

Editorial

This issue originated with the *Management and Organization Review* Research Frontiers Conference on ‘SMEs and Family Business in the Context of China’ (November 6–7, 2019) that was organized and held at Zhejiang University, School of Management. The conference was held under the auspices of the honorable Professor WU Xiaobo, Dean of Social Sciences, Zhejiang University, and immediate past Dean of the School of Management. Of the sixteen papers that were presented and discussed at the conference, five papers are presented in this collection in addition to the perspective paper ‘Deconstructing Socioemotional Wealth: Social Wealth and Emotional Wealth as Core Properties of Family Firms’, authored by Wenting Chen, Abby Jingzi Zhou, Steven Shijin Zhou, Peter S. Hofman, and Xueru Yang.

Family businesses’ share of private sector firms around the world is remarkably significant (see my Letter from the Editor MOR17.5). The Made in China 2025 initiative that was unveiled by Premier Li Keqiang in May 2015 was intended to upgrade and transform Chinese manufacturing industries to world-class levels (tier-1 in global manufacturing). However, because China’s huge manufacturing sector is dominated by incredibly competitive small and medium enterprises, it is characterized by low technological absorptive capacity which is critical for investing in and adopting technological upgrading. Investments in, and adoption of, the necessary technological capabilities crucial for achieving the status of tier-1 manufacturer in global rankings is no small matter. According to Miao Wei (苗圩), China’s Vice-Chairman of the CPPCC National Economic Committee and former Minister of Industry and Information Technology, it would take an additional 30 years for China to achieve tier-1 status (China Briefing, 2021). To me this highlights the need for strategy, innovation, and management research on SMEs and family businesses in China that can unlock the potential of China’s manufacturing sector to achieve the status of tier-1 in global manufacturing. According to Miao Wei the challenge involves overcoming key weaknesses relating to ineffectual innovation in manufacturing, investments to replace equipment that does not match world standards, and acquiring and absorbing common essential technologies necessary for far-reaching improvements in the manufacturing value chain.

One line of research, which has gained adherents in China, is to identify so-called ‘Hidden Champions’ (see Lei, Fu, Wu, & Du, 2022) as potential spires

of excellence for aggregating an industry manufacturing sector as one step in the journey of achieving tier-1 status in global manufacturing. A further research theme relates to VC community interest in discovering and investing in Hidden Champion SMEs or family businesses, which could grow from a ‘seed’ to a giant world-class manufacturing company.

The above research topics are very rich. The perspective paper by Chen et al. (2022) highlights the construct of Socioemotional Wealth (SEW) and the extent to which it moderates/mediates various research topics on family business that are still basically black holes in the literature. For example, the paper by Ron Burt and Katarzyna Burzynska (2017) makes interesting connections (perhaps speculative) between broker networks and family business success in China and highlights the interaction between trust correlates of closed networks and ‘opening the cocoon’ to bring in non-family members (e.g., VCs). In a way, SEW is the ‘elephant in the room’ and it is especially unique in the context of China and any society where ‘trust’ is such a central variable under conditions when the institutional configuration is characterized by a weak enforcement space (Svejenova, Koza, & Lewin, 2006) such as no recourse to legal adjudication. Absence of *guanxi* or deep relationships with core SME or family business leaders very likely deters VCs from considering investments in the enterprise or for key family members to ‘open the cocoon’. The above are just a sample of potentially unexplored research topics on family business and SMEs.

I wish to conclude by expressing my deep appreciation and thanks to the editorial leadership of Deputy Editor, Xiaowei Rose Luo, who has built up and nurtured family business research for *Management and Organization Review* and who, with Senior Editors Dali Ma and Peter Ping Li, mentored and developed the papers featured in this special issue.



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