers often make decisions based on logic and rational analysis rather than intuition (Schein, 1983; Dyer, 1989). Such difference is due to the organizational and occupational difference within the family business firms. Normally, family managers grow up in the family and learned skills and practices that are specific to their family business, without adequate experience outside their family business firm. While non-family members are not bonded by the family membership as family members are, executives and employees of non-family members are more flexible when facing opportunities beyond the family scope (Khanin et al., 2012). When there is misunderstanding or unsatisfied with the tasks given, non-family members have better degrees of freedom to choose their career out of the family business firms. However, family members may not change job as their career path will be better off when working within the family firm rather than out of the family firm. Due to such difference, job satisfaction of non-family members is more related to performance than that of family members.

We anticipate that job satisfaction and work performance are positively related in family business firms. Put in another words, high satisfaction produces high performance. But the relation will be different for family outsiders (non-family members) and insiders (family members). Therefore, we propose the following

hypothesis:

Hypothesis 1a: The higher degree of job satisfaction, the higher work performance for both family insiders and outsiders.

Hypothesis 1b: Such an effect is more significant for family outsiders than that for family insiders.

Previous studies (see DeConinck and Stilwell, 2004) report the negative relationship between satisfaction and turnover intention. However, it is unclear whether negative relationship exists between employees' degree of job satisfaction and turnover intention in family enterprises. From the family-business embeddedness perspective, family members and non-family members have different motivations regarding their choice of working for the family business firms or changing jobs. Following the arguments in hypothesis 1, family members have a different perception of job satisfaction compared to non-family members. Some family member employees and executives may choose to work for their family business firms because they think working for family business can better meet their aspirations and ambitions (Khanin et al., 2012). But some other family members choose to work for the family business firms because their efforts could gain better returns comparing with jobs outside. When there is a high job satisfaction, neither family members nor non-family members desire to change their jobs. However, once there is a low level of job satisfaction, non-family members will have more flexibility to change job, because what they may lose is not as significant as what family members may lose. Family members, on the contrast, could sacrifice their benefits in order to tolerate their family ties even if they are not satisfied. One of the reasons is the commitment of family members to their position within the family business (Sharma & Irving, 2005).

The agency theory also indicates that family business owners have different expectations compared to family members' executives and non-family members' executives. Although non-family members have more flexibility in their careers when outside opportunities are available, capable non-family member employees and executives may stay with the family business enterprises. The main reason is because they can gain better equity stake and perspectives and because they consider such stay

as better investments for them compared with alternative work opportunities (Khanin et al., 2012). For non-family member employees and executives, such behaviors can help them to develop a “calculative commitment” (Sharma & Irving, 2005). With a calculative commitment, non-family member managers can gain deep and profound understanding of the family’s goals and the significance of their roles, which is helpful to manage a family business company effectively (Hall and Nordqvist, 2008).

Both theoretical perspectives indicate that job satisfaction will reduce the proposition of turnover, for both family members and non-family members. However, the negative effects are more significant for non-family member employees and executives, as their less bonded family commitments and bigger extents of flexibility when alternative outside job opportunities are available. Therefore, we put forward the hypothesis:

Hypothesis 2a: The higher degree of job satisfaction, the lower turnover intention for both family insiders and outsiders

Hypothesis 2b: Such relation is more significant for family outsiders than that for family insiders

The family-business embeddedness perspective also suggests that family members are willing to sacrifice their personal benefits for family values and goals, even if they can get a better salary elsewhere (Khanin et al., 2012). However, even under such circumstances, family member executives and employees have stronger commitments to their family business than outside opportunities, as family members hold “the beliefs that individuals have regarding the degree of importance that work plays in their lives” (Paullay et al., 1994). This is different for executives and employees without the family membership. Meanwhile, based on the agency theory, family member employees and executives consider themselves more as core members of the family business and look less for outside jobs. Such difference makes family members show a higher level of commitment followed by a sense of belonging and honor. Thus, their degree of job satisfaction is higher while their propensity of turnover is lower, compared to those non-family members.

