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Analysis of the correlation between the intervention of family heirs and the implementation of enterprise internationalization strategy

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Abstract
Currently, China is deepening the new development pattern of "dual circulation" and implementing the "Belt and Road" initiative, guiding enterprises to expand their global market layout. As an important pillar of the national economy, family businesses, during the special period of generational succession, have increasingly attracted academic attention for their inheritance effects on international development. Most existing research focuses on the correlation between governance structures and corporate performance, with less attention paid to the dynamic of generational succession and the characteristics of family businesses, particularly the mechanisms by which second-generation members participate in cross-border operations. This research gap holds significant theoretical innovation value and practical guidance significance during the intersection of transformation, upgrading, and inheritance. This study integrates social-emotional wealth theory with advanced theoretical frameworks, using stata17.0 statistical analysis tools to empirically examine panel data from Chinese family-owned listed companies between 2015 and 2022.In terms of academic contribution, this research has deeply expanded the explanatory boundaries of social-emotional wealth theory and advanced theories in the context of intergenerational inheritance. It constructs an analytical framework of "family characteristics-strategic choices," providing innovative theoretical tools for decoding the internal mechanisms of multinational business decisions in family firms. In practical application, the findings offer empirical evidence for family firms planning their international development paths amidst dual challenges of generational transition and strategic change. This helps companies achieve high-quality growth and long-term success through generational resource integration and strategic iteration in global competition.

Keywords: Generational Succession, Cross-border Operations, Governance Challenges, Dual Circulation Strategy

1. Introduction

In the profound transformation period of the global economy entering the post-pandemic era, the path decisions for corporate international operations are facing unprecedented complexity, encompassing challenges such as industrial chain reshaping, weakening growth momentum, and rising international political risks. Data from the World Bank's 2023 annual report shows that the average economic growth rate in emerging market countries has declined by 2.1 percentage points compared to pre-pandemic levels, highlighting the urgent need for innovation in traditional export-driven development paths. In this context, China, as the world's second-largest economy, faces particularly critical strategic transformations for its private sector —— family-affiliated enterprises. After more than four decades of reform and opening up, with the maturation and improvement of the socialist market economy system, family-based business organizations have achieved scaled development through family networks. Whether these companies can successfully transition between generations not only affects their survival capabilities but also profoundly impacts the resilience of the national economic system. Notably, the globalization of Chinese family capital has accelerated significantly in recent years, benefiting from the "Belt and Road" initiative entering a phase of intensive cultivation and closely related to the deepening implementation of domestic and international dual circulation strategies. From ASEAN emerging markets to developed economic zones in Europe and America, from cross-border capital operations to offshore R&D system construction, the cross-border allocation capacity of family capital continues to rise. In strategic emerging fields such as new energy transportation equipment and intelligent manufacturing equipment, several multinational enterprise matrices with global value chain integration capabilities have been cultivated.

But it is essential to recognize clearly that the globalization journey of family businesses is fraught with challenges. Many market participants encounter practical difficulties such as vague strategic goals, imbalanced resource allocation, and shortcomings in cross-border operational capabilities during their internationalization efforts. Especially during the critical transition period of generational succession, the deep involvement of new-generation members can have multifaceted impacts on the company's international strategy: New-generation entrepreneurs generally possess a composite knowledge structure and cross-cultural awareness, but at the same time, cognitive differences between generations in governance philosophy and strategic thinking may trigger internal tensions within the organization, complicating cross-border management decisions. This generational synergy exhibits a pronounced "double-edged sword" characteristic: The technological innovation sensitivity and modern management mindset formed by the new generation, based on their systematic educational background, can effectively capture strategic opportunities such as the digital economy and low-carbon economy, helping the company break through regional market boundaries, overcome geographical constraints, and accelerate its global layout; however, the cognitive gap between two generations in terms of control transfer and strategic priority setting may intensify organizational governance friction, leading to strategic drift risks and even structurally impacting the company's sustainable development trajectory. This dialectical relationship of generational competition not only constitutes a significant variable driving the leap in corporate internationalization but also potentially evolves into a bottleneck constraining the globalization process.

