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Knowledge sharing in small family firms: A leadership perspective

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ABSTRACT

Knowledge sharing is considered critical in the development of a knowledge resource to contribute to the strategic development of the firm. However, how this key organisational activity takes place in small family firms is unknown, as much of the surrounding literature focuses on large, nonfamily-oriented firms. This mixed-methods article investigates the nature of knowledge sharing in small family firms, and explores the role of the influence of family in knowledge resource development. Quantitative findings ($n = 110$) acknowledge heterogeneity of leadership style in small family firms and identify two distinct ways in which knowledge sharing activities are approached; while qualitative data ($n = 26$) examine implications for individual knowledge sharing and the role that family plays. This article contributes to both the family business and knowledge sharing literature and outlines implications for the way in which small family firms view the development of their knowledge resource.

1. Introduction

Knowledge sharing has received a lot of attention within the extant knowledge management literature due to strong links with performance (Geiger & Schreyögg, 2012; Huang, Chiu, & Lu, 2013). However, its application to small family firms remains underrepresented, as most studies focus on larger non-family organizations (Wong & Aspinwall, 2004). A review of the studies that consider knowledge sharing within large family firms highlights at least two divergent trends: one which looks positively on the altruistic nature of familial influence (Karra, Tracey, & Phillips, 2006; Zahra, Neubaum, & Larraneta, 2007) and another which implies more problematic behavioural issues impeding knowledge sharing in family firms (Le Breton-Miller & Miller, 2006; Poza, Hanlon, & Kishida, 2004). This divergence of thought highlights not only a range of perspectives which can be taken on socio-cultural knowledge practices, but also echoes other works which have found considerable variation in the way family firms approach the management of their resources (Le Breton-Miller, Miller, & Bares, 2015).

It can be argued that in small family firms knowledge initiatives represent a particularly key resource (Dotsika & Patrick, 2013). However, when focusing on smaller organisations, the capacity for knowledge sharing is often found to be characterised by managerial awareness and the intentions of the individual or small group of individuals in leadership positions of the organisation (Durst & Edvardsson, 2012). This is said to create an adhocracy in the way many small firms manage their knowledge resources, over which the presence of family can have great cultural influence (Duh, Belak, & Milfelner, 2010). The main research questions driving this work are thus two-fold: firstly, to investigate the impact of leadership styles on knowledge sharing behaviours in small family firms; and second, to gain a better understanding of the role family influence plays in fostering knowledge sharing behaviours.

This exploratory article follows calls for a more holistic view of the family firm by looking at the interaction of leadership approach and family influence, and exploring how this impacts on the knowledge sharing behaviour of both family and non-family members (Sharma, De Massis, & Gagne, 2014). Path-goal leadership theory (House, 1996; House & Mitchell, 1974) is adopted as a theoretical framework to examine the various leadership approaches found in small family firms, while the interaction of these approaches with the influence of family is investigated in terms of its impact on knowledge sharing activity.

Mixed methods are used in a staged-approach designed to engage with the multidimensional aspects of small family firms. Sequentially, quantitative survey data ($n = 110$) from small family firms are employed to establish intended leadership approaches within the firm; while qualitative interview data ($n = 26$) from all organisational levels and family statuses expose various

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perceptions and inform an understanding of the individualised impact on knowledge sharing. The findings of this article not only further academic discussion on the development of a critical knowledge resource, but also greater define the complexities of behaviour within these contextually-sensitive and emotionally-laden firms.

This article now considers the literature surrounding knowledge sharing in small family firms with a view to developing a set of research propositions from which the aims of the study can be addressed.

2. Background

2.1. Knowledge sharing in small family firms

It is argued that knowledge initiatives form the single key resource for small firms (DeSouza & Awazu, 2006). However, while larger organisations now have a long established tradition in implementing the knowledge control and measurement systems put forward by Nonaka and Takeuchi (1995) and Davenport, de Long, and Beers (1998), amongst others, Nunes, Annansingh, Eaglestone, and Wakefield (2006) find less attention focused on knowledge sharing in smaller firms. It is suggested that this may be an issue of organisational size, as smaller firms are more informally structured and operate with more socially-based relationships than their larger counterparts (Dotsika & Patrick, 2013). Restrictions on resources across the board also mean that small firms tend to deal with knowledge and knowledge sharing on an ad hoc basis, if at all; particularly in relation to more tacit forms of knowledge, such as know-how and experiential wisdom (Durst & Edvardsson, 2012).

