Power Transfer, Cultural Integration, And Professionalization in Family Business Succession: A Comparative Study of Metersbonwe and Youngor

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Abstract. Family firms face unique challenges in the process of intergenerational succession, particularly in balancing power between family members and professional managers. This study examines the succession cases of two well-known Chinese family firms, Metersbonwe and Younger, through a “small-N” comparative research method. The comparison reveals the distinct strategies of the two firms in terms of power transfer, management coordination, and the integration of family culture with modern business practices. Metersbonwe transferred control directly to the founder's daughter without fully involving professional managers, leading to reduced market adaptability and missed opportunities for innovation. In contrast, Youngor introduced professional managers while gradually transferring power to more seamlessly integrate family values with modern management. This approach helped the company remain competitive and promote continuous innovation. By analyzing these cases, this study highlights the importance of dynamic power distribution, building trust, and strategic management in the succession process. Family firms can achieve long-term sustainability by integrating family traditions with innovative professional management, ensuring both cultural continuity and business flexibility. This study offers valuable insights and practical guidance for improving succession planning, governance, and innovation in family businesses.

Keywords: Family Business, Intergenerational Succession, Power Balance, Professional Managers.

1. Introduction

The management game and coordination strategies of family firms play an important role in intergenerational transmission. Family firms are business organizations whose decisions are influenced by multiple generations of family members who are related by blood, marriage, or adoption and who have both the ability to influence the vision of the firm and the willingness to use that ability to pursue unique goals. They are closely associated with the company through leadership, defined as the ability to set and achieve goals, or ownership, referring to the legal and financial control of the business entity [1]. Family businesses have historically been integral to the global economy. According to recent data from McKinsey & Company (2024), family firms contribute over 70% of global GDP and account for approximately 60% of global employment [2]. In China, where more than 80% of private companies are family-owned, these firms play a pivotal role in the national economy. Since 2017, over three-quarters of Chinese family firms have undergone or are preparing for intergenerational succession. This trend not only reflects a significant rise in succession transitions within China but also highlights the increasing focus on succession challenges—a phenomenon rare in global business history [3]. Beyond their economic impact, family firms serve as custodians of cultural heritage and social responsibility, reinforcing their broader significance in both economic and societal contexts.

However, family businesses also face many challenges in their development, such as the rapid growth of today's markets and constant technological innovations, which require family businesses to be more flexible, i.e., the ability of the business to change quickly and efficiently in response to a particular situation or need, and innovative, i.e., the ability to conceptualize, develop, deliver, and expand new products, services, processes, and business models for their customers. This is especially true in China, which has experienced rapid economic growth as a result of its open-door policy since 1978. Rapid economic development has created challenges for Chinese family businesses. These challenges include intergenerational conflicts among family members, issues arising from the transfer of power from owners to successors, and the professionalization of management. A particularly critical issue that Chinese family business owners must deal with is how to make the succession process as smooth as possible. In particular, a series of conflicts, such as the lack of trust and inconsistency of goals between family members and professional managers, not only affects the decision-making efficiency and execution of the enterprise, but also may trigger a management crisis, so how to balance the relationship between family members and professional managers has become a common concern in both academia and practice. Although the academic research on family enterprises has accumulated rich results covering various aspects such as corporate governance, strategic management, and cultural inheritance, there are still certain gaps and deficiencies in the research on the relationship between family members and professional managers.

This paper will explore how to effectively balance the power between family members and professional managers in the intergenerational inheritance of family firms to achieve a smooth transition of power and sustainable development, and what strategies should be adopted by family firms in the face of insufficient intergenerational trust, conflicting goals, and differences in management styles to introduce modern management concepts while retaining the family culture, avoiding management crises, and enhancing efficiency.

This study adopts the small-scale comparative research method, i.e., to explore the power game and coordination between family members and professional managers through in-depth analysis of representative family business cases. This method is suitable for in-depth understanding of internal relationships and dynamics in complex organizations, especially in family firms involving intergenerational inheritance, where the cases are rich in research value and representativeness. In this study, two family firms, Metersbonwe and Youngor, are selected as case studies because of their representativeness and typicality. Metersbonwe and Youngor are the oldest Chinese apparel brands, and their intergenerational inheritance model can represent most family-owned enterprises. However, the reasons why these two enterprises, which also belong to the apparel industry and are family-owned, have taken opposite paths after intergenerational inheritance are worthy of in-depth investigation.

