Loyalty of Professional Managers in Chinese Family Enterprises: The Determinants and Formation Mechanism

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ABSTRACT The lack of professional managers’ loyalty is a serious problem that Chinese family firms are confronted with currently. This paper develops and tests a formation process model of managers’ loyalty, explained the transmitting channels and generating mechanism of relevant factors. The empirical results indicate that manager firstly takes some perception on the factors related to himself, organization, employer, job and job alternatives; then high level of perception results in the change of the job satisfaction (JS), organization commitment (OC) and job initiative; the latter in turn brings about better job state and lower job searching intention; at last, loyalty is maintained. This study focused on the decision making process through which turnover intention occurs, deepens understanding about the formation mechanism of professional managers’ loyalty to family enterprises in China.

INTRODUCTION

The cronyism of family system is a kind of inefficient governing mechanism for enterprises. This sort of closed firm institute does not absorb enough management resources from market. The occupation of core organization positions is limited in the circle of family members. Consequently, the business operation does not arrive at the Production Possibility Frontier (PPF). However, it is strange that almost all the Chinese private enterprises are adopting such an inefficient governing institute (Chu 2000). There are many reasons that the family system becomes an equilibrium form of organization for the Chinese private enterprises and even overseas Chinese ones (Pi 2013). Among those, the most important is that managers have low loyalty to, even betray employers, which results in that the enterpriser cannot trust managers at all. Accordingly, operation of enterprise is back to closed family system (Ji and Zhang 2007; Li 2003).

The rise of management was the key factor that had promoted western enterprises to grow for long time in the past. The so-called managerial revolution resulted from this trend was the significant symbol of the firm transformation from classical one to modern one. So to speak, if entrepreneurial enterprises had not been transformed into the one controlled by professional managers, it was impossible for specialization of modern business management. Therefore, in the long run it is inevitable that Chinese private enterprises absorb professional managers and is gradually transformed as managerial one, if they really want to grow into modern ones. The key step for this process is solving the problem of managers’ loyalty.

Loyalty of employee is defined as voluntary turnover in literatures. Related studies can be classified as two ones: economic orientation and psychological orientation. The former emphasizes the effects of outside factors. The latter pay more attention to employee himself (Lee and Mitchell 1994). Existing literatures mainly studied common employees’ turnover and did not specially pay enough attention to such a group of professional managers. There are even less empirical researches about family enterprises now. Meanwhile, the analytical framework based on the background of western culture mainly examined objective variables such as job, organization and environments in general. The effects of employer on employee turnover have been rarely considered. For Chinese enterprises, the manage-
ment measures based on these studies are not targeted and practical. At the same time, most of domestic literatures of China apply mechanically western theoretical framework and lack enough examination for local dimensions, especially, the formation mechanism of manager’s loyalty.

This paper focuses on professional managers in Chinese family enterprises, analyzes comprehensively the effects and transmission mechanism of all elements related to managers, organization and employer on loyalty. The author tries to propose a model that covers all steps for turnover decision-making of managers. Related findings can help private firms build up a multi-stage and overall controlling system, provide some useful suggestions to improve managers’ loyalty, accomplish trusting each other between employer and mangers, at last, break away from familism dilemma.

Literature Review

In most of the researches, low loyalty is usually defined as a problem of voluntary turnover or betray (Maertz 2004). It is no doubt that this problem has negative influence on company, although accurate degree cannot be estimated well (Kevin et al. 2004). In China professional managers can occupy key positions, and are the core resources of firm. Their behaviors have significant effects on enterprises. In consequence, the harm on organization from their betrayals is more serious. Manager turnover not only upsets normal function of organization, but also results in the turnover of his subordinates and other colleagues (Wang et al. 2014). Sometimes, the influence on company is fatal. A survey research by Li (2003) shows that the most important things private enterprisers worry about are trust and loyalty in the process of hiring managers (the percentage is about 50 percent). Another concern is the leak of business secrets such as the material about illegal tax avoidance and others. In addition, private enterprise can be harmed by manager betray through abusing authority, taking away core resources, job-hopping to competitors and so on (Dai 2003).