Considering the different characteristics of Chinese family business and the

ignored moderation effect of family business insider-outsider difference, we extend the similar logic to formulate the following hypothesis:

Hypothesis 3a: The family insiders present a higher satisfaction degree.

Hypothesis 3b: The family insiders present a lower turnover intention.

3. Methodology

3.1 Definitions

Before investigating family enterprises, we first present a measurable definition of family enterprise and family members. Generally, a family enterprise is an enterprise owned, controlled, and operated by members of one or several families. According to Chandler (1977), in a family enterprise the father and his intimate partners hold most of stockholder's rights, they maintain close personal relations with management people and reserve policy-making power of high level in his enterprise, especially in terms of financial policy, resource distribution and high level personnel's appointment. Based on Chandler's understanding, the family enterprise we study refers to the enterprise controlled by one or several families who hold stock shares above 51% and where the core positions (board members, general managers, deputy general managers, financial managers and so on) are mainly (above 51%) occupied by family members.

Core family member is defined as owner's partner, parents, brother, sister, son or daughter. Close relative consists of uncle, aunt, niece and nephew. Distant relative indicates the relative beyond the close relatives. Friends indicate members who have close friendship with core family member and close relatives, for example, their classmates, alumni, and neighbors.

3.2 Research Design

Before the formal investigation, we implemented a pilot study, a survey on 32 employees in 11 enterprises. According to the degree of intimacy with leaders indicated by the literature, we grouped the employees and managers of family enterprises in two types: insiders of family, namely the members of family, and outsiders in family, followed by the comparisons of their satisfaction and turnover intention.

As the feasibility test was positive, we decided to continue our study using quantitative methods (Kulik, 2011). After we obtained the insights of Chinese family business and a better understanding of the importance of difference between family-members and non-family members as insiders and outsiders in the family business firms' governance, we decided to examine how such difference works in the job satisfaction, turnover intention and job performance. Therefore a quantitative survey was implemented. To ensure a high response rate, a research team was recruited and assigned to the survey collection processes. They were well trained for the research purpose, research skills and ethics. By the end, we obtained quantitative questionnaires from an adequate sample in Chinese family business.

3.3 Sample

We investigated employees in 121 family enterprises in both developed areas including Beijing, Shanghai, Zhejiang, and Guangdong, and undeveloped areas including Hunan, Hubei, Sichuan, and Guangxi. 3,900 questionnaires were sent out and we took back 2,625, with a response rate of 67.3%. Such a geographic scope represents a more balanced sample of the Chinese family business enterprises. This compensates previous studies of Chinese family business either focusing on overseas places such as Taiwan or focusing on only developed provinces and areas in China.

Among respondents, males account for 53.5% and females 46.5%; the age groups under 34, between 35-44 and above 45 represent 72.6%, 20.7%, 6.6% of the population respectively; married people account for 57%, unmarried 41.4% and divorced 1.7%. The core family members of the staff account for 3.1%, 6.8% for the close relative, 6.2% for the distant relative, 5.7% for the friends, 78.2% for no family relations.

The respondents' career data is the following: people in management, administrative service, marketing, technology and operation, the proportion is 21.3%, 11.3%, 18.3%, 25.3%, 23.8% respectively. 72.2% of the respondents work in enterprises below 5 years, with 14.2% for 6-10 years, 5.1% for 11-15 years and 8.4% for above 16 years.

Various enterprises are sampled. The proportions of enterprises with a life time

of below 3 years, 3-5, 5-10, 10-20 years, and above 20 years are 16.7%, 13.1%, 33.5%, 16.7%, 19.9% respectively. Only 38.0% enterprises' revenue below 10 million CNY with 18.5% in a range of 10 million to 30 million CNY, 9.0% in a range of 30 million to 50 million CNY, 2.8% in a range of 50 million to 80 million CNY, 7.5% in a range of 80 million to 100 million CNY and 24.2% enterprises above 100 million CNY.

