

Article

Can the Succession Plan for Family Business Achieve Social Employment Stability? An Analysis from the Perspective of Entrepreneurs

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Abstract: Employment stability is crucial to social harmony and individual well-being. This study empirically analyzes whether the succession plan adopted by a family business can achieve the goal of stable employment and explores potential mechanisms at the individual level of entrepreneurs. This paper takes the data from the latest Chinese Private Enterprise Survey as the research sample and employs OLS regression to empirically analyze the impact of family business succession plans on employee employment. The study finds that the succession plan can significantly increase the employment scale of a family business. The pathway mechanism indicates that the employment promotion effect is achieved by enhancing entrepreneurial responsibility and prospect perception. Additionally, when a training method involving different positions within the company is adopted, the succession plan has a more substantial promotion effect on labor employment. Finally, this study analyzes the impacts of the succession plan from three aspects: flexible employment forms, wage income levels, and employee recruitment preferences. Previous studies have not explored whether family enterprises' formulation of a succession plan will affect social employment. By addressing this issue, new micro-level evidence is provided for further understanding of the relationship between family enterprises and the labor market.



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1. Introduction

Family businesses have played an essential role in China's economic and social development for a long time. According to PwC's "2021 Global Family Business Survey—China Report", private enterprises in China contribute more than 60% to the country's GDP, with family businesses accounting for 85% of this total. With such high economic contribution and status, the sustainable development of family businesses will directly affect the stable operation of the Chinese economy. According to BCG's statistics in 2021, in "Built to Last: Exploring the Secrets of Successful Family Business Succession", the average birth year of the founders of China's top 100 family businesses was in the late 1950s, with over a quarter of them aged 70 or above. The selection and cultivation of successors has become imperative. Many family businesses are beginning to formulate succession plans and transfer power to the younger managers. This change may have a particular impact on employment and has drawn widespread attention from all sectors.

Chinese family businesses represent a fusion of traditional family culture and modern business civilization, playing an increasingly prominent role in economic and social development (Villalonga & Amit, 2006; Xu et al., 2015). Currently, Chinese family businesses are successively entering a phase of generational transition. The intergenerational transfer of family businesses involves substantial changes in the center of family authority, key developments in the business's evolutionary journey, and significant adjustments in the ownership and control of the company. Compared with the situation in Western countries, the challenges in the succession of Chinese family businesses are more pronounced. On the one hand, after undergoing intergenerational transfer, family businesses may experience organizational turmoil and face greater uncertainty under the leadership of the second generation due to insufficient management authority. For instance, after the generational transition following the founder's death in Hong Kong's Sun Hung Kai Properties, internal disputes among the Kwok brothers led to a 60% drop in the cumulative abnormal return on the group's stock price. On the other hand, the management activities of Chinese family businesses exhibit unique corporate governance characteristics, characterized by strong family ties and weaker formal organizational management processes.

In the context of China, there are some significant differences between family businesses and private enterprises. Family businesses are typically controlled and managed by one or more family members, with ownership, management, and decision-making power highly concentrated within the family. This structure means that the relationships between family members have a profound impact on the operations and development of the business. Family businesses often place greater emphasis on family traditions, values, and long-term interests in decision-making, and their management style may be more conservative. They also focus more on nurturing and passing on leadership to family members (Upton & Petty, 2000; Parker & Van Praag, 2012). Furthermore, succession planning in family businesses is often directly tied to the issue of family members taking over, with the choice of successor usually determined by family relationships and desires, rather than solely based on market performance or professional qualifications (Benavides-Velasco et al., 2013; Duh et al., 2009). In contrast, private enterprises typically do not rely as heavily on family members for ownership and management. Entrepreneurs in private businesses may prioritize market-oriented and professional management, tending to hire professional managers to run the company. Decision-making in private enterprises is often more focused on market demands and profit, with a stronger emphasis on flexibility and innovation. Moreover, when it comes to succession, private enterprises are likely to focus more on external market talent and competitiveness, rather than relying solely on family inheritance. Companies face challenges in the increasingly competitive and unpredictable business environment, from technological advancements to market dynamics and policy changes. In this context, planning and developing successors become critical actions to ensure the sustainable competitiveness of family businesses (Nordqvist et al., 2013; Cesaroni et al., 2021).

When family business entrepreneurs embark on the process of implementing succession plans, it can gradually influence their emotions (Ip & Jacobs, 2006). Rather than just making short-term decisions or addressing daily operational challenges, entrepreneurs begin to consider the long-term prosperity or decline of the company, as well as the issue of legacy. This shift often triggers a deep sense of responsibility, as they realize the importance of shaping the company's future direction and the lasting impact on employees, customers, and the industry as a whole (Bennedsen et al., 2019; Mueller & Philippon, 2011). At the same time, the process of planning for the company's future enhances entrepreneurs' perception of its prospects. They become more attuned to potential opportunities and challenges, preparing to lead the company toward a more prosperous and stable direction. Achieving this requires continuous learning and adaptation, ensuring both business succession and the maintenance of

innovation and competitiveness. As their sense of responsibility and awareness of long-term prospects grow, entrepreneurs are more likely to prioritize sustainable and responsible business practices, which directly affect workplace management and organizational development. They focus on supporting employees' long-term career growth, ensuring fair compensation and benefits, and promoting inclusivity and diversity (Gallo, 2004).

According to the socioemotional wealth theory, family business entrepreneurs often incorporate family values and emotional considerations into corporate decision-making and management to ensure that succession planning contributes to social employment stability (Marques et al., 2023). This means that when successors take over the business, they focus not only on pursuing economic benefits but also on emphasizing the company's responsibility toward its employees and society at large. Guided by this theory, succession planning balances financial goals with the family's socioemotional objectives, ensuring the company's long-term stability while promoting high employee satisfaction and loyalty through effective business strategies and human resource management. Furthermore, successors will work to preserve and strengthen the close relationships and team spirit within the family business, extending this cohesion across the entire company (Cesaroni et al., 2021). This helps create a stable and harmonious work environment, boosts employee well-being, and reduces talent turnover, ultimately stabilizing employment (Umans et al., 2021). In essence, the family business succession process integrates traditional family values with modern business practices, continually adapting to market and societal changes while ensuring a smooth transition of leadership and the ongoing stability of social employment.

Previous studies generally agree that succession planning in family businesses is crucial for their long-term stability (Benavides-Velasco et al., 2013; Cesaroni et al., 2021). Chrisman and Patel (2012) found that the willingness to pass on the business within a family firm increases investment in innovation and enhances the firm's adaptability. This finding aligns with the results of the current study, which also shows that an effective succession plan helps businesses cope with market changes and promotes long-term stability (Mihaylov & Zurbruegg, 2021). However, this study places greater emphasis on the impact of succession planning on the personal perceptions of entrepreneurs. Another interesting finding is the emphasis on the impact of family business succession plans on social employment. While previous research has focused on the impact of succession planning on internal stability within the business (Steier et al., 2015), few studies have explored how succession planning affects external social employment stability. The conclusions of this study indicate that family businesses, when planning for succession, pay particular attention to supporting the long-term career development of their employees.

This paper has some potential contributions. First, enriching the theoretical application of succession plan research. This article expands the theoretical application of succession plans in human resource management by combining succession plans with employment stability. Traditionally, succession plans mainly focus on ensuring smooth transitions for critical positions, while this article connects it with employment stability, providing a new research perspective. Second, revealing the psychological mechanisms of internal human resource decisions. This article emphasizes the mediating role of entrepreneurs' sense of responsibility and perception of prospects in the relationship between succession plans and employment stability, offering a new explanation for internal human resource decisions. Third, providing new ideas for policymakers. This article points out that succession plans positively impact employment market stability. This finding offers new ideas for policymakers to consider promoting employment and formulating strategies for corporate development. Actively promoting the implementation of succession plans can promote stable and sustained jobs, creating a more favorable environment for the development of family businesses and the entire economic system.

2. Hypothesis

2.1. Literature Review

In China, influenced by Confucian thought, patriarchs, who are often business owners, typically wish to pass the company on to their sons, even if they are not the best suited for leadership and cannot maximize the interests of the business (Kao, 1993). This is because family members view the family business as the “business of the family”; therefore, internal biases in choosing successors can occur (Kellermanns & Eddleston, 2004). Additionally, business owners place great importance on the non-economic goals of the family business, such as family harmony and reputation. They thus may choose a successor who similarly values these non-economic goals, making family members the preferred candidates for succession. Furthermore, McMullen and Warnick (2015) argue that businesses with emotional identity are more likely to achieve their goals, and the emotional identification between family members is often higher than that of non-family members, which gives family members an advantage in succession.