2. Literature Review

Family firms face the challenge of management games in intergenerational inheritance, especially in the balance of power and decision-making coordination between family members and professional managers, intergenerational inheritance involves the adjustment of corporate governance structure, the integration of family culture and modern calendars, as well as the resilience of corporate innovation, which have been discussed to a certain extent in the existing research, but the power relations, differences in cultural backgrounds, and pragmatic strategies still appear to be insufficient and need to be further explored.

2.1. Governance Structures in Family Business Succession: Relational vs. Contractual

Research indicates that intergenerational succession in family firms often hinders innovation, primarily due to the myopic preferences of successors. However, the negative impact of succession on innovation can be mitigated in family firms with fewer internal conflicts, well-designed ownership structures, and robust corporate governance practices. This study examines the institutional challenges faced by family firms during intergenerational succession and highlights how poor informational environments exacerbate these issues. Specifically, inadequate information systems significantly impede the succession process, resulting in a sharper decline in innovation capacity. Additionally, intergenerational succession frequently leads to a substantial loss of firm value, underscoring the need for more effective governance strategies [4].

The study finds that both the willingness of entrepreneurs to hand over power and the willingness of their children to take over firm power have a moderating effect on the relationships between entrepreneurs' characteristics and firms' digital transformations. This study also verifies the heterogeneous effects from the type of business digitalization, location of the firm, and educational level of the children [5]. Our findings indicate that second-generation involvement positively promotes family firms' cross-regional expansion. Further research finds that second-generation involvement facilitates cross-regional expansion through the enhancement of firms' R&D and marketing capabilities [6].

2.2. Family Culture Inheritance and Management Coordination: Key to Succession Success

Family culture and management coordination are central issues in the intergenerational transmission of family businesses. Successors and executive teams usually coordinate relationships based on goal orientation, interest orientation, and rational tendencies, and mediate interpersonal conflicts through compromise, cooperation, and compliance, thus providing resources, opportunities, capabilities, and motivations for successors to facilitate intergenerational entrepreneurship [7]. This model of relational coordination derives from a socially embedded context, where motivational differences come from the embedding of automated needs, mediation patterns from the embedding of mediating factors, and relational exploitation from the embedding of relational optimization [8]. Research has shown that there is a positive correlation between the culture of commitment to the cause and strategic flexibility in family firms and that the cultural orientation of family members' stewardship helps to mediate the relationship between family commitment and strategic flexibility, enabling firms to seize opportunities and cope with challenges in competitive environments [9]. In Chinese family firms, the family governance model has certain rationality but also has limitations, and it needs to learn useful experiences from modern enterprise systems to overcome the hidden dangers brought by kinship relationships, so as to realize the long-term and stable development of enterprises [10].

2.3. The Role of Professional Managers and Innovation Management in Family Business Governance

The relationship between professional managers and technological innovation is crucial in the governance structure of family firms. It has been found that constructing legitimacy for successor authority helps mitigate the inhibitory effect of intergenerational inheritance on technological innovation commitment, while changes in the governance structure help drive shifts in innovation strategy [11]. Compared to founder CEOs, second-generation family and professional manager successor CEOs reduce innovation investment commitment to some extent [12], while multi-founder-controlled family firms are more likely to reduce innovation investment due to the lack of legitimacy of second-generation CEOs [13]. Professional managers tend to show higher work commitment and dedication after gaining the trust of family business owners, creating a benign trust relationship [14]. This trust interaction promotes the enhancement of corporate efficiency and effectiveness, so that family firms can obtain support for management innovation in the process of intergenerational inheritance, avoiding the loss of efficiency due to management conflicts and promoting sustainable development.

In summary, the existing literature has achieved fruitful research results in corporate governance, cultural inheritance and the role of professional managers, which provides many insights into the management coordination of family firms in intergenerational inheritance. However, in fact, there is still room for improvement: on the one hand, the research on dynamic management game in the transfer of power is still insufficient, the existing literature focuses on the transfer of power at a single point in time, and lacks a dynamic analysis of the power interaction between the family members and the professional managers in the whole process of inheritance, which is unable to comprehensively explain the game relationship and the process of the two sides; on the other hand, the research on the coordinating mechanism of the family culture and management innovation is relatively weak On the other hand, the research on the coordination mechanism of family culture and management innovation is weak, especially the different impacts of the diversity of family cultures on the inheritance of enterprises have not been fully explored. Therefore, this study focuses on the management game and coordination strategy in the intergenerational inheritance of family enterprises based on the comparative method of few cases, which is committed to make up for the shortcomings of existing studies and provide practical references for the sustainable development of family enterprises.