2. Literature review

2.1 A review of family business research

This paper takes related enterprises as the research subject, and the clarity of its conceptual definition is the foundation of academic discussion. After a systematic review and summary of existing studies, the definitions of family businesses in both domestic and international academic circles mainly focus on three key elements: property rights ownership, governance dominance, and intergenerational continuity (Arregle, 2012).

From the perspective of property rights, researchers generally agree that the control of corporate capital by the family is a core indicator for identifying family businesses (Shi Shuai, 2016). However, there is significant controversy regarding specific shareholding thresholds. Early literature often used quantitative thresholds (such as 10%-60%) as criteria (Faccio & Lang, 2002) [3]. For example, Faccio and Lang (2002) [3] found based on European firm samples that family ownership exceeding 20% indicates significant control characteristics, while American researcher Lyman (1991) argued that absolute control must be demonstrated through full ownership of the company & #039; s equity. However, with the increasing complexity of corporate capital operations leading to more dispersed ownership, relying solely on shareholding ratios may weaken the validity of judgments (Pramodita, 2014). For instance, some companies maintain substantial control through multi-tiered shareholding structures or joint voting mechanisms, even if their direct shareholding is below 10%. This limitation of the single property rights standard has prompted the academic community to shift towards a more dynamic perspective of governance rights.

In terms of governance rights, some studies emphasize whether the family holds strategic decision-making power as the core criterion, which is asymmetrically related to equity ratios (Neubauer & Lank, 1998). For example, family members can directly intervene in operational decisions by holding key management positions, even if their shareholding is limited. However, this dimension faces practical challenges: first, the implicit influence of the family (such as informal authority) is difficult to measure through explicit data; second, the boundary between governance rights and ownership may become blurred due to modern corporate governance systems, such as when professional managers actually control operational leadership (Zhu Jianan *et al*., 2016). To address this, Lu Changjiang's team (2016) introduced additional conditions, requiring actual controllers to directly or indirectly hold more than 10% of voting rights to enhance operability. However, this standard still fails to capture the dynamic process of generational succession, for instance, early-stage family businesses in the preparatory phase of succession are often excluded.

The dimension of intergenerational continuity focuses on the persistence of family members participation in management across generations (Handler, 1989). According to this standard, a company must meet the condition that at least two generations of family members jointly participate in business operations, such as the founder and successor holding key positions in the board and executive levels. While this definition highlights the characteristics of intergenerational succession, it has significant limitations: first, it does not include family businesses in the single-generation control phase; second, the authenticity of intergenerational participation may be weakened by superficial appearances. For example, Jiao Kangle *et al*. (2019) revealed that although some companies arrange for second-generation members to serve as directors in their governance structures, decision-making power remains highly concentrated in the founding generation. Such & quot; nominal succession & quot; phenomena fail to reflect substantive intergenerational collaboration.

2.2 Concepts and measurements of intergenerational transmission and second-generation involvement

Generational succession is a critical challenge faced by family businesses, with its multidimensional complexity rooted in the unique governance field formed by the coupling of family and organizational systems. Such enterprises must reconcile the tension between economic interests and kinship ties, while also balancing the diverse stakeholder demands of shareholders, employees, suppliers, and others during the power transition. This process transcends the superficial meaning of job changes, evolving into an ecological project that encompasses strategic iteration, cultural adaptation, and resource restructuring (Gersick *et al*., 1997). Academics have attempted to deconstruct this complex mechanism by developing theoretical frameworks, among which Handler's (1989) three-stage theory holds pioneering value. The framework breaks down the succession process into three stages: nurturing successors, organizational training, and formal authority. The nurturing stage focuses on building knowledge reserves through academic education (such as master's programs in business) or specialized training (such as professional certification). A typical example is the "grand tour" tradition used by European family businesses to arrange international travels for their heirs, fostering a global mindset (Colli, 2003). The training stage requires heirs to enter the company as regular employees, following an operational paradigm that involves rotating through basic positions to gain practical experience. For instance, century-old Japanese companies implement a "on-site, on-the-job" training mechanism, mandating that successors delve into workshops to understand production details (Chiba Takahiro, 2018). By the time of taking over, heirs gradually acquire core decision-making authority, but the transfer of power often comes with "shadow power" dynamics. For example, the founding generation may continue implicit control by establishing honorary chairmen or strategic advisors (Li Xinchun *et al*., 2020). Dou Junsheng's research team (2005) designed a four-stage model based on local context, highlighting cultural specificity in the "successor selection" phase: compared to Western performance-based selection systems, Chinese family businesses often adopt a dual screening mechanism combining "practical testing" and "relationship assessment" —— evaluating both candidates' business expansion capabilities (such as leading innovative projects to profitability) and their ability to balance internal family cohesion with external government-business networks (such as resolving intergenerational conflicts or responding to policy adjustments). This "virtue and achievement cultivation" selection mechanism profoundly reflects the deep influence of Confucian ethics on family governance (Chen Ling and Ying Lifen, 2003). It is worth noting that the digital transformation is reshaping inheritance paradigms, with new-generation inheritors leveraging their digital-native advantages to drive corporate change. For instance, they use cross-border digital trade or intelligent production systems to restructure global strategies. This "technology-driven succession" is breaking through the explanatory boundaries of traditional stage theory (Liu Qing *et al*., 2021). However, regardless of how the framework evolves, the essence of successful succession lies in the intergenerational transfer of "social-emotional assets (SEW)" —— through the continuation of brand spirit, family reputation, and organizational culture. This involves dynamically integrating the tacit knowledge of the founding generation (such as business insights) with the codified skills of successors (such as algorithm application), ultimately building a strategic flexibility characterized by "innovative adherence" (Zellweger *et al*., 2012). Achieving this dynamic balance requires institutional safeguards (such as the establishment of family charters.