3.4 Reliability

For the purpose of scale development, principal components factor analyses with varimax rotation were performed on three sets of items: the 33 items concerning job satisfaction, the 14 items describing the turnover intention, and the 5 performance criteria. We adopted thirty-eight items to assess job satisfaction (scale of 1-5 with 1=strongly dissatisfied and 5= strongly satisfied). The turnover intent was measured with fourteen items. We used five-point Likert's scales to measure (1=strongly dissatisfied and 5= strongly satisfied). Performance refers to the productivity level of an individual employee. The questionnaire sought to study the worker's performance in family enterprises. It was measured with five items using a Likert scale such as 1=strongly dissatisfied and 5= strongly satisfied.

This research used Cronbach's consistency (coefficient α) to analyze the reliability. Alpha coefficients of job satisfaction factor 1-7 are 0.83, 0.89, 0.66, 0.75, 0.74, 0.76, 0.88 respectively which are all above 0.65 and measuring indicator shows good internal consistency reliability. We deleted the factor having overlapping load on the standard that whether the factor load is more than 0.5. Meanwhile, this research used Cronbach's consistency (coefficient alpha) to analyze the reliability. Cronbach's alpha of turnover intention for this scale was 0.92 and Cronbach's alpha of work performance for this scale was 0.87.

4. Results

4.1. Degree of job satisfaction and turnover intention in family enterprises

In table 1 and table 2, we divided employees into five categories (a, b, c, d, e). From multiple comparison in satisfaction and turnover intention, remarkable differences

exist between the first three kinds (core staff, close relative, distant relative) and the last two (friends and no relations). Employees of the first three kinds got remarkably higher scores in satisfaction and lower scores in turnover intention than the last two.

Table 1. Multiple comparison of satisfaction according to the types of employees

	(I)employee type	(J) employee type	MD(I-J)	SE	Sig.
Satisfaction	a	b	1.4382	1.84972	.073
		c	2.5205	1.04182	.064
		d	3.6796(*)	0.96644	.030
		e	4.3526(*)	0.76644	.025
	b	a	-1.4382	1.84973	.043
		c	1.0842	1.87844	.117
		d	2.9144(*)	0.98931	.040
		e	3.3452(*)	0.8233	.035
	c	a	-2.5225	1.04092	.062
		b	-1.0822	1.87844	.117
		d	2.8311(*)	0.96225	.042
		e	3.0890(*)	0.87432	.036
	d	a	-3.6795(*)	0.96633	.031
		b	-2.9143(*)	0.98923	.041
		c	-2.8311(*)	0.96214	.042
		e	1.23142	1.56345	.082
	e	a	-4.3537(*)	0.76633	.026
		b	-3.3451(*)	0.8244	.035
		c	-3.0892(*)	0.87452	.037
		d	-1.23142	1.56335	.082

Notes:* The mean difference is significant at the .05 level.

According to the leader-member exchange theory (Dienesch and Liden, 1986), the relationship between leaders and subordinates is different in degree and intimacy. Leaders can establish intimate relation with part of their subordinates who are called insiders, but with another part of subordinates who are called outsiders, leaders

mainly use official authority, rules and policies to guarantee them to complete their own tasks. In this research the first three kinds (core staff, close relative, distant relative) are insiders, the latter two (friends and no relations) are outsiders. The insiders can obtain more support, more freedom in work and more trust. Thus they present a higher satisfaction degree and a lower turnover intention.

Table 2. Multiple comparison of turnover intention according to the types of employees

	(I)employee type	(J)employee type	MD(I-J)	SE	Sig.
Turnover intention	a	b	-.413	.929	.653
		c	-1.010	.673	.089
		d	-1.334(*)	.648	.047
		e	-1.766(*)	.635	.028
	b	a	.414	.919	.653
		c	-.953	1.020	.345
		d	-1.598(*)	1.022	.040
		e	-2.147(*)	1.200	.018
	c	a	1.012	.674	.089
		b	.953	1.011	.345
		d	-1.356(*)	.794	.043
		e	-3.103(*)	.993	.002
	d	a	1.335(*)	.647	.049
		b	1.597(*)	1.043	.041
		c	1.355(*)	.794	.043
		e	-2.745(*)	1.024	.008
e	a	1.766(*)	.623	.028	
	b	2.147(*)	1.201	.018	
	c	3.103(*)	.993	.002	
	d	2.745(*)	1.024	.008	

Notes: * The mean difference is significant at the .05 level.