Succession is one of the most critical issues in family businesses, determining the trajectory of the company’s development for years or even decades to come (Lee et al., 2003; Zahra et al., 2004; Massis et al., 2008). Therefore, the impact and consequences of intergenerational transfer are hot topics in family business research. Cromie et al. (1995) maintain that due to differences in experience and emotional connection to the business, the focuses of the two generations differ, with the first generation concentrating on business and the second on family, resulting in better performance under the management of the first generation. Cucculelli and Micucci (2008) argue that the abilities and resources of the second generation are inferior to those of the first and need more to meet business operation and management needs. Thus, the business performance of the second generation’s management is worse than that of the first.

Additionally, Mishra et al. (2001) found that compared to the first generation, the second generation has lower performance due to the dispersion of family control, weaker relationships, and less cohesion. Schulze et al. (2001) suggest that the dispersal of ownership among family members may lead some members to adopt risk-averse behaviors, which can differ from the desires of the business controllers and increase agency costs due to misaligned objectives and interests. Furthermore, McConaughy et al. (1998) observe that due to altruism or delayed returns on individual investments, costs that should have been shared during the second generation’s tenure were borne during the first generation’s tenure, with the second generation reaping all the benefits.

In addition to the final performance, the literature explores how generational succession affects the internationalization process of family businesses. The majority of researchers agree that generational succession has a positive effect on a firm’s internationalization. Cristiano (2018) believes that the involvement of descendants helps enterprises explore and expand into international markets, thereby promoting the internationalization of family businesses. This conclusion is also supported by many scholars (Fernández & Nieto, 2005; Merino et al., 2015). However, some scholars question the positive association between family generational transition and business internationalization. For example, Graves and Thomas (2008) point out that due to the lack of belief in internationalization among descendant CEOs, family succession might negatively impact the internationalization of a business.

2.2. The Trend of Succession Plans for Family Businesses

After more than forty years of reform and opening up, many of China’s “veteran” entrepreneurs are entering their later years, with a significant number beginning to pass the torch to the next generation. In practice, the question of “who will take over” has long been a key concern for family business owners. In the context of economic globalization,

market competition is intensifying, and the lifecycle of businesses is becoming increasingly evident. As a result, succession planning has evolved into a standard management practice (Li et al., 2022; Porfirio et al., 2020). For family businesses in China, succession planning has become a critical strategic tool for transformation and upgrading, aligning with the inevitable trends of modern economic development.

Firstly, meeting the era's needs is the primary task of family businesses. In today's rapidly changing business environment, the survival and development of enterprises depend on a thorough understanding of traditional business models and a sensitive grasp of emerging technologies, market trends, and consumer behavior (Toska et al., 2022; Zybura et al., 2021). By formulating succession plans, entrepreneurs can provide training and development opportunities for the younger generation of successors, enabling them to possess the ability and qualities necessary to adapt to the era. This benefits enterprises by giving keen insights into emerging technologies and market trends and improving their innovative capabilities (Wang et al., 2019; Toska et al., 2022). Particularly in the current context of rapid development of the digital economy, entrepreneurs need to realize the necessity of digital transformation and innovation and be able to find possibilities for innovation in this information age (Hauck & Prügl, 2015). By formulating succession plans, entrepreneurs can provide training and education for the younger successors, familiarizing them with and mastering emerging technologies such as data analysis, artificial intelligence, and cloud computing. This enables them to be more adaptable, flexible, and innovative in digital transformation to cope with market changes and future challenges.

Secondly, aligning with the party's development is not only a political requirement for private entrepreneurs but also an inevitable choice for enterprises to integrate into the national strategy. Under the socialist economic system with Chinese characteristics, family businesses play an indispensable role in the country's economic development. By effectively formulating succession plans, they can better respond to the party's call, seize the development opportunities provided by national policies, and contribute to the long-term prosperity of the nation through innovation and outstanding performance.

On one hand, formulating succession plans aligns with the party's development guidelines. The Communist Party of China highly values and supports the healthy development of the private economy, encouraging family businesses to actively integrate into the socialist market economy system and contribute to socioeconomic development. Formulating succession plans is a practical action for family business entrepreneurs to fulfill their corporate social responsibilities and implement the party's development requirements. It involves implementing the party's guiding ideology in the process of grooming successors, thus promoting the healthy development of enterprises.

On the other hand, formulating succession plans helps family businesses seize development opportunities provided by the national policies. Against the backdrop of China's rapid economic development and transformation, national policies play a crucial role in guiding and supporting the growth of family businesses (Tan & Meyer, 2010; Herrmann & Datta, 2005). The Chinese government has been promoting the optimization and upgrading of the economic structure, encouraging innovation-driven development, supporting industrial transformation, as well as strengthening environmental protection and green development. For family businesses, these policies not only signify new market opportunities but also pose higher requirements and standards. In this process, the leadership of enterprises needs to have the ability to interpret and respond to policy orientations, adjust enterprise strategies, and innovate and upgrade in areas such as technology, management, and the market (Yan & Xu, 2022). Through early planning and cultivation, successors can promptly understand and adapt to changes in national policies, such as in technological innovation, market access, tax incentives, financial support, etc., enabling them to more

swiftly and effectively utilize these policy tools to promote enterprise development. As enterprises expand in scale and diversify their operations, this ability becomes particularly crucial for seizing opportunities.

Finally, giving back to society is an important responsibility and mission bestowed upon family businesses by the party. The party and the state attach great importance to and support the development of family businesses, while also expecting them to shoulder more social responsibilities and give back to society. Firstly, excellent successors trained through succession plans can create value and wealth for society by operating and developing enterprises and promoting economic prosperity. Family businesses are essential sources of economic growth and innovation. Excellent successors possess strategic vision and innovative abilities in business management, effectively promoting business expansion, exploring new market opportunities, and enhancing the competitiveness and profitability of enterprises, thereby creating value and wealth for society. Secondly, succession plans, through value guidance, help excellent successors form good values and leadership, prompting them to participate actively in public welfare and social responsibility projects, give back to society, and improve social welfare (Su & Zhang, 2023; Huang et al., 2020; Liu et al., 2021). With the growth and expansion of enterprises, successors will have more resources and influence, enabling them to utilize the social influence and resources of enterprises to participate in public welfare and social welfare projects. For example, they can focus on social issues, promote sustainable development, and achieve shared prosperity through donations, education sponsorship, environmental protection actions, poverty alleviation, and assistance to needy people.

2.3. The Mediating Effect of Entrepreneurial Sense of Responsibility and Perceived Prospects

With the rapid development of the socioeconomy, family businesses have become a significant driving force behind China's economic growth (Khan et al., 2020). As family businesses develop and grow, they often experience a transition from the older generation of entrepreneurs to the new generation of managers. In this process, it is a significant challenge for enterprises to ensure a smooth transition, maintain the continuity of corporate culture, and expand the production scale. In the context of rapid economic development and intense competition, succession planning undoubtedly becomes an essential strategic focus that family businesses must pay attention to and implement. This article analyzes the impact of succession planning on labor employment in enterprises from two aspects: an entrepreneurial sense of responsibility and an entrepreneurial perception of prospects.

In terms of entrepreneurs' sense of responsibility, succession planning is a deep commitment and future investment for entrepreneurs. Entrepreneurs who adopt this forward-thinking mindset not only care about the current interests of the enterprise but also bear a profound responsibility for future success and sustainability. This future-oriented attitude stimulates a sense of responsibility in entrepreneurs, prompting them to consider long-term impacts when making decisions rather than focusing solely on short-term benefits. This sense of responsibility encourages entrepreneurs to take a comprehensive perspective, focusing on the well-being of personnel and society and building a more complete and efficient team. This is beneficial not only for the personal growth and development of the employees but also strengthens the competitiveness and adaptability of the enterprise, helping it thrive in a constantly changing market and ensuring long-term success. The proactive sense of responsibility enables entrepreneurs to consider the enterprise's and employees' interests comprehensively and take more sustainable measures to cope with difficulties, thus avoiding unnecessary large-scale layoffs and laying a solid foundation for the enterprise's long-term development. When employees perceive their positions as stable, they are more likely to invest more enthusiasm and effort into their work and have the willingness to work in the company for the long term and gradually enhance their skills

and abilities (Davidescu et al., 2020). Employees also tend to work in companies that appear well prepared and capable of withstanding market fluctuations and managing challenges, which forms a positive and promising corporate image, attracting and retaining more talent.