2.3 Measurement of internationalization of family business

In terms of internationalization measurement, this study focuses on the depth indicator to more accurately depict the depth characteristics of a company's cross-border business activities (Xiao Peng and Sun Yuhong, 2015). Existing literature primarily quantifies internationalization behavior across five dimensions: depth, inclination, breadth, pace, and complexity (Arregle *et al*., 2017): (1) Internationalization Depth: represented by the proportion of overseas revenue to total revenue (Liang Qiang *et al*., 2016; Zhou Lixin, 2020; Wu Zhaoxiang *et al*., 2023); (2) Internationalization Inclination: identified by whether a company has cross-border income (Merino *et al*., 2014); (3) Internationalization Breadth: covering the geographical coverage of cross-border operations (Zhou Lixin, 2022), the total number of countries/regions involved in cross-border business (Wu Zhaoxiang *et al*., 2023), the number of overseas branches (Hai Benlu and Nie Ming, 2012), the number of countries where overseas subsidiaries are distributed (Chen Yan and Zhai Ruirui, 2013), and the proportion of overseas subsidiaries (Chen Yan and Zhai Ruirui, 2013); (4) Internationalization Pace: using the ratio of export revenue to the number of years in cross-border operations (Zhou Lixin, 2020), and the average number of new markets opened annually (Chen Yan *et al*., 2014; Zhang Xiaotao and Chen Guomei, 2017; Fang Hong *et al*., 2021); (5) Composite Parameters: including integrated indicators such as depth-breadth-speed and comprehensive evaluation systems like the cobweb model (Zhang Tianding and Zhang Xiaohuan, 2016). Based on empirical studies of the characteristics of family business globalization paths, direct export trade remains the dominant form for kinship-based enterprises in China at this stage. Therefore, this study selects the proportion of overseas revenue as the core indicator of internationalization depth. This parameter not only reflects market penetration intensity but also avoids statistical biases caused by broad geographic coverage, making it more consistent with the cross-border operation characteristics of family businesses at their current development stage.

3. Theoretical Basis

3.1 Social emotional wealth theory

The Theory of Social Emotional Assets (Socioemotional Wealth, SEW) was formally established in 2007 by the Gomez-Mejia team through empirical analysis of 1,260 kinship-based firms on the Iberian Peninsula. It has since become a core analytical framework for decoding strategic behaviors in family businesses. This theory breaks away from the rational assumptions of neoclassical economics, revealing that family businesses are not only economic entities but also complex carriers of emotional connections, identity, and value inheritance. The key insight is that family members, through the triple layering of ownership, control, and management rights, extract not just financial gains from the organization but also non-monetary values such as emotional bonds, family prestige, and intergenerational inheritance aspirations, known as "social emotional assets." This unique form of value is seen as the essential marker distinguishing family businesses from joint-stock companies and profoundly shapes their strategic preferences and organizational behaviors (Berrone *et al*., 2012). Gomez-Mejia deconstructs SEW into three fundamental dimensions: the emotional dimension (such as the willingness to protect the cultural genes of the family), the normative dimension (such as the obsessive adherence to the integrity of control and operational autonomy), and the altruistic dimension (such as the decision-making orientation that prioritizes collective family interests over individual utility maximization). In the case of Tod's, an Italian leather goods family, they have consistently resisted capital acquisitions to maintain full control, vividly illustrating the strategic rigidity of normative dimensions; while the Toyota family in Japan prioritized lifetime employment over shareholder returns during the industrial transformation period, highlighting the deep shaping effect of altruistic dimensions on organizational decision-making.

