

CITY UNIVERSITY OF HONG KONG  
香港城市大學

Sustainability of Corporate Human Capital Competitiveness  
in a Hong Kong Family Business:  
A Two-platform, Three-component Model  
香港家族企業人力資本競爭力可持續性：  
雙平臺·三組件模型

Submitted to  
the College of Business  
商學院  
in Partial Fulfilment of the Requirements  
for the Degree of Doctor of Business Administration  
工商管理博士學位

by

FONG Chi Wai, Alex  
方志偉

August 2017  
二零一七年八月

## ABSTRACT

**Purpose:** According to Price Waterhouse Cooper's 2016 survey of family businesses, the two key challenges facing these establishments within the next five years are first, the need to continually innovate to keep ahead, and second, the ability to attract and retain the right talent (PricewaterhouseCoopers, 2016). This research postulates that a greater understanding of the dynamics within a three-component (i.e., perception of the self-others interaction, happiness at work, and sustainability of corporate human capital competitiveness) two-platform (i.e., company and task environments) framework, can uncover new findings and observations that will be conducive to generating sustainability for both employees and employers. This research seeks to answer the questions of whether the relationships between others (measured by perceived organizational support (POS), leader-member exchange (LMX), team-member exchange (TMX) on the one hand, and sustainability of corporate human capital competitiveness (measured by creativity and commitment) on the other hand, is mediated by happiness at work (measured by positive affect and work engagement). It also investigates the moderating influence of self (measured by narcissism) on these relationships.

**Design and methodological approach:** A quantitative longitudinal design using structured, quantitative surveys completed by employees and their supervisors was adopted. A multi-level structural equation modelling (MSEM) methodology was used to analyse the data.

**Results:** Support was found for most of the study hypotheses. The relationship between others (TMX, POS) and sustainability of corporate human capital competitiveness (creativity, affective commitment) is positively mediated by positive affect. Work engagement fully mediates the relationship between positive affect and creativity. On a weekly-basis, employee narcissism accentuates the relationship between TMX and positive affect but attenuates the relationship between POS and positive affect.

***Theoretical Contributions:*** Affective events contribute to commitment and creativity through very different channels - passive affective reactions (i.e., positive affect) are positively related to commitment and work engagement; however, creativity is related only to active affective reactions (i.e., work engagement). POS and TMX appear to be more dynamic than conceptualized previously by researchers. Narcissistic individuals can react very differently to affective events at work. How to manage millennial employees in light of the findings on narcissism deserves attention from both researchers and managers.

***Managerial Implications:*** Family businesses interested in generating high commitment and creativity in employees should examine interventions to strengthen employee positive affect about the company environment, as well as their work engagement in their task environment. Strengthening positive affect about the company environment can be achieved by improving employee perceptions of the self-others interaction (POS, TMX). Narcissistic employees would respond more to influence from team members (TMX).

***Conclusion:*** The findings of this research suggest that to increase the sustainability of both employees and employers in a family business organizational setting, one solution may be to reframe the happy-productive worker thesis as a two-platform, three-component framework incorporating the interactive effects of happiness at work as pivots between the perception of self-others interaction in the company and task environments and sustainability of corporate human capital competitiveness.

***Keywords:*** affective commitment, creativity, positive affect, work engagement, perceived organizational support, leader-member exchange, team-member exchange, narcissism.