In terms of entrepreneurs' perception of prospects, family businesses that implement succession plans can enhance entrepreneurs' understanding of future prospects, thereby stabilizing employment. This phenomenon can be understood from multiple perspectives. First, succession plans ensure the continuity and stability of the leadership (Aladejebi, 2021). By systematically nurturing and selecting successors, family businesses can maintain continuity in the core management team, thereby reducing the uncertainty caused by leadership changes. This stability allows the company to better plan for the future, ensuring the continuity of strategic direction, which in turn strengthens entrepreneurs' perception of long-term business development prospects. Second, succession plans help attract and retain talent (Paço et al., 2021). Family businesses often have a unique family culture, which can be passed on through succession planning. This cultural continuity creates a strong sense of belonging and identification, motivating employees and increasing their loyalty. Under the guidance of this culture, employees are more likely to stay with the company long term, which enhances talent stability within the company and contributes to smooth and sustainable operations. Additionally, succession plans provide strong support for businesses to respond to market changes and competitive pressures. The new generation of successors often possesses greater innovation and adaptability, bringing fresh perspectives and strategies to effectively cope with changes in the external environment and market challenges. This innovation-driven leadership helps businesses remain dynamic and competitive in a highly competitive market, which in turn boosts entrepreneurs' confidence in the future and encourages further investment in business development and employee training. Finally, succession plans can reduce internal conflicts and tensions within family businesses. With clear succession planning, the transfer of power between family members becomes smoother, preventing internal divisions and operational disruptions caused by unclear inheritance rights or power struggles. This internal stability not only aids long-term business development but also provides employees with a more stable working environment, further promoting employment stability.

In summary, succession plans play a significant role in promoting employment stability. By enhancing entrepreneurs' sense of responsibility and perception of prospects, these plans ensure the stability and persistency of enterprises during difficult times, as well as improving their core competitiveness and survival ability.

Hypothesis 1. *Family business implementing succession plans can enhance entrepreneurs' sense of responsibility, stabilizing employment.*

Hypothesis 2. *Family business implementing succession plans can enhance entrepreneurs' perception of prospects, stabilizing employment.*

3. Samples, Variables, and Models

3.1. Data Source

The survey on Chinese private enterprise is led by the "Research Team on Private Enterprise", composed of comrades from the Central United Front Work Department, the All-China Federation of Industry and Commerce, the State Administration for Market Regulation, the Chinese Academy of Social Sciences, and the China Association of Private Economic Research. The survey is conducted every two years and has been conducted a total of 14 times. Although the content of each sampling survey may vary, the basic information about enterprise owners and enterprises is a fixed survey project to ensure the

continuity and comparability of the data. The survey covers enterprises of different scales and industries in 31 provinces, autonomous regions, and municipalities directly under the central government in China. It is highly authoritative, has a sufficient sample size, and has broad representativeness and coverage, significantly impacting sociology, economics, management, and political science. This article uses the data from the 14th Chinese Private Enterprise Survey in 2020 as the research sample, and the latest survey data are favorable for research conclusions that align with the actual situation.

3.2. Variable Setting

Labor force employment. The labor force employment indicator is represented by the natural logarithm of the number of enterprise employees (Chen et al., 2023; Dambra et al., 2023; Goldman, 2020).

Succession plan. For the construction of the succession plan indicator, the corresponding question on the survey questionnaire is “Regarding the succession plan of your company, the options that are consistent with the actual situation of your company are” with a total of 5 options: ① No consideration of succession issues. ② Occasional consideration of succession issues. ③ In-depth thinking and planning for succession issues. ④ A well-prepared arrangement for succession issues has been formed. ⑤ There is a more formal written succession plan. If the entrepreneur chooses “In-depth thinking and planning for succession issues”, “A well-prepared arrangement for succession issues has been formed”, or “There is a more formal written succession plan”, it indicates that the entrepreneur has made long-term succession plans. The value is assigned as 1; otherwise, it is 0.

Entrepreneurial sense of responsibility and perception of entrepreneurial prospects. For the construction of the entrepreneurial sense of responsibility indicator, the corresponding question in the survey is, “Since the pandemic outbreak, has your company negotiated with employees on issues involving their immediate interests, such as wages, working hours, and holidays? What was the effect?” There are a total of 4 options: “Yes, with perfect effect”, “Yes, with average effect”, “Yes, with poor effect”, and “No negotiations conducted”. The companies that selected “Yes, with perfect effect” are assigned a value of 1. Otherwise, the value is 0.

For constructing the perception of entrepreneurial prospects indicator, the corresponding question in the survey is “Currently and shortly, how would you express your feelings about the development of your company using three words?” There are eight words: confidence, anxiety, worry, confusion, pressure, opportunity, hope, and concern. Confidence, opportunity, and hope are positive emotions, while fear, worry, confusion, pressure, and concern are negative. The positive emotion words are assigned a value of 1, and the negative emotion words are assigned a value of −1. The scores of the three chosen words by the entrepreneur are then added together. If the sum exceeds 0, the company is defined as 1; otherwise, it is described as 0.

3.3. Model Design

In order to verify whether succession plans can achieve social employment stability, this study constructs model (1) for testing and adopts the OLS regression method. This is because the OLS method can provide the best linear unbiased estimator, that is, under certain assumptions, the estimated coefficient is unbiased and has the smallest variance, which makes it highly reliable in statistical inference.

$$\text{Labor}_i = \alpha_0 + \beta_1 \text{Successor}_i + \beta_2 \sum \text{CV}_i + \sum \text{Industry} + \sum \text{Province} + \varepsilon_i \quad (1)$$

Among them, “Labor” represents the enterprise’s labor employment scale; “Successor” represents the succession plan in family businesses. CV refers to the set of control variables

based on previous relevant studies (Dehaan et al., 2023; Choi et al., 2023). The subscript i denotes the enterprise; α_0 is the constant term; β_1 is the coefficient representing the impact of succession plans on the scale of employee employment in the enterprise; β_2 is the coefficient of the control variables; Industry and Province represent year fixed effects and region fixed effects, respectively; and ε_i is the random disturbance term. This study expects that if the β_1 coefficient is significantly positive, it indicates that succession plans can increase the scale of employee employment in enterprises.

It should be noted that the research design in this study may be subject to endogeneity issues, which could lead to biased regression results. On the one hand, the implementation of succession plans may be influenced by the employment situation of the company's employees, especially when the company has a large workforce or a complex employee structure. In such cases, entrepreneurs may be more inclined to develop detailed succession plans to ensure the sustainable development and managerial stability of the company. Conversely, the implementation of succession plans may also affect the scale of employee employment, particularly when the succession plan involves structural adjustments, changes in management, or a realignment of human resource strategies. In such cases, companies may adjust their recruitment and employment strategies based on the capabilities and plans of the successor. On the other hand, endogeneity may also arise due to sample selection bias. Sample selection bias typically occurs during the data collection or sample selection process, when the observed sample is not randomly chosen, which may result in a non-representative relationship between certain characteristics of the sample and the study variables, thus affecting the regression analysis results. To mitigate the potential effects of endogeneity, this study employs multiple methods in the endogeneity test section to address this issue.

The following indicators were selected as control variables: whether or not they are chairman, educational level, economic status, whether or not they are founders, debt ratio, charges, public relations and entertainment expenses, law enforcement situation, party organization construction, and profitability. Considering the influence of extreme values in the data, the continuous variables are trimmed by 1% on both sides. The specific variable definitions are shown in Table 1.

Table 1. Variable definitions.

Variable Type	Variable Symbol	Variable Definition
Dependent variable	Labor	The natural logarithm of the number of employees in the enterprise.
Independent variable	Successor	Regarding the succession plan of the enterprise, the options that align with the actual situation of your company are the following: (1) Never considered the succession issue. (2) Occasionally considered the succession issue. (3) Deeply contemplated and planned the succession issue. (4) Developed a comprehensive arrangement regarding the succession issue. (5) Have a formal, written succession plan. If the entrepreneur chooses options (3), (4), or (5), it indicates that the entrepreneur has long-term planning for succession, and the value is set as 1; otherwise, it is set as 0.
Mediating variable	Responsibility	Based on the answers selected by private entrepreneurs regarding "Since the outbreak, has your company engaged in negotiations with employees on matters related to their immediate interests, such as wages, working hours, and leave? How effective were the actions?" Companies that select "Yes, and the result was excellent" will be assigned a value of 1; otherwise, they will be assigned a value of 0.
	Perspective	Based on the answers selected by private entrepreneurs regarding "Currently and shortly, using three words, describe your feelings about the development of your company". Positive emotion words will be assigned a value of 1; negative emotion words will be assigned a value of -1 . By summing up the scores obtained from the entrepreneur's three words, companies with a score greater than 0 will be defined as 1; otherwise, they will be defined as 0.

Table 1. *Cont.*

Variable Type	Variable Symbol	Variable Definition
Control variable	Chairman	When the primary contributor is the chairman, the value will be 1; otherwise, it will be 0.
	Education	Entrepreneurs' educational level: (elementary school or below = 1; high school/vocational school/professional school = 2; junior college = 3; bachelor's degree = 4; master's degree = 5; doctorate = 6).
	Status	Compared with other people in their surroundings, entrepreneurs indicate their current position on the economic and social ladder (1–10), where 1 represents the highest position and 10 represents the lowest.
	Founder	If the entrepreneur is the company's founder, the value is 1; otherwise, it is 0.
	Debt	The debt-to-equity ratio of the company. When the debt-to-equity ratio is in the range of 0–20%, the value is 1; in the range of 20–50%, the value is 2; in the range of 50–80%, the value is 3; above 80%, the value is 4.
	Charges	The natural logarithm of various regulatory fees paid by the company (Chinese yuan).
	Expense	The natural logarithm of public relations and entertainment expenses paid by the company (Chinese yuan).
	Law	Enforcement situation in the region: (1 = significant improvement; 2 = some improvement; 3 = average; 4 = slight improvement; 5 = no improvement at all; 6 = no experience, do not know)
	Party	If the company has a Communist Party organization internally, the value is 1; otherwise, it is 0.
	Profit	Whether the company's revenue in the third quarter has increased compared with the previous year. If it has increased, the value is 1; otherwise, it is 0.
	Industry/province	industry effects and province-fixed effects.

