Insights from Canadian case studies on succession and knowledge transfer in family firms

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ABSTRACT

This study investigated firstly whether the family business succession process differs from non-family business succession, secondly the nature of knowledge transfer and specifically about the nature of tacit and explicit knowledge transfer between the founder and successors and thirdly the impact of the degree and nature of trust between the founder and successor is considered along with the issue of whether the level of perceived trust differs depending on the length of the relationship between the firm founder and successor. Finally the impact of the successor's gender on the tacit knowledge transfer process is noted. The contribution of this research to the founders of family business, their successors and their advisors are highlighted, the study's limitations and directions for future research are noted.

Keywords

Family business succession, tacit and explicit knowledge transfer, perceived trust

INTRODUCTION

The study investigated how the experiences of the family-member successor and the non-family-member successor differ in the tacit knowledge transfer process in family business succession. The practical management problems were that founders of small businesses often did not effectively plan for their succession, and were not clear on how to transfer their tacit knowledge about their firm to their successors who may be family or non-family members.

Although this knowledge can take both explicit and tacit forms, the nature of knowledge as part of the familiness of a firm is primarily tacit. This tacit knowledge is often held by the owner and other key individuals and has significance for the development and maintenance of a firm's competitive advantage and is more important to the family firms than to nonfamily firms (Cabrera-Suarez, De Saa-Perez and Garcia-Almeida, 2001; Dyer, 2003; Osterloh, Frost and Frey, 2002). Tacit knowledge embedded in the founder is a strategic asset and is more effectively transferred than that in a nonfamily firm (Cabrera-Suarez, De Saa-Perez and Garcia-Almeida, 2001). The study's findings were analysed and are discussed in the context of family business succession and the above knowledge transfer theory to investigate the issue of tacit knowledge transfer in family business succession.

The research context is Canadian small business as small businesses with less than 100 employees is the most common firm structure in the Canadian economy accounting for the single largest share of economic activity, 48% of private sector employment, 26% of GDP and also represents 98% of all businesses and 24% of GDP in the Province of Alberta, Canada (Canada, 2011). As the founders of these small and medium businesses start to reach normal retirement age, they begin the transfer of the business to a family or non-family members. Since family firms are often transferred from one generation to the next, it follows that research should consider the process as generational (Lambrecht, 2005). This has led to the view that succession is a series of stages or phases.

The presentation in the Literature Review section refers to the propositions relevant to a particular theme regarding succession, tacit knowledge, trust and gender, whereas the presentation in the Discussion session notes the results per theme and thereafter discusses the practical implication in terms of the application by founders, their successors and advisors or consultants to family business of those results.

LITERATUE REVIEW

Differences between Family-Non-family member succession

In the first section arguments are presented why family business succession process differs from non-family business succession.

The researchers proposed that the factor of whether the successor is a family or non-family member impacts the role of the founder in generational family business succession. This proposition is founded on the theory that family business succession is a process (Pieper and Klein, 2007) that is either defined by role changes (Handler, 1990) or from a life-cycle perspective (Churchill and Hatten, 1987; Handler, 1994). This is further supported by the resource-based view of the family firm (Cabrera-Suarez, De Saa-Perez and Garcia-Almeida, 2001; Habbershon and Williams, 1999). The resource-based view of the family firm sees the family as a resource contributing to the success of the firm as the family involvement in the firm is a unique collection of resources not available to the non-family firm (Cabrera-Suarez, De Saa-Perez and Garcia-Almeida, 2001; Chrisman, Chua and Steier, 2003). By pointing to the focus or intent of the family firm being beyond solely wealth creation that is the typical dominant focus or intent of the non-family firm this theory implies that the experiences of family and non-family successors could differ, supporting the assumption in this proposition (Pearson and Carr, 2011). The knowledge based-view of the firm discussed suggests that early or indirect involvement by the family member successor serves to develop deep levels of firm-specific tacit knowledge (Chirico and Salvato, 2008).

