Chapter 3
Organizational and Socio-Relational Factors Undermining Knowledge Sharing in Family SMEs:
An Empirical Investigation in the Italian Context

Filippo Ferrari
https://orcid.org/0000-0002-7509-2320
University of Bologna, Italy

ABSTRACT

This chapter investigates if and how the knowledge sharing process between the generations involved in business succession is actually accomplished. Furthermore, this chapter addresses if the next-generation family members are (adequately) trained to develop the proper knowledge and skills for their future role as entrepreneurs. Findings suggest that, even in SMEs, the entrepreneurs and their children often perform different jobs, developing different skills, and undermining the knowledge sharing process. Moreover, the training/learning (both formal and informal) process of the next generation does not appear to help in the development of entrepreneurial skills. Finally, it is suggested that the knowledge sharing process faces major criticism when a daughter of the business family is involved.

INTRODUCTION

Family firms are likely the most widespread type of business around the world (Miller, Le Breton-Miller, & Scholnick, 2008), receiving increasing attention from scholars. A very notable feature is that family firms also have non-economic goals: this is a well-established fact in family business literature (e.g., Astrachan & Jaskiewicz, 2008; Berrone et al., 2012; Chua, Chrisman, & Sharma, 1999; Zellweger &

DOI: 10.4018/978-1-7998-2269-1.ch003

Astrachan, 2008). By definition (Chua et al., 1999), one of the most important non-economic goals is business sustainability across generations. During business succession, the senior slowly hand over the management of the business to the successor, who gradually becomes an entrepreneur (Chirico, 2008). Transferring, sharing and creating knowledge between people who are involved in succession plays a fundamental role in this delicate and uncertain process (Cabrera-Suárez, Saá-Pérez, & García-Almeida, 2001; Cope, 2005; Koiranen & Chirico, 2006; Le Breton-Miller, Miller, & Steier, 2004), but this knowledge transfer does not occur automatically (Del Giudice, 2011; Konopaski, Jack, & Hamilton, 2015). Organizational Learning Theories applied to the family business (Moores, 2009) asserts that knowledge is a fundamental asset in ensuring a firm´s development and survival (Durst & Runar Edvardsson, 2012; Grant, 1996; Wang & Noe, 2010). In order to fully achieve a business succession process, it is, therefore, necessary for knowledge to be correctly shared among the generations involved in the organizational processes. Although business transmission has been investigated in almost all its aspects, to date, the process through which knowledge is shared and transferred among generations has not been comprehensively examined (Boyd, Royer, Pei, & Zhang, 2015; Chirico, 2008). As highlighted by Konopaski et al. (2015), there is a paucity of conceptual and empirical work targeted at understanding learning in family firms. Hence, due to its strategic relevance for business continuity, and current literature gap, this paper aims to explore the knowledge sharing process in small family firms.

Literature suggests that family firms show several advantages in organizational learning processes. For instance, Cognitive Social Capital Theory highlights the central importance of networks of strong, cross-generational personal relationships developed over time that provide the basis for trust (Nahapiet & Ghoshal, 1998). Hoelscher (2002) described family capital as a special instance of social capital, more intense, enduring, and immediately available. Furthermore, sharing knowledge internally sets the basis for innovating and improving efficiency, thus realizing the potential, the specific value of that knowledge (Davenport & Prusak, 1998). Regarding the knowledge sharing process, small family firms seem to be in a favorable position, due to their size and strong everyday relationships among family members (Bjuggren & Sund, 2001; Kogut & Zander, 1992). Therefore knowledge transfer is favored in family firms (Sirmon & Hitt, 2003). However, some tacit knowledge is difficult to transfer (Cabrera-Suárez et al., 2001; Nonaka & Takeuchi, 1995) and takes a long time. Firm-specific knowledge can be the result of this tacit knowledge (Williamson, 1989) and, as suggested by Boyd et al. (2015), is at the same time a reason to prefer intra-family succession. This is due to the increased chances of getting better and more firm-specific learning processes as early as the young age of the next generation (Bjuggren & Sund, 2001; Royer et al., 2008).

Despite this favorable situation of family firms, statistics show (Cabrera-Suarez et al., 2001; Koiranen & Chirico, 2006; Le Breton-Miller et al., 2004) that organizational failure can be explained by the limited knowledge and skill levels of people involved in organizational processes. Often, family firm failures could be due also to the involved generations' lack of capacity and willingness to create, share, transfer and acquire the appropriate knowledge from generation to generation (Hatak & Roessl, 2015; Kellermanns & Eddleston, 2004; Szulanski, 1996). Given the relevance of knowledge sharing for business survival, it cannot be left to chance but must be properly planned and managed. Literature also suggests that knowledge sharing is largely in the control of the incumbent leader of the family firm (Rubenson & Gupta, 1996). In SMEs, in particular, seniors, often tacitly (Cardon & Stevens, 2004), share their knowledge and expertise with other people (e.g., juniors) day-by-day. However, the knowledge sharing process – as a collective process aimed at increasing the available knowledge - is not in the control of the incumbent leader exclusively, but also involves the next generation. Literature (Lave & Wenger,

Related Content