Classical theory attributes turnover to the perception of employee on job satisfaction and easiness to leave (March and Simon 1958). Based on these two key variables many other factors are considered in following studies. Holt et al. (2007) summarize them into three categories: individual, organization and environments characteristics. Moreover, the latest researches examine some new variables such as employee voice (McClean et al. 2013), organizational citizenship behavior (Paillé and Grima 2011), developmental job experience, emotional intelligence (Dong et al. 2014), perceived external reputation, pride in membership (Helm 2013), and satisfaction with supervisor (Hofaidhllaaoui and Chhinzer 2014).

It is generally recognized that the first process model comes from intermediate linkages model proposed by Mobley (1977). This model pays attention to the process and mechanism how job satisfaction leads to voluntary turnover. In terms of this model the turnover process includes these steps: state estimation, perceiving satisfaction, considering quit, estimating expected utility and costs of searching behavior, generating searching intention, searching job alternatives, evaluating other job opportunities, comparing them with status quo, turnover intention occurring, actual turnover. The significance of this model lies in the description about related stages of psychological change. Following this model is the extending ones, which add other factors such as personal value, job expectation, off-the-role behaviors, interpersonal connection (Kim et al. 2013), tradition ideology (Chen and Aryee 2007), job alternatives, intention to search, intention to leave (Paillé 2013), social exclusion (Renn et al. 2013) in different stages. The biggest problem of this type of models is that it means a linear decision procedure and does not cover all possible turnover process types (Lee and Mitchell 1994).

For overcoming the weakness of Mobley’s intermediate linkages model, Lee and Mitchell (1994) propose an unfolding model of voluntary turnover from the perspective of psychological behavior. With such a concept of shock this model presents five different turnover decision paths among which the most typical (path 3) is: shock appearing, estimating the match between organization and himself, perceiving job satisfaction, searching job alternatives, evaluating other jobs, comparing them with status quo, generating turnover intention, actual turnover. The empirical research by Holt et al. (2007) showed that 47% of the respondents left their organization through five different paths suggested by Lee and Mitchell. Further, the modified unfolding model can explain 83% of turnover decisions.
LOYALTY OF MANAGERS IN CHINESE FAMILY ENTERPRISES

Embeddedness model emphasizes the effects of social networks related to employee on turnover decision process and tries to use job embeddedness to explain employee turnover intention and behavior (Mitchell et al. 2001). The construct of job embeddedness can be used to measure the degree to which employee connects social networks (community, organization and so on). Lee et al. (2004) specialized this construct as two dimensions: on-the-job one and off-the-job one. Some empirical results support embeddedness model. Mossholder et al. (2005) finds that there are two important relational variables: network centrality and interpersonal citizenship behaviors, which significantly affect turnover behavior of employees after 5 years. Allen et al. (2013) also showed that job embeddedness relates to organizational commitment and voluntary turnover. For Chinese professional managers embeddedness probably includes additional important dimension: Guanxi (relation in Chinese Pinyin). Breakdown of personal relations is a significant cost for manager (Kim et al. 2013), so he must take it into account in the process of turnover.

These above researches provide some theoretical basis and analytical framework for this paper to study the formation mechanism of Chinese professional managers’ loyalty. However, the researcher finds that not all the turnover decisions of such special group of managers are consistent with the prediction of exiting process models. For instance, the turnover resulted from the shock due to outside entrepreneurial opportunity cannot be classified as any kind of path proposed by Lee and Mitchell in 1994. It is also difficult to examine the betray behavior due to broken relation with boss in Mobley model and other extending framework. In addition, because of large difference of cultural background and institutional environment between east and west, many important local determinants to turnover process and mechanism cannot be studied well under western framework (Zhang 2006; Kim et al. 2013). Among these the most typical is the effects of employer. In many Chinese family enterprises employees identify organization equivalent to employer himself. In consequence, their perceptions on employer characteristics and behaviors have significant influence on turnover decisions. However, existing process models have not taken this into account. In addition, that current law system and market constraint are not been perfect in China may affects managers’ calculation about turnover benefits and costs. Such specificity of China cannot be analyzed easily under present frameworks. It is, therefore, essential to develop and validate a new model about the formation process of professional manager’s loyalty in Chinese context and illuminate related affecting paths and mechanism.

RESEARCH METHODS

Framework

On the basis of exiting literatures, through field investigation and interviewing accomplished in previous period, author proposes a new model (Fig. 1). In this framework the main

![Diagram](image_url)
determinants affect managers’ loyalty through two times of mediation (theoretical foundations are available from author if required).