The family connection is a key factor in determining the nature of the relationship between the founder and successor. Consistent with Handler's (1990) view of family business succession as a process and Churchill and Hatton's (1987) life-cycle perspectives, the role of the founder changes through the succession process. The study aims to expand the current conceptual frameworks by indicating that the family relationships and history played a role in determining degree of the founders' continued involvement in firms with family member successors. The study also seeks to investigate Nonaka's (1991) observation that Japanese firms capitalizing on tacit knowledge. His work developing the SECI model of knowledge transfer in firms likely has some application in this context of continued founder involvement

Another proposition was that the family business succession process begins at an earlier stage when the successor is a family member than when the successor is a non-family member. Researchers have consistently described the family business succession process as one that takes place over a number of years, even if there is a 'formal' or defined point at which the successor assumes control of the firm (Fiegener, Brown, Prince and File, 1994; Sharma, 2004) as well as the issue of transfer between stages (Gersick, Lansberg, Desjardins and Dunn, 1999).

Tacit Knowledge Transfer in Family Businesses

In the second section, propositions about the nature of knowledge transfer and specifically about the nature of tacit and explicit knowledge transfer between the founder and successors are noted.

The first proposition in this section was that in family business succession, there are differences in the process of tacit knowledge transfer to successors depending on whether the successor is or is not a family member. The knowledge transfer process begins earlier when the firm is being transferred to a family successor than when it is being transferred to a non-family member. Tacit knowledge is a key resource for the family firm, it is often held by the owner and other key individuals, it has significance for the development and maintenance of a firm's competitive advantage and is more important to the family firm than to non-family firms (Cabrera-Suarez, De Saa-Perez and Garcia-Almeida, 2001; Dyer, 2003; Morris, Allen, Kuratko and Brannon, 2010; Osterloh and Frey, 2000; Osterloh, Frost and Frey, 2002; Rusu, Isac, Cureteanu and Csorba, 2012). Further, tacit knowledge embedded in the founder is a strategic asset and is more effectively transferred than in a non-family firm (Cabrera-Suarez, De Saa-Perez and Garcia-Almeida, 2001). The question raised by this study is centred on how this transfer process differs depending on whether the successor is a family or non-family member and implicitly is the early knowledge transfer process.

The second proposition in this section about knowledge transfer from founder to successor was that the process of knowledge transfer from founder to successor is characterised by more tacit-tacit transfer and less tacit-explicit transfer when the successor is a family member than when the successor is a non-family member. The proposition was that the tacit knowledge transfer process follows the two-staged pattern proposed by Garcia-Alverez et. al. (2002) when the business is transferred to a family member compared to when the business is transferred to a non-family member. Garcia Alvarez et. al. (2002) suggested that there are two stages in family business socialisation. In this model, they suggest that socialisation stages are in essence contextual. Family socialisation occurs before the family member is involved in the business and relates more to family values relationships and culture than to business or business practice. The second stage, according to Garcia Alvarez et. al. (2002), is business socialisation and begins when the family member joins the business. At this point the family member becomes socialized in the culture, practices, and values embedded in the family business. In their model, the authors suggest that knowledge transfer between the founder and successor happens at both the family and business socialisation stages.

The third proposition in this second section was that when the successor in family business succession is a non-family member, the transition adheres to the spiral model proposed by Nonaka and Takeuchi (1995) of socialisation, externalization, internalization, and combination, the spiral of knowledge development in organisations (SECI - Henry, Erwee & Kong 2013a). According to Nonaka and Takeuchi (1995), a first exchange of knowledge is that which is exchanged in nonverbal communication and is characterised by tacit to tacit knowledge. This is followed, in the organisational context, via conversion of that tacit knowledge into explicit knowledge -- that which is spoken or articulated. Nonaka and Takeuchi's (1995) internalization stage says knowledge must be embodied in practice or action. In an organisational context, this dimension often relies on training programs or other concrete manifestations of embodying the explicit knowledge into the practices of the organisation. The combination stage, according to Nonaka and Takeuchi (1995), involves the conversion of this explicit knowledge into more complex sets of explicit knowledge that is diffused through the organisation. In the context of family business succession, it is reasonable to draw a parallel in the family business when the successor externalizes the explicit knowledge [that was first evident as tacit knowledge] and then articulates that knowledge in explicit, conscious manner and finally adapts that knowledge into explicit business practice, paralleling Nonaka and Takeuchi's combination stage.