4. Empirical Results

4.1. Variable Descriptive Analysis

Table 2 reports the descriptive statistics results of the variables. Regarding labor employment, the mean was 3.821, and the maximum value was 7.864. Overall, there is a significant difference in the scale of labor employment among family businesses. This difference is related to the development of the enterprises themselves. Large enterprises require a labor force to support business growth, while small enterprises focus more on the fine division of labor and efficiency improvement. In addition, there are also differences among different industries and sectors, such as manufacturing, services, and innovative enterprises, which have various demands and scale requirements for the labor force. Regarding successor planning, the average value for the Successor factor was 0.319. Some family businesses may need to consider future successor planning fully and comprehensively.

Table 2. Descriptive statistics.

Variable	N	Mean	Std	Min	Max
Labor	28,458	3.821	1.517	0	7.864
Successor	28,633	0.319	0.466	0	1
Chairman	28,660	0.288	0.453	0	1
Education	28,636	3.176	0.927	1	6
Status	28,615	5.842	2.252	1	10
Founder	28,638	0.492	0.500	0	1

Table 2. *Cont.*

Variable	N	Mean	Std	Min	Max
Debt	28,634	1.775	0.879	1	4
Charges	27,755	1.169	1.670	0	7.225
Expense	27,858	1.620	1.678	0	6.909
Law	27,162	2.328	1.280	1	6
Party	28,626	0.358	0.479	0	1
Profit	28,633	0.234	0.423	0	1

4.2. Benchmark Regression

Table 3 reports the regression results of succession planning and labor employment in family businesses. The results in column (1) show that succession planning and labor employment positively correlate without controlling for variables. Furthermore, after controlling for variables, the positive correlation between succession planning and labor employment still exists, as shown in column (2). Therefore, the results of benchmark regression analysis support the hypothesis analysis.

Table 3. Benchmark regression.

Variables	(1)	(2)
	Labor	Labor
Successor	0.526 *** (27.973)	0.255 *** (15.123)
Chairman		0.104 *** (5.499)
Education		0.141 *** (15.979)
Status		0.007 * (1.942)
Founder		−0.265 *** (−15.340)
Debt		0.137 *** (14.951)
Charges		0.104 *** (19.127)
Expense		0.233 *** (38.426)
Law		−0.042 *** (−7.099)
Party		0.610 *** (36.245)
Profit		0.267 *** (15.012)
Industry	Yes	Yes
Province	Yes	Yes

Table 3. *Cont.*

Variables	(1)	(2)
	Labor	Labor
_cons	3.857 *** (50.820)	2.374 *** (29.265)
N	26,584	25,839
Adj. R ²	0.174	0.379

Note: *** and * indicate significance at the 1% and 10% levels, respectively.

4.3. Robustness Test

First, although many control variables have been included in the benchmark regression, there may still be an issue of omitted variables. Therefore, in the robustness test, additional firm-level control variables were added for verification, including the proportion of research and development income (RD), government subsidies (Subsidy), the ratio of social insurance expenses to revenue (Insurance), and the ratio of wage expenses to revenue (Wage). As shown in column (1) of Table 4, a significant positive correlation exists between succession planning in a family business and labor employment, consistent with the benchmark regression.

Table 4. Robustness test.

Variables	Adding Control Variables	Adding Fixed Effects
	(1)	(2)
	Labor	Labor
Successor	0.210 *** (12.858)	0.180 *** (10.855)
Chairman	0.086 *** (4.685)	0.047 ** (2.541)
Education	0.111 *** (12.749)	0.076 *** (8.562)
Status	0.004 (1.124)	0.012 *** (3.495)
Founder	−0.240 *** (−14.217)	−0.158 *** (−9.174)
Debt	0.117 *** (13.018)	0.085 *** (9.363)
Charges	0.075 *** (14.188)	0.088 *** (17.614)
Expense	0.161 *** (26.224)	0.170 *** (30.161)
Law	−0.032 *** (−5.498)	−0.031 *** (−5.201)
Party	0.524 *** (31.583)	0.384 *** (23.193)
Profit	0.176 *** (10.166)	0.200 *** (11.554)

Table 4. *Cont.*

Variables	Adding Control Variables	Adding Fixed Effects
	(1)	(2)
	Labor	Labor
RD	0.002 * (1.921)	
Subsidy	0.209 *** (42.798)	
Insurance	0.002 ** (2.016)	
Wage	0.004 *** (8.916)	
Industry	Yes	Yes
Province	Yes	Yes
Firm	No	Yes
Industry $\times$ Firm	No	Yes
Province $\times$ Firm	No	Yes
_cons	2.413 *** (31.174)	3.243 *** (21.165)
N	24,759	21,413
Adj. R ²	0.434	0.500

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

Second, considering the direct association between firm size and its production and operation behavior, although industry–region fixed effects are controlled for in the benchmark regression, the potential threat of omitted variables at the firm level cannot be eliminated. To address this issue, firm size (micro, small, medium, large) fixed effects were added in the robustness test, as shown in column (2) of Table 4. The regression results are consistent with the benchmark regression.

4.4. Endogeneity Test

Addressing endogeneity is a crucial issue in economic research, as endogeneity mainly arises from sample selection bias and bidirectional causality. Specifically, propensity score matching (PSM), entropy balancing, and instrumental variable (IV) approaches address endogeneity.

First, propensity score matching (PSM) is employed. Initially, nearest neighbor matching (1:4) is used, and regression analysis is conducted on the matched data. The results show that the standard deviations of all variables after matching have a deviation of less than 4%, and all t-values do not reject the null hypothesis of no systematic differences between the treatment group and the control group. From column (1) of Table 5, it can be observed that there is a significant positive correlation between succession planning and labor employment, consistent with the benchmark regression results. Subsequently, kernel matching is used for further examination, and the results remain unchanged, as shown in column (2) of Table 5.

Second, entropy balancing is applied. Some samples may be automatically excluded during propensity score matching due to unsuccessful matching, resulting in loss. To alleviate the impact of this problem on research conclusions, entropy balancing is used to readdress the sample. The specific regression results are shown in column (3) of Table 5,

indicating that there is still a significant positive correlation between succession planning and the scale of labor employment.

Table 5. Endogeneity test.

Variables	PSM		Entropy Balancing	2SLS	
	Nearest Neighbor Matching	Kernel Matching		Phase I	Phase II
	(1)	(2)		(4)	(5)
	Labor	Labor		Successor	Labor
Successor	0.255 *** (14.646)	0.255 *** (15.117)	0.254 *** (15.141)		1.856 *** (5.608)
IV				0.031 *** (7.863)	
Chairman	0.094 *** (4.549)	0.103 *** (5.477)	0.096 *** (4.511)	0.033 *** (4.760)	0.042 * (1.698)
Education	0.148 *** (15.117)	0.141 *** (15.956)	0.159 *** (15.899)	0.013 *** (3.978)	0.119 *** (10.605)
Status	0.005 (1.212)	0.007 * (1.900)	−0.001 (−0.291)	0.005 *** (3.748)	−0.001 (−0.324)
Founder	−0.254 *** (−13.382)	−0.265 *** (−15.322)	−0.249 *** (−12.627)	−0.021 *** (−3.292)	−0.229 *** (−10.844)
Debt	0.145 *** (14.612)	0.137 *** (14.940)	0.144 *** (14.014)	0.008 ** (2.543)	0.123 *** (11.230)
Charges	0.101 *** (17.678)	0.104 *** (19.115)	0.098 *** (16.997)	0.015 *** (7.424)	0.078 *** (9.382)
Expense	0.231 *** (35.799)	0.233 *** (38.417)	0.231 *** (35.366)	0.020 *** (9.503)	0.198 *** (20.192)
Law	−0.040 *** (−5.838)	−0.042 *** (−7.044)	−0.040 *** (−5.692)	−0.010 *** (−4.545)	−0.026 *** (−3.461)
Party	0.618 *** (34.539)	0.610 *** (36.245)	0.603 *** (33.392)	0.081 *** (12.723)	0.472 *** (13.764)
Profit	0.271 *** (14.129)	0.267 *** (15.004)	0.276 *** (14.316)	0.021 *** (3.084)	0.229 *** (10.177)
Industry	Yes	Yes	Yes	Yes	Yes
Province	Yes	Yes	Yes	Yes	Yes
_cons	2.316 *** (26.516)	2.375 *** (29.275)	2.361 *** (26.172)	0.159 *** (5.296)	2.120 *** (19.588)
N	21,933	25,830	25,839	25,839	25,839
Kleibergen–Paap rk LM statistic					153.954
Cragg–Donald Wald F statistic					196.553
Kleibergen–Paap rk Wald F statistic					61.820
Adj. R ²	0.377	0.379	0.378		0.150