**Samples**

Objectives of questionnaire survey are professional managers in Chinese family enterprises. Samples are drawn from Guangdong province. Respondents answer questions on spot, by letter or E-mail. The researcher distributed 1500 copies and received 568 ones. Response rate was 38%. After excluding those with more empties or apparently filling at random, there are 550 valid samples. Among all respondents 332 were males, 201 females and others were default; married were 217, non-married 316, default 17. The simple descriptive statistics indicated that the samples are representative for empirical analysis (see Table 1).

**Variables and Measures**

At first, the researcher selected some variables into original model on the basis of existing literatures and design related measure items in term of the suggestions from those studies. After that, original questionnaire was modified and extended according to field investigation and depth interview. Then the researcher invited some specialists and common employees to discuss those items, adjust and extend them in accordance with meaning of original English text and expression custom of Chinese. The researcher believes that this process can ensure all question items understandable and valid. Following this was that five professional managers with different education level and five students in non-business majors experimentally filled in the questionnaire. They provided some feelings and suggestions about these questions. At last, a meeting was taken to determine the final version.

The question: “I hope I can work in this company until retirement” (Likert 7 points scale) is designed to measure the dependent variable: manager’s loyalty. Exploratory Factor Analysis (EFA) is conducted by SPSS16.0. KMO statistic is 0.938, and Bartlett ball test statistic is 3160 (p<0.001), which indicated that the data is appropriate to Factor Analysis. Based on the structure of factors some items are incorporated into new defined variables in accordance with factor loading matrices and the meaning of relevant items. The deleted variables with low load in EFA are career development and match that showed the validity of these two constructs does not meet the requirement for analysis (see Table 2).

For each factor from EFA author selects four items with biggest loading value to conduct Confirmatory Factor Analysis (CFA) in LISREL 8.72. The constructs validated by CFA are further tested

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Max</th>
<th>Median</th>
<th>Min</th>
<th>St. dev.</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (years old)</td>
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<td>60</td>
<td>27</td>
<td>18</td>
<td>5.79</td>
<td>528</td>
</tr>
<tr>
<td>Position</td>
<td>1.61</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0.64</td>
<td>524</td>
</tr>
<tr>
<td>Work years (years)</td>
<td>6.92</td>
<td>37</td>
<td>5</td>
<td>0.5</td>
<td>5.80</td>
<td>509</td>
</tr>
<tr>
<td>Work years in this firm (years)</td>
<td>33.42</td>
<td>214</td>
<td>24</td>
<td>1</td>
<td>2</td>
<td>517</td>
</tr>
<tr>
<td>Education</td>
<td>2.16</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>0.88</td>
<td>528</td>
</tr>
<tr>
<td>Work experience (firms)</td>
<td>2.11</td>
<td>13</td>
<td>2</td>
<td>0</td>
<td>1.70</td>
<td>508</td>
</tr>
<tr>
<td>Scale of this firm</td>
<td>1.80</td>
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<td>2</td>
<td>1</td>
<td>0.58</td>
<td>522</td>
</tr>
<tr>
<td>History of firm (years)</td>
<td>10.22</td>
<td>30</td>
<td>9</td>
<td>1</td>
<td>8.04</td>
<td>509</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Abbr.</th>
<th>Items</th>
<th>Variable name</th>
<th>Abbr.</th>
<th>Items</th>
<th>Variable name</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSC</td>
<td>4</td>
<td>Job satisfaction and Commitment</td>
<td>BFT</td>
<td>4</td>
<td>Fairness and Trust of Boss</td>
</tr>
<tr>
<td>JFC</td>
<td>4</td>
<td>Job Initiative</td>
<td>BLH</td>
<td>4</td>
<td>Leadership of Boss</td>
</tr>
<tr>
<td>JA</td>
<td>2</td>
<td>Job State</td>
<td>JE</td>
<td>2</td>
<td>Job Embeddedness</td>
</tr>
<tr>
<td>JL</td>
<td>3</td>
<td>Job Searching Intention</td>
<td>OJ</td>
<td>2</td>
<td>Other Job Opportunity</td>
</tr>
<tr>
<td>OSC</td>
<td>4</td>
<td>Organization Conditions</td>
<td>JJ</td>
<td>3</td>
<td>Job Involvement</td>
</tr>
<tr>
<td>SR</td>
<td>3</td>
<td>Social Relation</td>
<td>PC</td>
<td>3</td>
<td>Commitment Propensity</td>
</tr>
<tr>
<td>JC</td>
<td>3</td>
<td>Job Autonomy</td>
<td>EM</td>
<td>3</td>
<td>Entrepreneurship Motivation</td>
</tr>
<tr>
<td>JP</td>
<td>4</td>
<td>Job Pressure</td>
<td>CR</td>
<td>1</td>
<td>Organization Change</td>
</tr>
<tr>
<td>BCI</td>
<td>4</td>
<td>Attention by Boss</td>
<td>TOV</td>
<td>1</td>
<td>Manager’s loyalty</td>
</tr>
</tbody>
</table>
for reliability, which use the coefficient of Cronbach’s $\alpha$ to judge. The variables with $\alpha > 0.7$ pass this test.