Trust Between Founder and Successor

In the third section, the impact of the degree and nature of trust between the founder and successor is considered along with the issue of whether the level of perceived trust differs depending on the length of the relationship between the firm founder and successor.

The first proposition in the third section was that the degree of trust between the founder and the successor impacts the tacit knowledge transfer process in family business succession. This family embedded trust is distinct from trust that is developed in the firm in that its genesis is in the family (Arregle, Hitt, Sirmon and Very, 2007) and its development differs from that in nonfamily firms (Sundaramurthy, 2008). The level of perceived trust and degree of closeness of the relationship between the sender and receiver of tacit knowledge differs depending on the length of the relationship between the two individuals. Trust between founder and successors is a competitive advantage in family business (Davis and Harverston, 1998) and is an important resource as part of the social capital (Bjomberg and Nicholson, 2012; Hoffman, Hoelscher and Sorenson, 2006; Pearson, Carr and Shaw, 2008; Salvato and Melin, 2008) and the need to create or nurture the trust between the founder and successor has been cited as a factor in successful business succession (Anderson, Jack and Dodd, 2005; Cabrera-Suarez et al., 2001). The lack of trust between the founder and successor has been widely cited as a factor in impeding succession (De Massis, Chua and Chrisman, 2008). The role of trust in family business succession is related to the degree to which the successor gained an understanding about the culture and intricacies of the family firm (Brockhaus, 2004). Brockhaus (2004) notes the role of trust being related to the degree to which the successor gained an understanding of the culture of the firm, but it could be assumed that this trust described by Brockhaus (2004) might serve as a pre-cursor, foundation or even pre-requisite to effective business specific knowledge transfer. It raises the question of whether successful business knowledge transfer is dependent on a degree of trust and secondarily whether knowledge transfer characterised by the family culture and intricacies builds a shared understanding and base of values that is the foundation of the degree of trust necessary for optimum business related knowledge transfer. In their case studies involving ten firms, Cater and Justis (2009) found that the transfer of knowledge from the founder to successor transpired in a close relationship between the founder and successor and was based on trust. The necessary presence of trust in permitting the founder to relinquish control of the firm (as indicated by (Cadieux, Lorraine and Hugron, 2002; Handler 1994)) lends support to this role of family knowledge transfer (norms, values) as a *pre-cursor* to business knowledge transfer.

The second proposition in the third section was that the degree and nature of trust between the founder and successor of family business affect the tacit knowledge transfer process. Exploring the assumptions about the role of trust in knowledge transfer further this research suggests that it appears that there may be a minimum degree of trust that is a necessary condition for effective tacit knowledge transfer.

Gender Differences in Tacit Knowledge Transfer

In the fourth section, the impact of the successor's gender on the tacit knowledge transfer process is noted.

The only proposition in this section was that the successor's gender impacts the tacit knowledge transfer process in family business succession and the experiences of male and female successors in acquiring business knowledge in the family business succession process differs. Dumas (1990) says it is usually assumed that sons will succeed in the business leadership position and daughters typically only are identified as successors when there are situation generated by a crisis in the family or business. Dumas (1989) noted that daughters, more than sons, reported confusion between their roles as daughters and their roles in the family business. Martin (2001) found that daughters had less access to (among other things) networking opportunities than sons. In their literature review, Martinez Jimenez (2009) identified five topics that emerge from their review: women's invisibility, emotional leadership, succession and primogeniture, professional career in the family firm, and running the family. Female successors studied by Vera and Dean (2005) had to work harder to be seen as the natural successor and to establish their identity as such.

Women have traditionally had primary responsibility for child rearing and running of the household. It follows then that even as men assume some responsibility for child rearing and household maintenance, women have retained primary responsibility. This enduring sense of role in the family that can lead to women looking for more work-life balance when running their own business (Adkins, Samaras, Gilfilian and McWee, 2013). Women have emerged more recently as leaders in family businesses but the perceptual and organisational and challenges facing women in business are equal challenging for females in nonfamily and family businesses.