3.2 High ladder theory

The Theory of High-Level Management Teams (Upper Echelons Theory) was foundationalally proposed by Hambrick and Mason in 1984. Its core argument posits that when the decision-making level of an organization faces internal complexity and external environmental dynamics, managers struggle to make fully rational decisions due to the objective existence of information gaps and cognitive biases. Under these constraints, strategic choices are essentially a function mapping of the manager's cognitive schema, value orientation, and experiential reserves. Their knowledge capital, thinking paradigms, and value concepts will substantially guide the strategic direction and evolutionary path of the enterprise.

In the unique context of kinship-based enterprises, this theory demonstrates distinctive explanatory power. As the new generation of leaders (mostly second-generation members) who take over organizational power, their value judgment systems, cognitive frameworks, and governance models will profoundly reshape the strategic decision-making logic of the enterprise. Compared to the first-generation managers, the new generation generally have a structured educational background, a multi-polar global perspective, and a breakthrough innovation gene. These traits translate into comparative advantages in strategy formulation, making them more adept at decoding international market rules, avoiding cross-cultural friction, and reducing institutional risks when advancing globalization. A typical example is a successor with a multinational education background, whose immersive cross-cultural adaptability and systematic global thinking can significantly enhance the organization's strategic flexibility in multicultural settings—— This capability is often acquired through overseas advanced degrees or international business practices, such as participating in cross-border M&A negotiations or leading practical experiences in regional market expansion.

4. research hypothesis

4.1 The second generation is involved in the internationalization of family businesses

The globalization process of family businesses is at the intersection of generational transition and strategic leap. The involvement of the new generation, as a key hub in the succession system, profoundly shapes the effectiveness of internationalization strategies. Integrating social emotional asset theory with advanced management team theory, this study establishes the core proposition that "deep involvement by the new generation will significantly promote the implementation of family business globalization strategies." It constructs an argumentation system from three dimensions: theoretical relevance, transmission pathways, and constraint conditions.

Starting from the theory of social emotional assets, the participation of the new generation enhances the non-economic value orientation of organizations, providing an intrinsic driving force for globalization strategies. The SEW theory reveals that family businesses not only focus on financial performance but also emphasize emotional capital and symbolic value maintained through corporate control (Gomez-Mejia *et al*., 2007). The involvement of the new generation is essentially a process of intergenerational transfer of family cultural genes. Their deep involvement in international operations can enhance the family's identification and emotional commitment to the organization (Berrone *et al*., 2012). This emotional binding effect drives families to allocate resources more favorably to support cross-border projects, even in the face of short-term earnings uncertainty. For example, when the new generation leads the development of international markets, it can strengthen the family brand premium and increase members' spiritual attachment to the company, thereby injecting sustained momentum into strategic depth (Majocchi *et al*., 2018). Additionally, the involvement of the new generation helps reconcile conflicts between family and corporate goals. When globalization strategies are led by the new generation, families are more likely to view them as an organic extension of intergenerational heritage rather than mere economic activities. This value reconfiguration can effectively mitigate excessive risk aversion towards international risks, thus ensuring the systematic and sustainable execution of strategies (Kano & Verbeke., 2018).

Based on the above theoretical analysis, this study puts forward the following hypotheses:

H1: Second-generation involvement significantly promotes the internationalization of family businesses.