3. Tensions in Intergenerational Succession and Challenges of Modern Management: A Case Study of Metersbonwe

Metersbonwe, founded by Zhou Chengjian in 1995, has rapidly gained a firm foothold in the casual clothing market with the innovative concept of “brands do not make factories, factories do not make brands”. Through asset-light operation and precise market positioning, Metersbonwe has rapidly grown into a nationally recognized fashion apparel brand. This achievement was not only attributed to Zhou Chengjian's management wisdom, but also benefited from the favorable market environment and consumer demand at that time.

However, with the increasingly fierce market competition and changing consumer habits, Metersbonwe's traditional operating model gradually showed its limitations. Against this background, Zhou Chengjian decided to start the intergenerational inheritance of the family business, gradually transferring the management right to his eldest daughter Hu Jiajia. Hu Jiajia has been a director of the company since 2012, and took over as chairman in 2016, taking full responsibility for the company's operations and strategic planning. She holds a bachelor’s degree in marketing from Aston University in the UK and a master’s degree in Fashion Marketing from London's Marangoni College, an international educational background that has provided her with strong support on her management journey.

However, by the time Hu Jiajia took over the company, the market environment had changed dramatically, especially the rapid rise of e-commerce platforms and social media, which posed a serious challenge to Metersbonwe. Although Hu Jiajia tried to introduce modern management concepts while maintaining the family culture, the company still relied excessively on decisions made by family members in actual operations and lacked a systematic management model supported by professional managers. This led to the company's slow response in the face of market changes, failing to adjust its strategy in a timely manner, and a gradual decline in market share and brand competitiveness.

The family business management problems exposed in the inheritance process of Metersbonwe are particularly typical. On the one hand, although Hu Jiajia has expertise in fashion marketing, she is not experienced in enterprise operation and brand innovation, which leads to the company's lagging decision-making in brand rejuvenation and product innovation. On the other hand, the company failed to adequately introduce professional managers, resulting in insufficient management innovation and strategic adjustments. In addition, Hu Jiajia's management style was relatively conservative and failed to respond flexibly to market changes. The dominant position of family members limited the space for professional managers to play a role, and the company lacked the flexibility and competitiveness to adapt to the modern market.

Under Hu Jiajia's leadership, Metersbonwe failed to seize the opportunities of the rise of e-commerce and digital transformation, and its brand image gradually aged, failing to effectively attract young consumers. The Company's performance continued to decline, and its market share was gradually replaced by other brands in the same industry. For example, starting from December 2022, Yagor Group spent a cumulative total of RMB1.3 billion to acquire a number of core stores of Metersbonwe located in prime locations, further expanding its retail network.

Faced with operational difficulties, Zhou Chengjian returned to Metersbonwe in early 2024, hoping to help the business recover with his extensive industry experience and leadership. This move once again highlights the risks and challenges that family businesses may face in the process of intergenerational succession. If professional management and innovative strategies are not effectively introduced, the family business may fall into recession due to insufficient market adaptation and rigid management structure.

To sum up, the intergenerational inheritance process of Metersbonwe has exposed many problems in the management of family firms. Failure to effectively introduce professional management and innovative strategies may lead to a decline due to insufficient market adaptation and rigidity of management structure.

4. Balance and Sustainability in Intergenerational Transmission: A Case Reduction Based on Youngor

Youngor Group, as a leader in China's textile and apparel industry, has a very different development history from Meister Bonneville, especially in the intergenerational inheritance strategy of the family business has shown unique wisdom and effectiveness. Founded in 1979, Yagor, under the leadership of the founder Li Rucheng, from a small local textile enterprise gradually grew into a domestic men's brand leader, and involved in real estate and financial investment, to achieve diversified development.

In the face of the growing enterprise, Li Rucheng realized the importance of intergenerational inheritance to maintain the long-term stable development of the enterprise. To this end, he has adopted a systematic inheritance strategy, gradually transferring management rights to his son Li Hanqiong. In this process, Li Rucheng did not rush but arranged for Li Hanqiong in a number of departments for rotational internships, to accumulate rich experience in business operations and management. At the same time, Youngor introduced a professional manager system to build a modern corporate governance structure of “professional managers + family members”, which ensures the continuity and stability of enterprise management.