METHODOLOGY

A multiple case study methodology was used to investigate the process of tacit knowledge transfer in intergenerational transfer of family and non-family firms. A total of eight male founders, eight key observers/senior employees, and eight successors (who were evenly divided by gender and between family and nonfamily members) were recruited using a call for volunteers through regional business networks in North-Central Alberta, Canada. The firms selected for the study include four firms that are development-related (real estate management and development and related professional services firms) and four firms from the service and retail sectors.

The structured interviews for the successors ask them reflect back on their experiences in their family firms from the time they first began contact with the family businesses (as family members, employees, or in any other capacity) to the point in time where they were fully responsible for the leadership of the family businesses. The interviews for the founders focus on the founders' awareness of knowledge transfer to the successors to the point in time where the successors became fully responsible for the leadership in the family businesses. The key observer/senior employee interviews focus on their observations of the relationships and interactions between the founders and their successors.

Qualitative content analysis provides more than extracting and counting the frequency of objective concepts in the text; it integrates the text with the context and enables the researcher to extract meaning, themes, and patterns that may be latent in the text (Hsieh and Shannon, 2005). This research relies on a qualitative content-analysis method that involves the researcher analysing the data in depth by reviewing the raw text several times, listening to the recorded audio, developing a thematising and categorisation framework, and returning to the data to code the data by theme and category (Henry, 2013).

DISCUSSION OF RESULTS AND IMPLICATIONS FOR PRACTICE

The presentation in this section first notes the results under the same headings as was used in the literature review section and thereafter discusses the practical implications in terms of the application by founders, their successors and advisors or consultants to family business.

Differences between Family and Non-family member succession

Results for the first proposition – differences between family and non-family member succession: Family successors consistently reported learning about processes, values and the nature of the firm at an early age, often through indirect involvement in the firm. From the results of the study in businesses where the successor was a family member, the founder played a continuing role as a mentor or advisor. Whether the founder had continuing financial interest in the business was also a factor– the founders in businesses with family member successors consistently acted as mentors or advisors, but when the founder had continuing financial interest this role was augmented by final approval or overseer role. The degree of 'deep' tacit knowledge transfer in this time of continued founder involvement remains unexplored as does any connection between tacit knowledge transfer at this time and any relationship to the founder's continued financial involvement (Henry, 2013).

New insights emerge from specific cases in this study. The fact that some dimension of this 'familiness' connection was evident in one firm with a non-family successor is more likely attributable to the successor continuing the business operation with the original family name. In this case, both the founder and successor reported a continuing friendship-mentor relationship, but there was no evidence that the founder-mentor had continued involvement or communication with the firm and the successor, leading the researchers to conclude that founders in firms with family successors had a distinctly different role than their counterparts in firms where the successor was a non-family member.

The link between the degree of involvement and degree of continued financial interest is clear and furthermore the degree of continued founder involvement differs depending on whether the successor is a family member or not. What remains unclear from this analysis is the degree to which each the two factors– family successor and continued financial involvement are influence or impact the degree and nature of over-all successor continued involvement – see Figure 1 (Henry, 2013).

Practical implication – **Role of the founder and financial control:** Advisors and founders should establish what level of financial control the founder exerts after the handover period and how this affects the family of non-family members (see Figure 1). For example when the successor is a non-family member, the founder could exit the firm parallel to their decreasing financial interest. In these cases the founder and non-family member successor has little continuing relationship or involvement. Although a founder and non-family member successor could regard their relationship as 'friendship' and 'mentoring', this may be due to factors such as a successor retaining the firm name after assuming control of the firm.

When the founder continues to be involved, he should be prepared for a continual transfer of tacit-tacit knowledge as well as explicit-explicit knowledge that the successor combines with existing available knowledge and internalize within themselves or within the firm. Follow up interviews with more focus on the knowledge transfer process after the successor has taken control of the firm and when the founder has continued involvement would generate richer data for analysis that could provide more insight on the application of the knowledge transfer model.