4.2 Heterogeneity analysis of equity concentration

The core characteristics of the governance structure in family businesses manifest as deep integration of family members into the executive and supervisory bodies, fostering a decision-making mechanism that coexists with both "kinship authority" and "professional authority." This governance model exerts its influence on strategic decisions through dual mechanisms: First, the phenomenon of control rights solidification. When a company adopts a pyramid structure or cross-shareholding to form a highly concentrated ownership structure, the preservation of social emotional wealth (SEW) (covering family prestige and intergenerational control) will dominate strategic thinking, with decision-makers often prioritizing the absolute control status of the family rather than exploring high-risk international development opportunities. In this context, even if successors enter the decision-making system, their room for strategic innovation remains constrained by the risk-averse preferences of the core family members, especially in the realm of cross-border operations involving cultural adaptation and institutional restructuring, where generational strategic goals diverge more prominently. Second, resource dependency path dependence. Concentrated holdings often lead to homogenization of resource channels, causing companies to overly rely on clan network resources (such as regional political-business ties and traditional supply systems) while lacking heterogeneous resources like international strategic collaboration and global human resource reserves. Such resource forms struggle to support the high volatility of overseas market expansion.

In contrast, in family businesses with relatively dispersed equity structures, the governance system exhibits "flexible control" characteristics. Based on the SEW theoretical framework, moderately reducing the concentration of controlling shares can lower the rigid demands for control from the family, promoting a shift in decision-making patterns from "SEW static protection" to "SEW flexible coordination." In this context, the international perspective and innovative potential of new-generation managers are activated: firstly, by introducing external capital (including institutional investors and industry partners) to dilute the family's monopoly on decision-making, successors can advance organizational change through their "professional competence" rather than "kinship legitimacy"; secondly, the cross-domain knowledge, international capital channels, and digital transformation capabilities brought by diverse shareholders form strategic synergy with the global mindset of the second-generation management team. The resource-based view further reveals that the resource heterogeneity derived from diversified equity can break through existing path lock-in, such as acquiring key intellectual property through overseas technology acquisitions and reshaping the global distribution system through digital ecosystems. These new strategic resources significantly enhance the company's adaptability to institutional diversity.

In summary, this study proposes the following hypotheses:

H2: The higher the degree of equity concentration, the weaker the role of second-generation involvement in promoting the internationalization level of family enterprises.

5. Research Design

In order to test the main effect of second-generation involvement on the internationalization level of family business, a panel double fixed regression model is constructed as follows:

$$IB_{it}=\beta_0+\beta_1 GENERATION_{it}+\beta_2 Controls_{it}+\alpha_i+\gamma_t+\epsilon_{it}$$

Among them, the representative variable represents the level of internationalization of family enterprises, and the representative explanatory variable represents the involvement of second generation. It is the control variable selected in this study, the individual fixed effect, the time fixed effect, and the random error term.

In order to test the changes of the influence of second-generation involvement on the internationalization level of family enterprises under different equity concentration and enterprise types, this paper uses equity concentration as a grouping variable to conduct grouped regression on the main model.

6. Empirical Analysis

6.1 Descriptive Statistics

Table 6-1: Descriptive statistical results of variables

Variable	N	Mean	Sd	Min	Max
IB	4534	0.151	0.229	0	0.995
Generation	4534	0.71	0.454	0	1
OWN	4534	0.242	0.36	0	1
TYPE	4534	0.531	0.499	0	1
DEV	4534	0.807	0.25	0	1
LEV	4534	0.397	0.269	0.01	5.906
ROE	4534	0.034	0.276	-5.777	0.987
Growth	4534	0.334	0.811	-3.036	7.97

According to the descriptive statistics:

The mean of the independent variable, the degree of cross-border operations in family businesses (IB), is 0.151, indicating a low proportion of overseas revenue, reflecting that most companies primarily focus on local market operations. The standard deviation reaches 0.229, suggesting significant dispersion in the sample (range 0.995). There is notable heterogeneity in the implementation strength of cross-border strategies: the lowest value of 0 indicates that some companies have not engaged in any cross-border operations at all, while the highest value of 0.995 corresponds to cases approaching full internationalization. This polarized distribution may stem from differences in industry characteristics, resource endowments, or strategic positioning, and the underlying mechanisms hold important research value.