From table 3, we find that job satisfaction affects the staff's turnover intention. For family insiders, this effect is not significant; for family outsiders, this correlation is significant. For family outsiders, in the various dimensions of degree of satisfaction, factors with important status are: career development, pay-and-benefits package, and inner management. Career development's regression coefficient is the biggest, indicating that the major reason of staff turnover is that career development is

limited. The inner management defect of family enterprise is that it is hard for “outsiders” to obtain enough trust to be placed in important positions, namely, the staffing system is “appointing people by favoritism”, not “appointing people by abilities”. This makes it is hard for “outsiders”, especially outstanding staff, to display their talents in family enterprise. If a better enterprise invites him to join, turnover will occur.

Table 3. Multiple regression analysis of turnover intention of employees in family enterprises for various dimensions of job satisfaction

variable	family insiders (n=434) (Beta)	family outsiders (n=2251) (Beta)
inner management	-0.101	-0.367***
career development pay-and- benefits package	-0.182	-0.372**
work safety	-0.107	-0.112
work hours	-0.079	-0.098
interpersonal relation	-0.035	-0.157
living condition	-0.146	-0.342***
F	-0.067	-0.105
	1.511	2.231*
R ²	0.091	0.236**

*<0.05. **<0.01. ***p<0.001.

¹family insiders include core family member and close relative.

²family outsiders is no relations.

4.2. Degree of job satisfaction and work performance of employees in family enterprises

One of the goals of this research was to examine the relationships between the degree of job satisfaction and the work performance of employees in family enterprises and to extract the corresponding regression equation to forecast work performance. We carried on multiple regression analysis with work performance as the dependent variable. Statistical method of stepwise regression was used. Results are as follows.

From table 4, we can observe that, for family insiders, this effect of job satisfaction obviously influencing work performance is slight; for family outsiders, this relation is significant. For family outsiders, in the various dimensions of degree of satisfaction, factors with remarkable status are: interpersonal relation, inner

management, pay-and-benefits package, career development. Namely, the four factors listed above affect work performance more in family enterprise. Most of the executives are family members in family enterprise, “outsiders” are unable to obtain enough trust to be placed in important positions, interpersonal relation between “insiders” and “outsiders” is bad, pay-and-benefits lacks relatively fair, the inner management is unable to break through “the guardian type”, staff training is regarded as benefits for other companies by family enterprise’s superintendents, career development is limited widely, the staff lacks working enthusiasm, all of these cause low work performance.

Table 4. Multiple regression analysis of work performance for various dimensions of job satisfaction

variable	family insiders (n=434) (Beta)	family outsiders (n=2251) (Beta)
inner management	0.165	0.279***
career development	0.172	0.247**
pay-and-benefits package	0.106	0.142
work safety	0.092	0.115
work hours	0.066	0.178
interpersonal relation	0.172	0.287***
living condition	0.058	0.156
F	1.611	2.203*
R ²	0.0951	0.303***

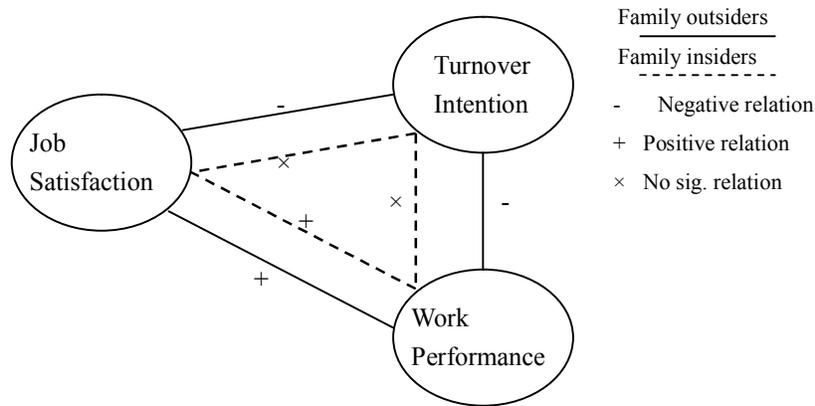
*<0.05. **<0.01. ***p<0.001.