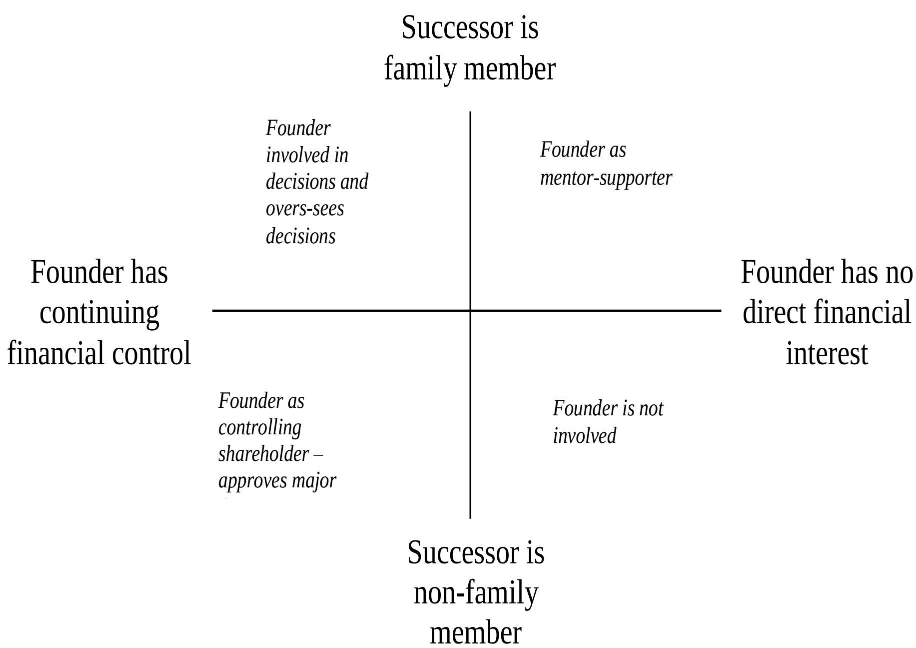

Figure 1 Founder's role, financial control and relationships with successors

Results of the second proposition - stage of business succession: A review of the findings (Henry, 2013) confirms that the succession process begins at an earlier stage with family member successors than with non-family member successors. Consistently family member successors (as well as founders and key observers) reported that the family member successor had been typically exposed to the firm in childhood. This was not the case in non-family member successor firms. The results also indicate that the knowledge transfer process involving the family member successor is unstructured and informal and to a large degree tacit in nature.

Furthermore there is an obvious difference in the process of knowledge transfer between family and non-family successions (Henry, 2013). Consistent with Garcia-Alverez et al.'s (2002) socialisation model preparation for family business succession, the study data confirms that in the case of family member successors, knowledge transfer begins in the family socialisation stage where the future successor learns about the family business, the relationships and the values that the founder brings to the business. Families passed on their values, norms and behaviours to the next generation. The current research adds new perspectives as it suggests that the *succession process begins at an early age* when the successor is a family member -- that is applying Garcia-Alvarez et. al's (2002) model the family member succession-socialisation process begins *in the family*, prior to the individual being identified as the successor. Stories or recalling past incidences serve as vehicles for tacit-tacit exists knowledge transfer. This method of tacit-tacit transfer was evident in both family and non-family firms, but the timing of tacit-tacit transfer differed between family and non-family firms.

Practical implication the second proposition - stage of business succession: Knowledge transfer is clearly contextual as this process begins when the successor is a young child and is embedded in the family dynamics, structure and interactions. However, when the successor is a non-family member, this process begins either when the successor enters the firm or is identified as the successor. The context appears as more deliberative, explicit and more highly structured compared to the family successor process. The difference in the knowledge transfer process is represented in figure 2. This mode illustrates that tacit knowledge transfer in family firms is more complex than anticipated.