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

Third, the instrumental variable (IV) approach (2SLS) is employed. The instrumental variable approach (2SLS) addresses endogeneity by identifying suitable instrumental vari-

ables. The instrumental variable (IV) represents the number of family members serving as directors on the board of directors of a family business. Firstly, in many family businesses, family members often play critical decision-making and power roles, especially when they have relatively high power within the board of directors, which may significantly impact succession planning. Suppose family members are more involved in the board of directors. In that case, they may be more inclined to support the succession of family heirs and promote the implementation of relevant policies and plans. Secondly, the number of family members serving as directors is an exogenous variable that does not directly affect labor employment in the enterprise. The specific regression results in columns (4) to (5) of Table 5 indicate that, in the first-stage regression analysis, the coefficient of the instrumental variable (IV) was significantly positive, indicating a significant positive correlation between the number of family members in the board of directors and succession planning. In the second-stage regression analysis, the coefficient of succession planning was significantly positive, further confirming the hypothesis after controlling for potential endogeneity using instrumental variables.

5. Path Mechanism and Further Analysis

5.1. Path Mechanism

In the hypothesis section, this study posits that succession plans enhance entrepreneurs' sense of responsibility and perception of prospects, thereby achieving employment stability. To this end, based on the benchmark regression model (1), models (2) and (3) were constructed to validate the hypotheses in this study.

$$\text{Mediator}_i = \alpha_0 + \beta_1 \text{Successor}_i + \beta_2 \sum \text{CV}_i + \sum \text{Industry} + \sum \text{Province} + \varepsilon_i \quad (2)$$

$$\text{Labor}_i = \alpha_0 + \beta_1 \text{Successor}_i + \beta_2 \text{Mediator}_i + \beta_3 \sum \text{CV}_i + \sum \text{Industry} + \sum \text{Province} + \varepsilon_i \quad (3)$$

In the equation, Mediator represents the Responsibility and Perspective variables, and the meanings of the other variables remain consistent with those in model (1).

According to the regression results in Table 6, a significant positive correlation exists between succession plans and entrepreneurs' sense of responsibility, indicating that succession plans can enhance entrepreneurs' sense of responsibility. Additionally, a significant positive correlation exists between succession plans and entrepreneurs' perception of prospects, suggesting that succession plans can improve entrepreneurs' optimism about future development. On the other hand, both entrepreneurs' sense of responsibility and perception of prospects show significant positive correlations with the employment of the company workforce, indicating that entrepreneurs' sense of responsibility and perception of prospects are important mediating mechanisms through which succession plans influence employee employment.

Table 6. Path mechanism.

Variables	The Entrepreneurial Sense of Responsibility		The Perception of Entrepreneurial Prospects	
	(1)	(2)	(3)	(4)
	Responsibility	Labor	Perspective	Labor
Successor	0.211 *** (7.526)	0.245 *** (14.582)	0.104 *** (2.956)	0.294 *** (15.821)
Responsibility		0.195 *** (12.835)		

Table 6. Cont.

Variables	The Entrepreneurial Sense of Responsibility		The Perception of Entrepreneurial Prospects	
	(1)	(2)	(3)	(4)
	Responsibility	Labor	Perspective	Labor
Perspective				0.172 *** (9.279)
Chairman	0.037 (1.154)	0.102 *** (5.430)	0.209 *** (5.234)	0.120 *** (5.777)
Education	0.092 *** (6.264)	0.137 *** (15.532)	0.078 *** (4.182)	0.147 *** (14.814)
Status	−0.023 *** (−3.936)	0.008 ** (2.251)	−0.001 (−0.178)	−0.001 (−0.331)
Founder	0.094 *** (3.204)	−0.269 *** (−15.636)	0.068 * (1.867)	−0.292 *** (−15.019)
Debt	−0.090 *** (−5.961)	0.141 *** (15.461)	−0.109 *** (−5.918)	0.128 *** (12.535)
Charges	0.020 ** (2.122)	0.232 *** (38.370)	−0.037 *** (−3.376)	0.103 *** (17.136)
Expense	0.007 (0.735)	0.104 *** (19.105)	0.061 *** (5.275)	0.218 *** (32.709)
Law	−0.261 *** (−22.504)	−0.030 *** (−5.119)	−0.191 *** (−15.840)	−0.033 *** (−4.936)
Party	0.259 *** (9.187)	0.598 *** (35.592)	0.328 *** (9.320)	0.609 *** (32.809)
Profit	0.329 *** (10.719)	0.252 *** (14.162)	0.531 *** (12.951)	0.301 *** (15.299)
Industry	Yes	Yes	Yes	Yes
Province	Yes	Yes	Yes	Yes
_cons	0.171 (1.271)	2.269 *** (27.902)	0.571 *** (3.362)	2.277 *** (24.681)
N	25,881	25,839	19,839	19,812
Pseudo R ²	0.040	0.383	0.041	0.384

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

5.2. Further Analysis

Expectation of significant risks. The current international and domestic environments are becoming increasingly turbulent (Inman & Green, 2021; Li et al., 2020). At the domestic level, issues such as a significant transfer of industrial chains, insufficient economic growth momentum, and volatile financial markets have led to increased internal turbulence and instability in China. At the international level, the global economy is facing stagnation, intensified trade protectionism, and geopolitical conflicts, which have significantly impacted the international environment, making it more unstable (Wang & Wu, 2023). These turbulent and unstable factors interact, generating more significant uncertainty and risks for both global and domestic contexts. The expectation of significant risks among entrepreneurs

refers to their concerns about the uncertainty and risks they may face in future business activities. This expectation can influence their business operations and decision-making.

Firstly, the expectation of significant risks among entrepreneurs may lead them to adopt conservative or pessimistic business strategies. When entrepreneurs anticipate an unstable future business environment with higher risks, they may adopt conservative business strategies, minimizing the scale and risks to reduce potential economic risks. Secondly, the expectation of significant risks among entrepreneurs may cause them to adjust their businesses' scale and organizational structure. When entrepreneurs anticipate an unstable future business environment with significant risks, they may decrease the scale of their enterprises or reevaluate the organizational structure and partnerships. Therefore, companies' employment scale may decrease as the expectation of significant risks among entrepreneurs increases.

The construction of indicators is based on two levels: domestic expectation of significant risks and international expectation of substantial risks. Based on the indicator of domestic expectation of significant risks (Dom_risks), the corresponding question in the survey was, "How likely do you think our country will face the following economic risks in the future?" The options included "Significant possibility", "Relatively possible", "Hard to say", "Relatively unlikely", and "Unlikely". The companies that chose "Significant possibility" and "Relatively possible" were assigned a value of 1, while the others were assigned a value of 0. Based on the indicator of international expectation of significant risks (Inter_risks), the corresponding question in the survey was, "How likely do you think the following economic and social risks will occur worldwide in the next five years?" The options included "Significant possibility", "Relatively possible", "Hard to say", "Relatively unlikely", and "Unlikely". The companies that chose "Significant possibility" and "Relatively possible" were assigned a value of 1, while the others were assigned a value of 0.

From the regression results of Tables 7 and 8, it can be observed that significant domestic and international risk expectations significantly negatively impact labor employment in enterprises. As entrepreneurs' significant risk expectations increase, enterprises' labor employment scale decrease. As for the interaction terms, the coefficients of Successor $\times$ Dom_risks and Successor $\times$ Inter_risks are both significantly positive. This indicates that successor planning helps mitigate the negative impact of significant risk expectations. Successor planning is an important risk management tool that can assist enterprises in promptly responding to risk shocks. By developing successor plans, enterprises can formulate and implement relevant strategies and contingency plans to ensure business continuity and stable operation, reducing the negative impact on labor employment.

Table 7. Domestic major risk expectations.

Variables	Massive Transfer of Industrial Chains	Bursting of the Real Estate Bubble	The Outbreak of the Localized Financial Crisis
	(1)	(2)	(3)
Successor	0.238 *** (11.857)	0.239 *** (12.437)	0.242 *** (12.751)
Successor $\times$ Dom_risks	0.071 ** (2.015)	0.069 * (1.834)	0.070 * (1.786)
Dom_risks	−0.164 *** (−8.317)	−0.141 *** (−6.714)	−0.185 *** (−8.490)
Chairman	0.104 *** (5.512)	0.104 *** (5.530)	0.106 *** (5.617)

Table 7. Cont.