¹family insiders include core family member and close relative. ²family outsiders is no relations.

4.3. An improved HR model in family enterprises

Based on the research above, we summarized an improved HR model in family enterprises in a transition economy (see Figure 2). Compared with the previous model in Fig. 1, the relation associated with family members are further specified, and the principal factors to impact job satisfaction are further identified, which is helpful to reveal further management insights on balancing family interest and enterprise interest, and sustainable development of family enterprises.

Figure 2. An improved HR model in family enterprises



5. Discussion

In this paper, we investigate and survey on human resource management in Chinese family enterprises. The main contributions of this paper include the following:

First of all, according to Whetten (1989), “theoretical insights come from demonstrating how the addition of a new variable significantly alters our understanding of the phenomena by reorganizing our causal maps” (1989, p. 493). We identify a strong moderator, the insiders and outsiders differences in family business enterprises’ management and governance. Our study enriches the family-business embedded perspective and the agency theory by new insights of family owners’ value system in the human resource management. By conducting a quantitative research, we provide the details of the difference between family members/insiders and non-members/outside in the governance of family business enterprises: job satisfaction, turnover intentions and performance.

To be more specific, we find that the degree of job satisfaction obviously influences work performance; a higher degree of job satisfaction leads to higher performance. In various dimensions of degree of job satisfaction, the strongest factors affecting the work performance are: interpersonal relation, inner management, pay-and-benefits package and career development. Interpersonal relation is the most important factor that affects performance. This indicates that a good organization

atmosphere, a positive organization culture, and harmonious interpersonal relationship are powerful activators which can enhance performance.

We also find that the degree of job satisfaction affects the staff's turnover intention. In search for relations between the degree of satisfaction and the turnover intention, the factors with a major influence on turnover intention are: career development, pay-and-benefits package, and inner management. According to Maslow's hierarchy of needs theory (Wahba and Bridwell, 1976), smooth career development belongs to an individual's high level demand. When staff's basic survival request is satisfied, they begin to pursue individual career development and realization of life value.

In addition, our study also has empirical implications. The research provides further management insights for business practices in a transition economy, where the future development of an enterprise is more concerned by employees. To our knowledge, this is one of the first studies in Chinese family enterprises from both the family-business embeddedness perspective and the agency theory. It complements few studies of Chinese family business based on psychological theories (Zhu, Chen, Li and Zhou, 2012).

An unstable organization can by no means attract and retain talents. Inner management, a determinant for the future of enterprises, is a condition that keeps organization prosperous. A well-managed enterprise will enhance employees' confidence and loyalty, and inner management is the principal consideration for the enterprises in a transition economy. Second, from the result of this research, employees are generally unsatisfied with career development and interpersonal relation, which is critical in a transition economy with a faster career change. Some family enterprises always place their own "family members or insiders" in important positions but "outsiders" in marginal positions. The order of position allocation is always determined by nepotism and it is difficult for "outsider" to participate in management as well as to be promoted. Considering the training costs and frequent personnel changes, administrators of Chinese family enterprise regard staff training as further benefits for other companies. Hence, there are few staff training activities and

employees can't improve their professional skills. A fine balance between family interest and business interest to guarantee a long-run personal career development is expected.

In summary, past viewpoints argue that a higher job satisfaction degree brings higher work performance. However, we further find this effect is relaxed for family insiders, and this relation is significant for family outsiders. While past literature presents that a higher degree of job satisfaction brings lower turnover intention, we further find that this relation is not significant for family insiders but significant for family outsiders. This study enriches the family business research both theoretically and empirically. We analyze the moderating effect of family insiders-outsiders difference from the family-business embeddedness perspective and from the agency theory, complementing some psychological studies of Chinese family business. Our study also enhances the understanding of governing and managing family business in China context. Thirdly, our manuscript provides new insights of human resource challenges in Chinese family firms, which is vital but understudied.

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