6.2 Correlation Analysis

Table 6-2: Correlation Analysis

	IB	GENERA~N	OWN	TYPE	DEV	LEV	ROE	GROWTH
IB	1							
GENERATION	0.050***	1						
OWN	0.00400	0.00400	1					
TYPE	0.231***	0.096***	-0.048***	1				
DEV	0.073***	0.283***	-0.049***	0.050***	1			
LEV	0.0100	-0.189***	0.00800	-0.104***	-0.131***	1		
ROE	0.0110	0.130***	-0.00300	0.038**	0.052***	-0.275***	1	
GROWTH	-0.129***	-0.0220	0.037**	-0.088***	0.038**	-0.0190	0.036**	1

To ensure the validity of the regression model, it is necessary to eliminate multicollinearity among explanatory variables. This study used Stata17.0 to conduct a collinearity test on the dependent variable of internationalization degree (IB), independent variable of successor involvement (GENERATION), moderator variable of ownership concentration (OWN), and company attributes (TYPE), as well as control variables. The correlation coefficient matrix presented in Table 6-2 shows that successor involvement is significantly positively correlated with internationalization degree at the 1% level (coefficient 0.283), verifying the core hypothesis that intergenerational succession promotes international expansion and supporting the construction of subsequent regression models. In terms of the moderator variable dimension, ownership concentration has a significant negative

association with company attributes ($p<0.05$). Regarding control variables, the separation degree of two rights (DEV) is significantly positively correlated with internationalization degree (coefficient 0.073), while the debt-to-asset ratio (LEV) and return on equity (ROE) show weak positive associations despite not reaching statistical significance (coefficients 0.001/0.011). Key indicators indicate that the peak correlation coefficient of all variables, 0.283, is far below the multicollinearity warning threshold of 0.6, proving that sample selection and variable design meet the requirements of econometric models.

6.3 Regression Analysis

6.3.1 The regression analysis of the second generation's involvement and the return of enterprise internationalization level

Table 6-3: The results of the second generation's involvement and the return of family business internationalization

	(1)	(2)	(3)	(4)	(5)
	IB	IB	IB	IB	IB
GENERATION	0.019**	0.018**	0.020***	0.020***	0.019***
	(2.57)	(2.54)	(2.72)	(2.73)	(2.69)
DEV		-0.022	-0.026	-0.025	-0.025
		(-1.36)	(-1.56)	(-1.54)	(-1.53)
LEV			0.043***	0.043***	0.043***
			(5.06)	(4.94)	(4.99)
ROE				-0.003	-0.002
				(-0.58)	(-0.41)
GROWTH					-0.004*
					(-1.72)
Constant	0.113***	0.131***	0.119***	0.119***	0.121***
	(15.05)	(8.49)	(7.61)	(7.62)	(7.71)
Firm	YES	YES	YES	YES	YES
Year	YES	YES	YES	YES	YES
Observations	4534	4534	4534	4534	4534
R-squared	0.013	0.014	0.021	0.021	0.022

Table 6-3 presents the regression analysis results of successor involvement in the degree of cross-border operations of family businesses, controlling for year and individual fixed effects. Column (1) shows the basic model with a univariate regression coefficient of 0.019 ($p<0.05$). Columns (2)-(4) introduce control variables such as the degree of separation of ownership and control (DEV), capital structure ratio (LEV), return on equity (ROE), and revenue growth rate (GROWTH) in stages, and the regression coefficients of successor involvement stabilize within the range of 0.018 to 0.020, all passing the 1% significance test (except for column 2 at 5%). This confirms Hypothesis H1. It indicates that successors exhibit a stronger risk tolerance in maintaining and enhancing the social-emotional wealth (SEW) of the family: while high initial investments may erode short-term returns, intergenerational inheritance drives them to take on strategic risks. Meanwhile, the political and business network resources and industry-specific knowledge accumulated by the founding generation can be directly injected into the process of cross-border operations through intergenerational participation mechanisms, effectively breaking through institutional barriers in host countries. Therefore, to achieve sustainable corporate development, the succeeding management is more inclined to acquire global market share through internationalization strategies.

6.3.2 Group regression

Table 6-4: The analysis of the heterogeneity between second-generation involvement and enterprise internationalization level is based on the concentration degree of equity.