Test Methods

The method for formal analysis is Structural Equation Model (SEM) by the paths analysis procedure of LISREL8.72. The test strategy is that an original model M1 in Figure 2 is fitted, then author gradually modified the model according to the feedback indexed and related theories, in the final step, the fittest model consistent with theory is appearing (that is M2 in Fig. 3). This modified one can be called a good model.

RESULTS AND DISCUSSION

Degree of Fitting

Figure 2 and Figure 3 showed the basic structure of the two alternative models. Table 3 present main fitting indexes for original model M1 and modified one M2. According to the standards of Structural Equation Model (SEM), M2 has high degree of fitting for samples and can be identi-
fied as a good model. Some details will be examined further on the basis of M2.

**Standardized Path Coefficients and Decomposition of Effects**

Standardized path coefficients and their significance of M2 are presented in Table 4. Table 5 shows direct, indirect and total effects of each determinant on manager’s loyalty. This is the core result of the paper.

**Basic Formation Mechanism of Manager’s Loyalty**

Empirical results indicated that the basic process of decision on manager turnover includes four stages. At first, manager perceives the elements related to himself, organization, employer, job and other job opportunities. Secondly, perception level makes job satisfaction, organization commitment and job initiative change positively. Thirdly, manager’s job state become well

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**Table 3: Fitting indexes by SEM**

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>RMSEA</th>
<th>AIC</th>
<th>NFI</th>
<th>NNFI</th>
<th>CFI</th>
<th>GFI</th>
<th>AGFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1</td>
<td>2630.16</td>
<td>1069</td>
<td>0.057</td>
<td>3042.16</td>
<td>0.94</td>
<td>0.96</td>
<td>0.96</td>
<td>0.81</td>
<td>0.78</td>
</tr>
<tr>
<td>M2</td>
<td>2471.02</td>
<td>1058</td>
<td>0.054</td>
<td>2905.02</td>
<td>0.95</td>
<td>0.96</td>
<td>0.97</td>
<td>0.82</td>
<td>0.78</td>
</tr>
</tbody>
</table>
and job searching intention decrease. Finally, manager’s loyalty remained. The transmitting mechanism of this process will be discussed in detail below.

**The Effects of Determinants**

Mobley (1977) and Maertz (2004) point out that the effects of factors such as individual, organization, employer and job on turnover are indirect. Manager perception on these ones does not be reflected immediately by final decision about loyalty. The results supported such process model about turnover in Chinese context. The researcher finds that nine determinants may significantly affect managers’ loyalty through some mediation, those are commitment propensity, organizational condition, job pressure, job embeddedness, other job opportunity, fairness and trust from boss, organizational change, job autonomy, and job involvement (see Table 5). Among those, managers’ perception on job autonomy and job involvement has effect on job satisfaction and organization commitment; fairness and trust from boss, job autonomy, job involvement and job embeddedness significantly affect job initiative. This type of perceptual variables acts on loyalty by the mediate of attitude variables such as satisfaction, commitment and initiative. Job pressure and job autonomy affect job state, in turn manager’s loyalty. Organization condition, job embeddedness, commitment propensity and organizational change affect loyalty through the channel of job searching motivation. Furthermore, job pressure, commitment propensity and other job opportunity have direct effects on loyalty. A serial of complex mechanism inducing turnover is validated by these findings.