In Youngor's inheritance model, the role of professional managers is crucial. They not only bring professional management knowledge and innovative thinking to the enterprise, but also play a key role in brand management, market expansion and diversified investment. Li Rucheng's full trust and authorization of professional managers has enabled Youngor to maintain a high degree of flexibility and responsiveness in the face of fierce market competition. This trust relationship promotes synergy between professional managers and family members, avoids the problem of management rigidity, and achieves a good balance between cultural heritage and innovative management.

Li Rucheng and Li Hanqiong actively promote the modernization of corporate management and market expansion while maintaining the family culture. They valued the professional opinions of professional managers and gave them greater decision-making space, thus stimulating the innovative vitality of the enterprise. For example, professional managers such as Hu Ganggao, vice president of Youngor, and Liu Xinyu, general manager of the investment and operation department, have played an important role in strategic decision-making, branding and business expansion, thus promoting the sustainable development of the enterprise and the enhancement of market competitiveness.

However, Youngor's intergenerational inheritance has not been smooth sailing. How to maintain the family culture and core values while achieving professionalism in management and market adaptability while ensuring strategic coordination between family members and professional managers is a major challenge. Li Rucheng ensured management stability during the transition period through family shareholding, while guaranteeing family control over key company decisions. This strategy ensured the continuity of the family legacy while avoiding the management rigidity that would have arisen from too much concentration of power.

The intergenerational inheritance of Youngor is regarded as a model of successful inheritance of family business. Under the leadership of Li Hanqiong, the company has maintained a stable market performance and realized the brand internationalization strategy. The participation of professional managers has made Youngor more professional in management, optimized internal processes, and improved the enterprise's ability to respond to market changes. The success of Youngor lies in the effective integration of family culture and modern management model, which not only ensures the continuity of family heritage, but also enhances the competitiveness and adaptability of the enterprise in the apparel market. This integration strategy provides valuable experience and inspiration for the sustainable development of family enterprises.

5. Management Coordination in the Intergenerational Transmission of Family Firms: A Comparative Analysis and Theoretical Refinement

In the process of intergenerational inheritance of family enterprises, power transfer and management coordination are particularly important, involving how to realize management innovation on the basis of retaining family culture. Through a comparative analysis of Metersbonwe and Youngor, this paper explores the power distribution, cultural integration and dynamic adjustment of family firms in the process of inheritance and proposes corresponding theoretical insights.

5.1. Comparative Analysis of Power Transfer and Management Structures

On the one hand, there is a significant difference between Metersbonwe and Youngor in the way power is handed over. Zhou Chengjian, the founder of Metersbonwe, handed over power directly to his daughter Hu Jiajia, but lacked systematic training and deep involvement of professional managers. Despite her overseas background, Hu Jiajia failed to adapt quickly to changes in the Chinese market after taking over the reins of the company, especially in dealing with the rise of e-commerce and digital transformation. This direct handover did not give enough support to the new generation of managers, leaving the family business with a lack of adaptability in the face of new market demands.

In contrast, Youngor's founder Li Rucheng adopted a gradual power transfer model. He allowed his son Li Hanqiong to intern in various departments to enhance his management skills through gradual experience accumulation, while introducing professional managers to help modernize the company's governance. Li Rucheng has a high level of trust in professional managers and gives them full decision-making power, ensuring a balance of power between family members and professional managers. This model provides dual support for the company, ensuring the continuation of the family culture and promoting management specialization and innovation.

On the other hand, in terms of cultural inheritance and innovation management, Metersbonwe shows a more traditional family management model, with family members dominating the company, resulting in professional managers being limited in innovation and management struggling to give full play to their roles. This centralized family decision-making model shows low flexibility in the face of rapidly changing markets, resulting in the company failing to make timely brand and strategic adjustments, thus gradually losing market competitiveness.

Comparatively speaking, Youngor pays more attention to the role of professional managers in its cultural heritage, combining family culture with modern management. By integrating family members and professional managers into the same management structure, Youngor enables effective synergy between family members and professional managers, forming a management model with family culture as the core and professional management as the supplement. This model retains the uniqueness of the family while ensuring the innovation ability and market adaptability of the enterprise.