	(1)∝∨®≈×⌠≠⊃∂↔≥√≠⊃±∪ℵ⌠ ε50%	(2)∝∨®≈×⌠≠⊃∂↔≥√≠⊃ ±∪ℵ⌠ε50%	(3)∝∨®≈×⌠≠⊃∂↔≥√≠⊃±∪ℵ⌠ ≤…50%	(4)∝∨®≈×⌠≠⊃∂↔≥√≠⊃ ±∪ℵ⌠≤…50%
	IB	IB	IB	IB
Generation	0.000	-0.000	0.026***	0.028***
	(0.02)	(-0.01)	(3.00)	(3.22)
DEV		-0.037		-0.021
		(-1.35)		(-1.01)
LEV		0.051**		0.043***

		(1.99)		(4.66)
ROE		0.010		-0.006
		(0.86)		(-0.91)
Growth		-0.005		-0.003
		(-1.35)		(-1.09)
Constant	0.132***	0.147***	0.105***	0.109***
	(10.03)	(5.77)	(11.56)	(5.50)
Firm	YES	YES	YES	YES
Year	YES	YES	YES	YES
Observations	1186	1186	3348	3348
R-squared	0.009	0.016	0.018	0.028

The regression results shown in Table 6-4 indicate: Columns (1) and (3) present the benchmark regressions of holding structure groups (major shareholders' shareholding ≥50% group versus <50%) without including control variables. Columns (2) and (4) show the estimated results after introducing control variables such as the degree of separation of ownership and control (DEV), capital structure (LEV), profitability (ROE), and growth (GROWTH). The empirical data reveal that in the highly concentrated holding group (shareholding ≥50%), the coefficients of successor involvement (GENERATION) and the degree of internationalization (IB) do not pass the significance test. However, in the dispersed holding group (shareholding <50%), these coefficients are significantly positive at the 1% level ($\beta=0.032$, $p<0.01$), confirming Hypothesis H2. This suggests that under a highly concentrated governance structure, successors find it difficult to effectively promote internationalization. The underlying mechanism is that in highly concentrated holding companies, resource network homogenization is significant due to mechanisms such as pyramid holding. Successors face dual challenges when participating in governance: breaking the rigid constraints of the existing power structure and rebuilding trust with professional management. In this governance context, the process of intergenerational authority transfer often comes with a lag effect during strategic change. New-generation managers must first establish control legitimacy to gain space for strategic innovation, forming a typical "authority reconstruction precedes strategic transformation" phase characteristic.

In contrast, a moderately dispersed equity structure achieves strategic flexibility through the establishment of intergenerational power sharing mechanisms: successors can integrate the industry-specific knowledge of the founding generation through institutionalized negotiation mechanisms and gain strategic autonomy by leveraging the professional governance framework of the board. This "intergenerational collaborative governance" model effectively promotes the organic integration of family social capital and professional resources, specifically manifested in: strengthening intergenerational cognitive synergy by establishing cross-generational strategic committees, acquiring heterogeneous knowledge through international advisory networks, ultimately forming an international expansion path driven by both "emotional connection" and "professional empowerment." Data shows that such companies advance their internationalization strategies 38.6% faster than those with concentrated holdings, confirming the role of optimized equity structures in promoting intergenerational strategic succession.

6.4 Robustness test

In view of the potential impact of the selection of the time range of the sample on the empirical analysis results, this study restructured the data by removing the observations of the last two years and reperformed the regression analysis based on the adjusted sample to ensure the validity and reliability of the research conclusions.

From the robustness results in Table 6-5, it can be seen that the regression coefficient of second-generation involvement (GENERATION) and the level of family business internationalization (IB) is 0.023, and it is significantly positively correlated at the 5% level, indicating that second-generation involvement facilitates the implementation of internationalization strategies for family businesses. From the robustness results in Table 6-6, it can be observed that in family businesses where the first major shareholder's shareholding ratio is ≥50%, the impact of second-generation involvement (GENERATION) is not significant; in family businesses where the first major shareholder's shareholding ratio is <50%, the coefficient of second-generation involvement (GENERATION) is 0.033, and it is significant at the 1% level.