**Mediating Variables**

Three mediating variables have significant effects on manager’s loyalty according to total

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### Table 4: Standardized path coefficients of M2

<table>
<thead>
<tr>
<th>Variable</th>
<th>JSC</th>
<th>JFC</th>
<th>JA</th>
<th>JL</th>
<th>TOV</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSC</td>
<td>-</td>
<td>0.39***</td>
<td>-</td>
<td>0.43***</td>
<td>-0.09</td>
</tr>
<tr>
<td>JFC</td>
<td>-</td>
<td>-</td>
<td>-0.09</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>JA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.12**</td>
<td>-</td>
</tr>
<tr>
<td>JL</td>
<td>-0.02</td>
<td>-0.1</td>
<td>0.1</td>
<td>-0.18**</td>
<td>-0.54***</td>
</tr>
<tr>
<td>OSC</td>
<td>0.09</td>
<td>0.37***</td>
<td>-0.11</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BLH</td>
<td>0.02</td>
<td>-0.16</td>
<td>-0.07</td>
<td>-0.13</td>
<td>-</td>
</tr>
<tr>
<td>BFT</td>
<td>0.14***</td>
<td>-0.02</td>
<td>-0.2***</td>
<td>-0.12**</td>
<td>-</td>
</tr>
<tr>
<td>BCI</td>
<td>-0.08</td>
<td>-0.05</td>
<td>-0.48***</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>JP</td>
<td>0.17**</td>
<td>0.18**</td>
<td>0.22***</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>JC</td>
<td>0.26**</td>
<td>0.15**</td>
<td>0.04</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>JI</td>
<td>0.25**</td>
<td>-0.02</td>
<td>-0.13</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SR</td>
<td>0.06</td>
<td>-0.13***</td>
<td>-0.03</td>
<td>-0.16**</td>
<td>-</td>
</tr>
<tr>
<td>JE</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.05</td>
<td>-</td>
</tr>
<tr>
<td>EM</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.31***</td>
<td>0.23***</td>
</tr>
<tr>
<td>PC</td>
<td>-0.53</td>
<td>0.55</td>
<td>0.56</td>
<td>0.53</td>
<td>0.52</td>
</tr>
<tr>
<td>CR</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.09**</td>
<td>-</td>
</tr>
<tr>
<td>R^2N=456</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
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</table>

*Note: ***", **", and *" indicate significant at the 0.10, 0.05 and 0.01 level respectively.*

### Table 5: Effects decomposition of variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Direct</th>
<th>Indirect</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSC</td>
<td>0.10**</td>
<td>0.10**</td>
<td></td>
</tr>
<tr>
<td>JFC</td>
<td>-0.01</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>JA</td>
<td>0.12**</td>
<td>0.12**</td>
<td></td>
</tr>
<tr>
<td>JL</td>
<td>-0.54***</td>
<td>-0.54***</td>
<td></td>
</tr>
<tr>
<td>OSC</td>
<td>0.11**</td>
<td>0.11**</td>
<td></td>
</tr>
<tr>
<td>BLH</td>
<td>0.02</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>BFT</td>
<td>0.07**</td>
<td>0.07**</td>
<td></td>
</tr>
<tr>
<td>BCI</td>
<td>0.05</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>JP</td>
<td>0.17***</td>
<td>-0.07**</td>
<td>0.10**</td>
</tr>
<tr>
<td>JC</td>
<td>0.04</td>
<td>0.04**</td>
<td></td>
</tr>
<tr>
<td>JI</td>
<td>0.03**</td>
<td>0.03**</td>
<td></td>
</tr>
<tr>
<td>SR</td>
<td>0.01</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>JE</td>
<td>0.09***</td>
<td>0.09***</td>
<td></td>
</tr>
<tr>
<td>EM</td>
<td>-0.05</td>
<td>-0.05</td>
<td></td>
</tr>
<tr>
<td>PC</td>
<td>0.23***</td>
<td>0.17***</td>
<td>0.40***</td>
</tr>
<tr>
<td>OJ</td>
<td>-0.09**</td>
<td>-0.09**</td>
<td></td>
</tr>
<tr>
<td>CR</td>
<td>-0.06**</td>
<td>-0.06**</td>
<td></td>
</tr>
</tbody>
</table>

*Note: ***", **", and *" indicate significant at the 0.10, 0.05 and 0.01 level respectively.*
values. At first, higher job satisfaction and organization commitments result in higher manager’s loyalty. This indicated that whether manager is full of job passion, is satisfied with job and is devoted emotionally to company has important influence on his loyalty. Existing studies show that there are many factors that can make psychological attitude like above vary (Price 2001; Paillé 2013). As illuminated here, the core determinants are manager perception on himself, organization, employer, job and other opportunities. These factors affect indirectly loyalty through the channel of attitudes variables.