Variables	Massive Transfer of Industrial Chains	Bursting of the Real Estate Bubble	The Outbreak of the Localized Financial Crisis
	(1)	(2)	(3)
Education	0.143 *** (16.176)	0.142 *** (16.032)	0.143 *** (16.147)
Status	0.007 * (1.924)	0.007 ** (1.993)	0.007 ** (2.064)
Founder	−0.262 *** (−15.210)	−0.263 *** (−15.232)	−0.264 *** (−15.293)
Debt	0.138 *** (15.100)	0.137 *** (15.000)	0.138 *** (15.022)
Charges	0.105 *** (19.285)	0.105 *** (19.283)	0.105 *** (19.368)
Expense	0.233 *** (38.587)	0.233 *** (38.503)	0.233 *** (38.454)
Law	−0.044 *** (−7.529)	−0.044 *** (−7.414)	−0.044 *** (−7.443)
Party	0.609 *** (36.182)	0.609 *** (36.205)	0.608 *** (36.128)
Profit	0.272 *** (15.307)	0.271 *** (15.240)	0.273 *** (15.331)
Industry	Yes	Yes	Yes
Province	Yes	Yes	Yes
_cons	2.417 *** (29.737)	2.401 *** (29.580)	2.402 *** (29.595)
N	25,839	25,839	25,839
Adj. R ²	0.381	0.380	0.381

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

Table 8. International major risk expectations.

Variables	World Economy Entering a Slump	Increased Trade Protectionism	Disasters Caused by Wars or Terrorism
	(1)	(2)	(3)
Successor	0.192 *** (8.349)	0.163 *** (6.852)	0.220 *** (11.195)
Successor × Inter_risks	0.137 *** (4.191)	0.185 *** (5.667)	0.129 *** (3.561)
Inter_risks	−0.079 *** (−4.401)	−0.063 *** (−3.533)	−0.139 *** (−6.942)
Chairman	0.103 *** (5.476)	0.103 *** (5.482)	0.103 *** (5.470)
Education	0.142 *** (16.107)	0.142 *** (16.093)	0.144 *** (16.245)

Table 8. Cont.

Variables	World Economy Entering a Slump	Increased Trade Protectionism	Disasters Caused by Wars or Terrorism
	(1)	(2)	(3)
Status	0.007 ** (1.975)	0.007 ** (2.034)	0.007 ** (1.982)
Founder	−0.263 *** (−15.204)	−0.264 *** (−15.274)	−0.263 *** (−15.228)
Debt	0.138 *** (15.055)	0.138 *** (15.014)	0.138 *** (15.017)
Charges	0.104 *** (19.179)	0.104 *** (19.183)	0.104 *** (19.211)
Expense	0.233 *** (38.431)	0.232 *** (38.330)	0.233 *** (38.475)
Law	−0.043 *** (−7.226)	−0.042 *** (−7.128)	−0.044 *** (−7.463)
Party	0.611 *** (36.241)	0.609 *** (36.151)	0.610 *** (36.258)
Profit	0.270 *** (15.164)	0.268 *** (15.008)	0.272 *** (15.295)
Industry	Yes	Yes	Yes
Province	Yes	Yes	Yes
_cons	2.403 *** (29.518)	2.397 *** (29.479)	2.400 *** (29.592)
N	25,839	25,839	25,839
Adj. R ²	0.379	0.380	0.380

Note: *** and ** indicate significance at the 1% and 5% levels, respectively.

The benchmark regression results indicate that succession planning can drive firms to hire more employees, while entrepreneurs' significant risk expectations, as a key external influencing factor, may have a certain inhibitory effect on the scale of hiring. This inhibitory effect highlights, from a contrasting perspective, the unique value and significance of succession planning in stabilizing and promoting employment under different risk expectation scenarios. The inclusion of entrepreneurs' risk expectations not only enriches the baseline research results but also strengthens the argument for the main hypothesis, making the research framework on employment influence factors more comprehensively. Examining the moderating role of risk expectations in the relationship between succession planning and employment scale can reveal the adaptive value of succession planning in the face of uncertainty. This supplementary analysis contributes to a more thorough understanding of the impact of succession planning on corporate hiring decisions, providing more detailed theoretical support for policy recommendations and corporate management practices.

Successor training methods. This study further investigates the influence of different training methods on the relationship between successor planning and labor employment in enterprises. Specifically, the training methods for successor cultivation (Cultivate) are categorized as working in different positions within the same company, accumulating experience in other companies, and regularly participating in management-related training or seminars. From the regression results in Table 9, it can be observed that when the

training method for successors is working in different positions within the same company, the promotion effect of successor planning on labor employment is the strongest. When the training method regularly participates in management-related training or seminars, the promotion effect of successor planning on labor employment is second. However, when the training method accumulates experience in other companies, successor planning hurts labor employment. The underlying reasons could be as follows:

Table 9. Different training methods for successors in enterprises.

Variables	Working in Different Positions in the Same Company	Accumulating Experience by Working in Other Companies	Regularly Participating in Management-Related Training or Seminars
	(1)	(2)	(3)
	Labor	Labor	Labor
Successor	0.192 *** (7.840)	0.283 *** (14.973)	0.214 *** (9.349)
Successor × Cultivate	0.098 *** (2.972)	−0.115 *** (−2.892)	0.057 * (1.711)
Cultivate	0.064 *** (3.545)	−0.007 (−0.311)	0.074 *** (3.885)
Chairman	0.103 *** (5.456)	0.104 *** (5.519)	0.102 *** (5.445)
Education	0.141 *** (15.907)	0.141 *** (15.948)	0.141 *** (15.914)
Status	0.007 ** (1.999)	0.007 ** (1.996)	0.007 ** (2.047)
Founder	−0.267 *** (−15.478)	−0.265 *** (−15.383)	−0.267 *** (−15.499)
Debt	0.135 *** (14.750)	0.137 *** (14.943)	0.136 *** (14.839)
Charges	0.104 *** (19.100)	0.104 *** (19.173)	0.104 *** (19.168)
Expense	0.231 *** (38.194)	0.232 *** (38.413)	0.231 *** (38.123)
Law	−0.041 *** (−7.018)	−0.042 *** (−7.071)	−0.041 *** (−6.937)
Party	0.600 *** (35.621)	0.610 *** (36.224)	0.601 *** (35.617)
Profit	0.265 *** (14.875)	0.268 *** (15.039)	0.265 *** (14.877)
Industry	Yes	Yes	Yes
Province	Yes	Yes	Yes
_cons	2.357 *** (28.965)	2.377 *** (29.258)	2.358 *** (28.946)
N	25,839	25,839	25,839
Adj. R ²	0.380	0.379	0.380

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

Firstly, working in different positions within the same company ensures that successors are familiar with internal processes and culture. This makes it easier for them to understand and communicate the company's vision and goals. It also allows them to plan human resources based on the company's current operations and strategic needs. Therefore, in this case, implementing successor planning has a more substantial promotion effect on labor employment.

Secondly, regular participation in management-related training or seminars allows successors to develop more effective management abilities and leadership skills. Although these methods may be less advantageous than familiarity with the company's operations, they still promote labor employment. Developing effective management capabilities is an essential aspect of human resources management.

Thirdly, accumulating experience in other companies may bring new perspectives and experiences and enhance the ability to innovate and deal with complex situations. However, successors may need more consistency with the existing company culture and operations when returning to the original company. These differences can lead to conflicts in decision-making and a lack of coordination in employee management, which can negatively impact labor employment in the company.

This article, through the supplementary analysis above, provides a more comprehensive understanding of how different successor development methods impact the effectiveness of family business succession plans, offering strong narrative support for the main hypothesis. Specifically, different training methods may enhance or weaken the practical effects of succession plans on the business's workforce employment by influencing successors' management abilities, adaptability to corporate culture, and long-term strategic vision. At the same time, the research findings reveal how succession development methods, through the mechanisms behind them, influence the company's personnel decision-making. There is a complex interaction between the succession development methods and the company's long-term strategic planning, risk management, and human resource policies. Successors under different development approaches tend to adopt different staffing strategies, which in turn affects the company's employment stability and expansion potential. Therefore, by analyzing the moderating effects of different training methods, the article not only further enriches the main hypothesis but also provides more actionable guidance for family businesses on how to effectively promote succession plans.

6. Explanatory Analysis

Unlike the previous literature that mainly focuses on the impact of succession planning on corporate governance, business performance, and family legacy, this paper analyzes the far-reaching effects of succession planning from three dimensions: flexible labor arrangements, income distribution among wage earners, and employee recruitment tendencies. This novel perspective provides a more comprehensive view of the effects of succession planning.

First, the paper explores the impact of succession planning on flexible labor arrangements, revealing how family businesses adapt to changes in the labor market during the succession process, adjusting their hiring strategies to enhance adaptability and efficiency. Second, from the perspective of income distribution, it examines how succession planning influences the company's compensation structure and income distribution, driving successors to bring new ideas in compensation management and optimize the distribution of benefits across different employee tiers. This clarifies the interaction between succession planning and the labor market. Additionally, the paper explores how succession planning affects recruitment decisions from the perspective of employee recruitment tendencies. In the succession process of family businesses, the training methods and management styles

of successors may significantly alter the company's recruitment strategies, influencing the focus and approach of talent acquisition. Through these analyses, the paper not only deepens the understanding of the multifaceted role of succession planning in family businesses but also provides richer theoretical foundations and empirical support for the inheritance and development of family businesses.