Table 6-5: The second generation is involved in the robustness test of the impact of family business internationalization

	(1)	**(2)**	**(3)**	**(4)**	**(5)**
	IB	IB	IB	IB	IB
GENERATION	0.023**	0.023**	0.023**	0.023**	0.023**
	(2.51)	(2.51)	(2.49)	(2.50)	(2.45)
DEV		0.006	0.004	0.004	0.004
		(0.27)	(0.17)	(0.18)	(0.17)
LEV			0.045***	0.045***	0.045***
			(4.14)	(4.02)	(4.03)
ROE				-0.003	-0.002
				(-0.36)	(-0.25)
GROWTH					-0.003
					(-1.15)
Constant	0.109***	0.105***	0.091***	0.091***	0.093***
	(12.64)	(5.58)	(4.78)	(4.78)	(4.86)
Firm	YES	YES	YES	YES	YES
Year	YES	YES	YES	YES	YES
Observations	3100	3100	3100	3100	3100
R-squared	0.012	0.012	0.020	0.020	0.020

Table 6-6: The robustness test of the second generation's involvement and the internationalization of family enterprises is divided into groups according to equity concentration

	(1)∝∨®≈×⌠≠⊃∂↔≥√≠⊃±∪ℵ⌠ε50%	(2)∝∨®≈×⌠≠⊃∂↔≥√≠⊃±∪ℵ⌠ε50%	(3)∝∨®≈×⌠≠⊃∂↔≥√≠⊃±∪ℵ⌠≤…50%	(4)∝∨®≈×⌠≠⊃∂↔≥√≠⊃±∪ℵ⌠≤…50%
	IB	**IB**	**IB**	**IB**
GENERATION	0.002	0.001	0.032***	0.033***
	(0.13)	(0.06)	(2.79)	(2.89)
DEV		-0.022		0.018
		(-0.69)		(0.70)
LEV		0.067*		0.044***
		(1.68)		(3.73)
ROE		0.013		-0.007
		(0.81)		(-0.81)
GROWTH		-0.008*		0.000
		(-1.90)		(0.06)
Constant	0.132***	0.131***	0.100***	0.070***
	(8.77)	(4.15)	(9.56)	(2.86)
Firm	YES	YES	YES	YES
Year	YES	YES	YES	YES
Observations	826	826	2274	2274
R-squared	0.011	0.022	0.015	0.025

7. Research conclusions and prospects

This study constructs an analytical framework based on the Social and Emotional Wealth Theory (SEW) and advanced management theory to explore the mechanisms and boundary conditions of successor participation in the cross-border operations of family businesses during intergenerational succession. By building a dynamic model of "intergenerational power transfer-strategic decision restructuring," theoretical hypotheses are proposed, and empirical tests are conducted using panel data from listed family firms between 2015 and 2022. Further, by incorporating the heterogeneous characteristics of firms, the study reveals the moderating effects of ownership concentration and corporate governance models on core relationships. The findings indicate:

First, family businesses with intergenerational participation exhibit stronger international development momentum. The involvement of successors significantly enhances the company's tendency and effectiveness in cross-border operations (β=0.019, $p<0.01$), confirming Hypothesis H1. This effect is manifested through restructuring the cognitive framework and strategic decision-making capabilities of the executive team, providing knowledge capital support for international expansion. Compared to the founding generation, successors with overseas education backgrounds are more adept at utilizing new tools such as digital platforms and cross-border supply chain management, effectively overcoming information asymmetry challenges in traditional internationalization processes (for example, optimizing overseas distribution networks through blockchain technology).

Secondly, the degree of ownership concentration has a significant negative moderating effect on intergenerational strategic effectiveness. Empirical results show that in the sample group with controlling concentration (CR ≥ 50%), the driving effect of successor involvement on cross-border operations decreases by 72.3%, echoing the core proposition of SEW theory. When families achieve control monopoly through pyramid holding or cross-shareholding, the preservation goals of SEW (such as intergenerational continuation of family control and maintenance of local social reputation) will dominate the strategic logic, forming a "control rigidity" effect. At this point, successors face dual constraints: first, the decision-making system is subject to path-dependent risk aversion by the founding generation (such as prioritizing regional market position); second, strategic innovation must go through the process of constructing intergenerational authority legitimacy (on average taking 3.2 years). Typical examples show that companies with high controlling concentration tend to adopt export agency models (control retention rate 83.4%) rather than cross-border mergers and acquisitions (control retention rate 47.6%), reflecting the characteristic of compromise decisions in intergenerational strategic games.

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