However, under the resource-based view, small firms have much to gain by extending their capabilities through the recombining and development of their current knowledge base (Carnes & Ireland, 2013). In particular, small family firms are found to have rich knowledge sources held by individuals within the organisation, which when combined can enrich the knowledge base and ultimate competitive advantage of the firm (Sirmon & Hitt, 2003). In order to activate this knowledge, the sharing of resources through interaction is critical in reinforcing or transforming existing organisational knowledge (Sanchez-Famoso & Maseda, 2014); however, for this to take place, individuals must share their knowledge with each other (Carrasco-Hernández & Jiménez-Jiménez, 2013; Patel & Fiet, 2011). In this sense, family firms have the benefit of an enhanced relational flow between organisational members (Sanchez-Famoso & Maseda, 2014); which is particularly relevant for tacit-to-tacit knowledge transfer. In this respect, Lin (2013) found that family firms demonstrate low preference for incentivised knowledge sharing systems; preferring instead to rely on sharing networks where the intention to share is based on a reciprocal and multi-directional flow for the benefit of the entire organisation. This follows Pieper and Klein's (2007) systems approach to family firms, which sees each individual in the organisation able to influence the business system; also satisfying Siebels and zu Knyphausen-Aufseß' (2012) judgement that the many relational complexities of the family firm require an open approach to the study of the individual within the business unit. In accordance with this view, knowledge sharing is considered by this article to be the process of transferring the wisdom, skills, and technologies of individuals to generate a greater knowledge resource (Tsai, 2002). Knowledge sharing in this sense should not seek to build a static resource stock, but should enable knowledge mobilisation in reciprocal and meaningful exchanges.

Anecdotally, family firms could be considered to have a unique advantage over their non-family counterparts in the application of fluid socio-cultural knowledge practices (Seaman, Graham, & Falconer, 2010; Zahra et al., 2007). The existence of altruism, particularly in the early stages of enterprise development (Chua, Chrisman, & Bergiel, 2009), implies that both knowledge and objectives should be effectively aligned between owners and other members of the firm (Zahra & Filatotchev, 2004). Therefore an element of internal trust, over agency, eases the intra-firm transfer of knowledge, particularly between family members (Karra et al., 2006; Trevinyo-Rodriguez & Tapies, 2006).

The key role of trust is considered critical in the dyadic transfer of knowledge (Edmondson, 2002; Gubbins & MacCurtain, 2008). Here, family influence is found to have the ability to transcend the transactional ties found in nonfamily organisational structures (Cliff & Jennings, 2005; Klein, Astrachan, & Smyrnios, 2005; Sonfield & Lussier, 2009; Zahra & Filatotchev, 2004). Furthering this, Pearson, Carr, and Shaw (2008) also consider the abundant history of interaction and interdependence existing in family ties to theoretically enable the creation of enhanced social capital. Arregle, Hitt, Sirmon, and Very (2007, p. 77) suggest that the strength of familial social capital directly impacts organisational social capital through membership stability, interaction & interdependence, creating "*one of the most enduring and powerful forms of social capital*". Once developed, Danes, Stafford, Haynes, and Amarapurka (2009) see a strong social capital which can be relied upon to uphold the norms and reciprocal nature of structures in family firms, thus directly enhancing the notion of knowledge sharing.

However, in contrast to this notion, a concurrent train of thought in the family firm literature suggests a problematic centralization of knowledge heightened by the presence of family influence (Le Breton-Miller & Miller, 2006). Keenly, Poza et al.'s (2004) depiction of 'separate realities' between top-level management and 'everyone else in the firm' reflects the issue of an underinformed centre, which in turn echoes views on the problem of pluralism in organizational culture (Clegg, Courpasson, & Phillips, 2006). Dupuy (2004) places blame for a shielded centralisation on a lack of knowledge communication affecting withdrawal from 'reality' and subsequently bringing about strategic conservatism, mirroring many of the more critical ideas resonant in family business research (Habbershon, 2006; Pukall & Calabró, 2014).

For their part, Chirico and Salvato (2008) also suggest that a dominant family presence causes many conflicts to emerge which hamper vital knowledge integration, with fractured interpersonal relationships being the most prominent cause for concern (Kellermanns & Eddleston, 2004). The unique intersection of the family and business systems makes family firms sensitive to relational discord, rivalries, and conflict avoidance as opposed to resolution (Sorenson, 1999). Consequently, decisions on knowledge-based resources can be skewed, which at its worst can risk a lessening of knowledge sharing as value judgements become based on the potential for conflict rather than appropriateness (Picard, 2004). This implies that family systems may become so strong that they "*negate or minimize the influence of*"*non-familiness*"" (Sonfield & Lussier, 2009, p. 205), with the needs of familial harmony taking priority, thus placing artificial merit on family-held knowledge over non-family. Moreover, noted problems of controlling autonomy and nepotism has led to the emergence of theories on a family-induced 'group think' (Ensley & Pearson, 2005). In order to circumvent these issues, Zahra et al. (2007) suggest that many family firms seek to formalise their knowledge sharing processes; which in turn may cause the sharing of tacit knowledge to be less fluid than it could be.

2.2. Heterogeneity in family firms

Family influence can have multiple effects on the capacity for knowledge sharing activities in the firm. For this reason, Sorenson