Secondly, job state has strong explanatory power to loyalty. In modified model M2 job state affects loyalty directly. This means that bad job state is accompanied with low manager’s loyalty, although, the causality between them cannot be affirmed for the time being. Job state reflects the degree of effort manager is willing to take. Low level of effort can be seen as a signal to leave company. The direct determinants of job state are rather complex. Results showed that besides two attitudes variables job satisfaction and organizational commitment, there are three determinants affecting directly loyalty, which are attention by boss, job pressure and job autonomy.

At last, job-searching intention has significant effect on loyalty and the coefficient arrive at such an amazing value 0.54 (p<0.001). Intermediate linkages model pointed out that job searching plays an important role in the process of employee’s decision on turnover (Mobley 1977; Paillé and Grima 2011). Nevertheless, it is strange that existing literatures rarely find the significant relationship between job searching and loyalty (Hom et al. 1992). In the paper, the researcher finds some strong evidence on negative correlation between them. This result shows that manager is very cautious before considering turnover. He may collect enough information about other job opportunities through searching activities before making final decision on resignation. Of course, it is complicated where job searching intention comes from. From Figure 4 it can be seen that some organizational elements, attention from boss, job embeddedness, commitment propensity and organizational change will stimulate manager to think about searching for other jobs.

**CONCLUSION**

The present research studies formation mechanism of manager’s loyalty. Related findings can help Chinese family enterprises establish or improve turnover prediction and controlling system. On the one hand, Chinese private enterprises can benefit from these empirical results in remaining management resources and improving their management abilities. On the other hand, enterprisers and managers can get some ideas about trusting each other and realize sincere cooperation really. The researcher believes that it is possible that Chinese family enterprises can grow up from classical form to modern one.

In the study, the researcher used the method of Structural Equation Model (SEM) to get a formation mechanism model of managers’ loyalty to Chinese family enterprises. Empirical results indicate that manager’s decision on turnover proceeds by stages. He took some perception on himself, organization, employer, job and other job opportunities firstly. Then the level of satisfaction with these perceptions may affect his attitude such as job satisfaction, organizational commitment and job initiative, which further change job state and job searching intention. Eventually, the manager makes decision on whether to resign or not.

In term of total effects, there are twelve variables having significant influences on managers’ loyalty under this framework, among which job state, job searching intention, other job opportunities affect directly loyalty; job pressure and commitment propensity act on loyalty through both direct and indirect channels; other significant variables all affect loyalty indirectly. Enterprise can implement multidimensional, all-around and staged controlling measures to maintain managers’ loyalty in accordance to this formation mechanism.

**RECOMMENDATIONS**

This study demonstrated that the process of manager’s decision on turnover includes four stages in Chinese family enterprise. The enterpriser is able to take different targeted measures at different stages to maintain manager’s loyalty. This process model means that manager’s turnover decision begins with perceiving some factors related to himself, organization, employer and so on. At this stage, enterprise can employ some effective methods such as *ex ante* recruitment and selection procedure, organization attraction, and leadership improvement to change manager’s negative perception. According to the
empirical result of this study, positive percep-
tions on those related elements have good influ-
ence on manager attitude. At the second stage, if
manager job satisfaction and organizational com-
mitment are already low, enterprise needs to take
some remedial measures to recover manager atti-
tude. There are many suggestions proposed by
existing organizational behavior literatures to
change employee job attitude, which include
leadership, job team, physical setting, and rela-
tionship with colleagues, organizational support,
mentoring and so on. Following attitude change
is job state and job searching intention. During
this period, there are limited ways through which
enterprise can retain mangers. Some possible
measures are deep face-to-face communication,
solving special problems directly related to turn-
over, or preparing for inevitable resignation. At
the final stage, if manager’s loyalty to enterprise
is already very low, enterprise should pay more
attention to looking for substitute rather than
spending much time to retain him. Of course, a
good internal management system is necessary
to resist the shock from manager turnover. Chi-
nese family enterprises should gradually stan-
dardize and systemize internal management rules
and structures, and maintain operational stabili-
ty and continuity. This kind of institutional strat-
egies is fundamental solution to some inevitable
turnover of professional managers eventually.

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