6.1. Flexible Employment Forms

When family businesses formulate succession plans, they focus on long-term business continuity and leadership succession. This involves carefully selecting and developing successors for senior management positions and key roles. While such long-term planning is crucial for maintaining an advanced corporate culture and achieving strategic goals, it may also impact the company's employment structure.

A set of dummy variables representing flexible employment forms was constructed to explore further the impact of succession plans on flexible employment in enterprises. The corresponding question in the survey questionnaire was, "What forms of flexible employment are included?" with options such as "shared employment", "labor dispatch", "business outsourcing", "part-time employment", and "remote work". From the regression results in Table 10, succession plans have a more significant impact on labor dispatch, business outsourcing, and remote work forms of employment. At the same time, there is no apparent correlation between shared employment and part-time employment. The possible reasons for this result are the following: (1) Labor Dispatch: Labor dispatch allows enterprises to flexibly adjust the number of employees based on project or seasonal needs. This flexibility helps enterprises maintain the stability of management and core teams while adjusting operational staff according to business requirements. (2) Business Outsourcing: Outsourcing non-core functions, such as IT support, human resources, accounting, etc., allows the management team to focus on critical business development and the implementation of succession plans. It also reduces long-term fixed costs. (3) Remote Work: Remote work enables enterprises to recruit talents across regions without being constrained by geographic limitations, thus attracting more highly skilled professionals. The prevalence of remote work also supports work-life balance. It is conducive to attracting a more comprehensive range of candidates, especially those with the potential to become future leaders in the company. (4) Shared Employment: In contrast, the shared employment model may not be as standard in particular enterprises, as it relies on collaboration with other companies and faces challenges such as finding suitable partners, complex collaboration processes, worker skill matching issues, and management challenges. (5) Part-time Employment: Although part-time employment provides flexibility, it may not guarantee long-term commitment and employee loyalty toward the company.

Table 10. Flexible employment forms.

Variables	Shared Employment (1)	Labor Dispatch (2)	Business Outsourcing (3)	Part-Time Employment (4)	Remote Work (5)
Successor	−0.062 * (−1.733)	0.113 *** (3.532)	0.149 *** (4.386)	0.037 (1.152)	0.125 * (1.911)
Chairman	0.167 *** (4.329)	−0.104 *** (−2.828)	0.048 (1.218)	−0.060 (−1.643)	0.074 (1.011)
Education	−0.054 *** (−2.947)	0.145 *** (8.530)	0.077 *** (4.244)	−0.062 *** (−3.694)	0.116 *** (3.283)

Table 10. Cont.

Variables	Shared Employment	Labor Dispatch	Business Outsourcing	Part-Time Employment	Remote Work
	(1)	(2)	(3)	(4)	(5)
Status	0.000 (0.062)	0.026 *** (3.927)	0.015 ** (2.161)	0.004 (0.657)	−0.009 (−0.632)
Founder	0.041 (1.109)	−0.111 *** (−3.320)	0.063 * (1.735)	0.206 *** (6.093)	0.104 (1.523)
Debt	−0.066 *** (−3.399)	−0.120 *** (−6.821)	−0.038 ** (−2.045)	−0.001 (−0.045)	0.020 (0.586)
Charges	−0.036 *** (−2.984)	0.040 *** (3.853)	0.052 *** (4.798)	0.006 (0.525)	0.040 * (1.941)
Expense	0.050 *** (4.471)	0.054 *** (5.511)	0.044 *** (4.265)	−0.005 (−0.447)	−0.029 (−1.447)
Law	−0.052 *** (−4.050)	−0.045 *** (−3.794)	0.009 (0.759)	−0.006 (−0.545)	−0.013 (−0.540)
Party	−0.160 *** (−4.418)	0.044 (1.348)	0.170 *** (4.947)	−0.009 (−0.290)	0.020 (0.297)
Profit	0.174 *** (4.631)	0.144 *** (4.171)	0.168 *** (4.537)	−0.064 * (−1.804)	0.150 ** (2.139)
Industry	Yes	Yes	Yes	Yes	Yes
Province	Yes	Yes	Yes	Yes	Yes
_cons	−0.979 *** (−5.752)	−1.256 *** (−8.311)	−1.958 *** (−11.699)	−1.428 *** (−8.809)	−3.429 *** (−11.138)
N	25,881	25,881	25,881	25,881	25,881
Pseudo R ²	0.017	0.022	0.033	0.023	0.032

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

6.2. Salary Income Hierarchies

Family businesses' development of succession plans may also affect their employees' salaries. This is reflected in the following ways: Firstly, succession plans often come with employee training and development opportunities, which can enhance their professional skills and management abilities. Employees who become more specialized and capable add more value to the company, and their performance may improve. Consequently, they are more likely to seek higher salaries that match their increased value. Secondly, effective succession plans help ensure a smooth transition in critical positions, reducing the negative impact of leadership changes on the company's operations. Improved company performance and increased long-term profitability provide the company with greater financial flexibility, which can be translated into more attractive salaries and rewards for employees. Lastly, implementing succession plans often involves optimizing and improving overall human resources policies, including more reasonable salary packages. Increased job satisfaction and engagement usually lead to improved work efficiency among employees, which drives overall company performance and creates feasibility for increasing average salaries.

Regarding the construction of salary income hierarchy indicators, the corresponding question in the questionnaire is "What is the approximate pre-tax salary income of your employees this year?" From the regression results shown in Table 11, it can be observed that there is a significant negative correlation between succession plans and the proportion

of employees with a monthly income below 5000 yuan. On the other hand, there is a significant positive correlation between succession plans and the proportion of employees with a monthly income above 5000 yuan. This indicates that succession plans contribute to the overall increase in average employee salaries.

Table 11. Salary income hierarchies.

Variables	The Proportion of Employees with a Monthly Income Below CNY 5000.	The Proportion of Employees with a Monthly Income Between CNY 5000 and 10,000.	The Proportion of Employees with a Monthly Income Between CNY 10,000 and 20,000.	The Proportion of Employees with a Monthly Income Above CNY 20,000.
	(1)	(2)	(3)	(4)
Successor	−3.821 *** (−8.687)	1.432 *** (4.972)	0.620 *** (5.980)	0.237 *** (3.522)
Chairman	−1.943 *** (−3.810)	0.295 (0.917)	0.082 (0.702)	0.020 (0.256)
Education	−2.294 *** (−9.586)	2.188 *** (14.449)	0.869 *** (15.837)	0.246 *** (6.727)
Status	−0.041 (−0.428)	0.036 (0.626)	0.088 *** (4.332)	0.064 *** (4.679)
Founder	1.855 *** (3.974)	0.013 (0.045)	0.030 (0.285)	0.083 (1.202)
Debt	1.993 *** (8.438)	0.416 *** (2.710)	−0.182 *** (−3.305)	−0.221 *** (−6.483)
Charges	−1.389 *** (−10.040)	2.388 *** (23.481)	0.638 *** (17.371)	0.174 *** (7.805)
Expense	−0.605 *** (−4.679)	0.526 *** (5.325)	0.373 *** (10.233)	0.221 *** (10.021)
Law	−0.866 *** (−5.200)	−0.440 *** (−4.334)	−0.082 ** (−2.483)	−0.039 * (−1.747)
Party	2.302 *** (5.397)	1.159 *** (3.990)	0.308 *** (3.035)	−0.012 (−0.179)
Profit	−4.507 *** (−9.681)	4.304 *** (13.241)	1.590 *** (13.148)	0.616 *** (8.193)
Industry	Yes	Yes	Yes	Yes
Province	Yes	Yes	Yes	Yes
_cons	47.720 *** (21.997)	24.604 *** (16.277)	7.028 *** (11.251)	2.423 *** (6.927)
N	25,881	25,881	25,881	25,881
Adj. R ²	0.100	0.202	0.165	0.058

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

6.3. Recruitment Employee Preferences

When formulating a succession plan, family businesses often consider their long-term strategic goals and management needs, which may lead to a particular emphasis on recruitment. Therefore, this article further analyzes the impact of succession plans on the types of employees recruited by enterprises. The regression results in Table 12 show that succession plans significantly impact recruiting enterprise managers, dispatched workers and flexible

employees, and special groups. At the same time, there is no significant correlation between marketing personnel and low-skilled and unskilled workers. The possible reasons for this result are as follows. (1) Enterprise managers: Since the core of a succession plan is to provide a coherent development path for future company leaders, recruiting personnel with management capabilities and potential is essential. These personnel need to have a deep understanding of the company's strategy and the ability to guide the company to success. (2) Dispatched workers and flexible employees: Dispatched workers and flexible employees may include workers recruited on a project basis, short-term contract workers, seasonal workers, labor dispatch, or remote workers. This flexibility is crucial for adjusting resource allocation, responding to business fluctuations, and reducing fixed costs. (3) Special groups: The recruitment of particular groups, such as disabled workers or demobilized veterans and self-employed military personnel, reflects the solid social responsibility of the company, which is also the social value that needs to be reflected in the formulation of succession plans. (4) Marketing personnel: Marketing personnel may usually value specific business achievements and short-term goals, while succession plans typically focus on long-term strategic development and the continuous development of company leadership. (5) Low-skilled and unskilled workers: Low-skilled, and unskilled workers usually perform entry-level or high-intensity repetitive labor, and their long-term strategic contribution to the company may be more negligible, so they may not be the focus of succession plans.