5.2. Dynamic Balance of Power in Family Business Succession: a Risk Response to Intergenerational Transmission

In summary, the distribution of power in family firms should be dynamically adjusted in the process of intergenerational inheritance in order to respond to the changing external environment and the internal needs of the firm. Several key innovative management recommendations can be summarized from the analysis of Metersbonwe and Youngor:

5.2.1 Dynamic Power Adjustment Between Family Members and Professional Managers

In a family business, the distribution of power should not be static. Metersbonwe tends to let family members control the main decision-making in management, which makes it difficult for professional managers to give full play to their professional advantages. By introducing professional managers and giving them decision-making power, Youngor has formed a management mode of dynamic adjustment of power, which ensures that the enterprise has a stronger adaptive ability in the face of market changes. This dynamic power adjustment can enhance the resilience of the enterprise while balancing the family culture and the actual needs of the enterprise.

5.2.2 Integration of Family Culture with Modern Management

Family culture in the intergenerational inheritance is not necessarily hinder professional managers management innovation. On the contrary, through reasonable integration, family culture can be combined with modern management concepts to form a management mode with family characteristics. Youngor effectively utilizes the cohesion of family culture and the innovation ability of professional managers in intergenerational inheritance, avoids the rigidity of family culture, and makes the enterprise have advantages in market expansion and diversified management.

5.2.3 Progressive Trust-Building and Conflict Coordination in Succession

The comparison of Metersbonwe and Youngor shows that the trust relationship between family members and professional managers in family enterprises needs to be constructed gradually. Youngor has gradually enhanced the trust of family insiders in professional managers through progressive cultivation and systematic trust mechanisms, enabling professional managers to play a more effective role in the company. This progressive trust construction reduces power conflicts and improves management coordination in the inheritance process. The inheritance of a family business requires diversity of roles and stability of management. Metersbonwe lacks role diversity in the inheritance process, and family members monopolize the management core, resulting in a lack of diversity in management style and strategy. On the other hand, Youngor's “family members + professional managers” model provides different management perspectives and professional support, which makes the company more responsive and stable in market changes.

5.2.4 Diversity of Roles and Management Stability in Succession

The inheritance of a family business requires diversity of roles and stability of management. Metersbonwe lacks role diversity in the inheritance process, and family members monopolize the management core, resulting in a lack of diversity in management style and strategy. On the other hand, Youngor's “family members + professional managers” model provides different management perspectives and professional support, which makes it more responsive and stable in market changes.

In conclusion, from the comparative analysis of Metersbonwe and Youngor, the management game and coordination strategy of intergenerational inheritance of family enterprises can be extracted. In the inheritance process of family enterprises, the core of management should be to realize the organic integration of family culture and modern management. The power distribution between professional managers and family members should not be fixed but should be dynamically adjusted with the external environment and internal needs of the enterprise. At the same time, establishing progressive trust and role diversity can effectively enhance management stability. Through these strategies, family businesses can realize innovation and sustainable development while retaining their cultural characteristics, providing a reference for other family businesses in their inheritance.

6. Conclusion

Through in-depth analysis and comparison of the management games and coordination strategies of two-family firms, Metersbonwe and Youngor, in the intergenerational inheritance, this study reveals the different paths of the family firms in the transfer of power, cultural inheritance and innovative management, and their impacts on the development of the firms. The case of Metersbonwe demonstrates the limitations of direct power transfer and the lack of in-depth involvement of professional managers, which leads to insufficient adaptability of the enterprise in the face of market changes, whereas Youngor realizes the effective integration of family culture and modern management through progressive power transfer and the introduction of a professional manager system, maintaining the competitiveness of the enterprise and market adaptability.

This study makes up for the insufficiency of the existing research on the relationship between family members and professional managers and refines the management coordination strategy in the intergenerational inheritance of family enterprises through the comparative analysis of few cases, which provides practical reference and theoretical support for the sustainable development of family enterprises. In the future, people can further explore the inheritance strategies of family enterprises in different development stages and external environments, as well as how to optimize the relationship between family members and professional managers, so as to promote the long-term stable development of family enterprises. At the same time, it is also worthwhile to explore the inheritance challenges and coping strategies of family enterprises in the context of globalization, so as to provide theoretical support and practical basis for the international development of family enterprises.

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