Table 12. Recruitment employee preferences.

Variables	Marketing Personnel	Enterprise Manager	Dispatched Workers and Flexible Employees	Low-Skilled and Unskilled Workers	Special Groups (Disabled Individuals or Demobilized Veterans, Self-Employed Military Personnel)
	(1)	(2)	(3)	(4)	(5)
Successor	0.010	0.149 ***	0.136 ***	0.007	0.160 ***
	(0.331)	(5.021)	(3.527)	(0.113)	(4.286)
Chairman	0.101 ***	0.208 ***	−0.047	0.112	0.218 ***
	(3.086)	(6.227)	(−1.076)	(1.532)	(5.095)
Education	0.048 ***	0.017	−0.018	−0.146 ***	0.023
	(3.140)	(1.107)	(−0.891)	(−4.405)	(1.177)
Status	0.011 *	0.005	0.004	0.004	−0.015 *
	(1.859)	(0.748)	(0.493)	(0.322)	(−1.917)
Founder	0.188 ***	0.006	0.023	−0.042	0.162 ***
	(6.145)	(0.197)	(0.564)	(−0.617)	(3.968)
Debt	0.026 *	0.009	−0.089 ***	0.055	0.041 **
	(1.689)	(0.572)	(−4.217)	(1.602)	(2.002)
Charges	0.047 ***	0.063 ***	−0.013	−0.038 *	0.064 ***
	(4.911)	(6.448)	(−0.992)	(−1.869)	(5.188)
Expense	−0.012	0.008	0.033 ***	0.056 ***	−0.021 *
	(−1.345)	(0.836)	(2.735)	(2.987)	(−1.751)
Law	−0.040 ***	−0.032 ***	0.040 ***	0.010	−0.027 *
	(−3.700)	(−2.903)	(2.900)	(0.450)	(−1.833)
Party	0.155 ***	0.285 ***	−0.139 ***	0.135 **	0.619 ***
	(5.326)	(9.518)	(−3.487)	(2.102)	(16.456)

Table 12. Cont.

Variables	Marketing Personnel	Enterprise Manager	Dispatched Workers and Flexible Employees	Low-Skilled and Unskilled Workers	Special Groups (Disabled Individuals or Demobilized Veterans, Self-Employed Military Personnel)
	(1)	(2)	(3)	(4)	(5)
Profit	0.085 *** (2.685)	0.206 *** (6.403)	−0.004 (−0.101)	0.154 ** (2.301)	0.135 *** (3.311)
Industry	Yes	Yes	Yes	Yes	Yes
Province	Yes	Yes	Yes	Yes	Yes
_cons	−1.239 *** (−8.551)	−1.170 *** (−7.981)	−1.133 *** (−6.214)	−3.407 *** (−9.736)	−2.363 *** (−12.367)
N	24,643	24,643	24,643	24,571	24,643
Pseudo R ²	0.048	0.025	0.018	0.025	0.035

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

7. Conclusions

For most family businesses, selecting the wrong successor in China's governance environment and business atmosphere can often mean the rapid end of a company's lifecycle. Implementing succession plans has become an important strategic choice for family businesses. This study utilizes data from the 14th Private Enterprise Survey and empirically analyzes the effects of succession plans on employment stability from the perspective of individual entrepreneurs. The research findings show that succession plans significantly increase companies' employment scale. The path mechanism reveals that succession plans achieve employment stability through an "entrepreneurial sense of responsibility" and "entrepreneurial perception of prospects". Further analysis reveals that as significant risk expectations increase for private entrepreneurs, the scale of labor force employment reduces. However, succession plans can effectively counteract this negative impact. In addition, different methods of cultivating successors have other effects. Specifically, working in various positions within the company has a more substantial promotional effect on labor force employment, followed by participating in management training or workshops. Accumulating experience through working in other companies may have a negative impact. Finally, this paper delves into the effects of succession plans from three aspects: flexible employment forms, income levels, and employee recruitment preferences. Overall, the findings of this study validate Hypothesis 1 and Hypothesis 2, which suggest that succession plans expand the scale of a company's labor force employment by enhancing the entrepreneur's sense of responsibility and perception of future prospects.

Based on the research conclusions presented in this paper, the proposed recommendations are as follows:

- (1) Family businesses should clarify the goals and requirements of the succession plans, including the necessary skills, experience, and expected development paths for the successors. Ensuring these plans are transparent and openly communicated is essential to enhance employee security perception. A clear and transparent succession plan can help enterprises invest more wisely in successor development. The company can inform internal employees of the goals of the succession plan, the details of its implementation, and the timeline, thereby boosting their confidence and loyalty to the company. Additionally, involving all employees in formulating an inclusive and innovative succession plan can stimulate employee enthusiasm and a sense of commitment to the company.

- (2) Pay attention to different employment forms. Consider emerging employment forms, such as flexible, part-time, and remote work, and incorporate them into succession plans to accommodate other employees' needs and work patterns. With the diversification of work styles and the development of technology, flexible employment, part-time work, and remote work have become choices for many companies. For succession plans, companies can consider ways to adapt to different employees' needs and work patterns, such as flexible employment arrangements, including providing successors with flexible working hours and remote work opportunities or allowing them to choose non-full-time work to better balance family and work demands. In addition, with the development of technology, the emergence of virtual teams also provides more choices for companies. In succession plans, companies can consider creating cross-regional or cross-time zone teams, fully utilizing employees' abilities through remote collaboration and online collaboration tools and breaking geographical restrictions. This can give successors more growth opportunities and challenges and give companies more options when facing talent shortages.
- (3) Multi-position rotation training. Multi-position rotation training is essential for the development of successors, as it can provide them with comprehensive and in-depth work experience, enabling them to better understand and utilize the relationships and collaborations between various departments and functions within the organization when leading and managing the company in the future. Through multi-position rotation training, potential successors can gain a deep understanding of the company's operations, improve communication and collaboration skills between cross-functional departments, enhance problem-solving and decision-making abilities, and lay a solid foundation for future leadership roles in the company. Additionally, multi-position rotation is also beneficial for the career development of potential successors. By understanding the industry and company operations from different perspectives and positions and learning to think from multiple angles, successors can better adapt to complex and diverse business environments, improve future leadership capabilities, and create more value for the company's long-term development.
- (4) Achieving stable employment is a long-term and comprehensive process that requires joint efforts from the government and companies to strengthen various aspects of work to promote jobs and economic development. First, it is necessary to enhance macroeconomic regulation policies and promote the development of family businesses. The government needs to pay attention to the effectiveness of support policies, reduce financing costs for family businesses, and assist them in expanding into new markets and businesses. Secondly, create a favorable business environment. A good business environment can encourage innovation and development, increase employment, and improve labor market supply and demand. The government can reduce companies' taxes and administrative burdens, shorten approval processes, and enable companies to respond flexibly to market demands. Lastly, companies should be encouraged to engage in corporate social responsibility activities. Family businesses can enhance their corporate image, gain public trust and recognition, and, in turn, obtain more market opportunities and room for development through various forms of public welfare activities. This will also gain support and choice from employees.

However, this paper still has certain limitations. First, the Chinese Private Enterprise Survey is cross-sectional data, making it difficult to effectively identify causal relationships in the empirical study. Nevertheless, the paper considers various methods in the endogeneity test, attempting to reduce the impact of estimation bias. Second, due to sample limitations, this paper does not explore the situation after the successor formally takes over the business. Future research could expand the time span and scope of the sample,

conducting long-term follow-up studies on various indicators after the successor takes over the business, in order to obtain more comprehensive data. Such research would not only help in understanding the long-term impact of successors on business operations and employment but also provide a more scientific basis for family business succession strategies. Finally, this paper analyzes the impact pathway of family business succession plans on employee employment. However, in the context of the digital economy, significant changes have occurred in business operating models, market environments, and policy orientations. These changes not only affect the decision-making processes of businesses but may also alter the impact mechanisms of succession plans on employment. For example, the application of digital technologies may change a company's organizational structure and hiring practices, while government policy interventions could have a significant impact on the implementation of succession plans. Therefore, future research should consider these factors comprehensively to better understand the role of family business succession plans in the digital economy and their impact on employment.

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