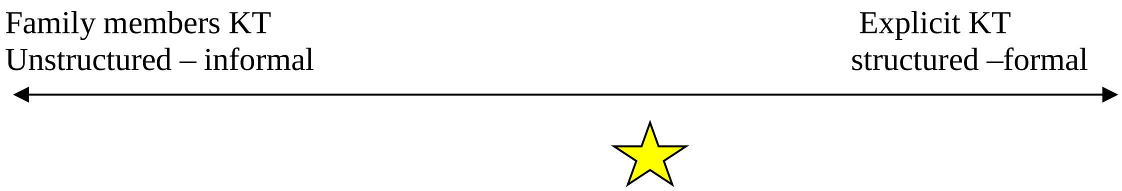

Figure 2 Knowledge transfer process

In this new model, non-family members' knowledge transfer process begins toward the right side of the continuum in the firm context and is typically more explicit, structured and formal. In the case of family member successors, the knowledge transfer process begins in the family context and is typically more informal, unstructured, and tacit.

These findings add further nuances to knowledge about family succession that founders and their advisors can take into account. The caveat here is that for the family member successors the formal succession process did not start in childhood, but the succession process in terms of socialisation occurred in the family context, in the cross-over space between the family and the family business. In fact, there was often a period during the successors' young adulthood when they would seek employment elsewhere. It was clear though that on the return to the family business, the succession process was planned or contemplated. The family socialisation process began with family socialisation when the successor was a child and was parallel to early business socialisation when the future successor worked in the firm, but the formal succession business process did not begin until the future successor had returned to the family business and was identified as the likely or defined successor.

A new perspective is that business relevant socialisation happens before the successor enters the business – and continues after the entry – so the family socialisation process is not exclusively values and family beliefs, but business related content. The processes may overlap or happen concurrently, not in a linear, sequential pattern.

There is a clear history of tacit knowledge transfer that pre-dates the successor's entry into the business and is embedded in the family context. This finding challenges an assumption that business knowledge transfer begins with entry into the business and provides an alternative explanation of the difference in tacit knowledge transfer between family and non-family successor experiences. In family firms generally, *the phases do not seem* as distinct in the cases in this study. Although the 'familiness' of the firm – the values and norms referred to earlier seemed to *pre-date* the successor's formal entry into the firm, the transfer of firm specific business knowledge begins prior to the successor being formally identified as such, again challenging the distinct phases.

It is unclear whether there is a point where the successor begins the business-specific knowledge transfer before the successor has been openly identified as the successor. It is reasonable to assume, given what we know about entrepreneurial personalities (adaptive, anticipatory), that the founder's engagement in the business-specific knowledge transfer process commences when the successor ***views or assumes*** that their child will be the successor rather than when that is openly acknowledged. .

Founders, their successors and advisors may not anticipate the nature and length of the socialisation process that emerged from this study. The degree to which tacit knowledge related to the business was transferred in the family context when the family member successor was a child and before they entered the business, can be underestimated. The values, principles, and practices that are held as tacit knowledge clearly are embedded in the family and are part of a shared tacit knowledge at a young age. Since non-family members typically enter the firm as adults, the process of tacit knowledge transfer takes place after the member joins the family firm as an adult (although sometimes before the non-family member is identified as the successor).

Furthermore, the data from the non-family firms suggest that the 'family' knowledge embedded in values and beliefs has a stronger role if the founder remains involved in the business (Henry, 2013). In the situations where the founder exited the business soon after or during succession there seemed to be a more concentrated period of tacit knowledge transfer and the examples cited by founders, successors and key observers consistently focused on business specific knowledge as distinct from family values and norms. One perspective may be that in firms where there is a non-family successor there is more likely to be a change in business direction or focus after the succession. The latter may be connected to a perception that family businesses are concerned with more than wealth creation by also being concerned about family involvement, legacy and other non-wealth production benefits to the family.

Tacit Knowledge Transfer in Family Businesses

In the second section, results and practical applications about the nature of knowledge transfer and specifically about the nature of tacit and explicit knowledge transfer between the founder and successors are noted.

The results of this study (Henry, 2013) support the first proposition that there is a difference in the tacit knowledge transfer process between family and non-family successors and this expands the arguments advanced by Polanyi (1966) in terms of tacit knowledge and the arguments of Li and Goa (2003) in their critique of Nonaka and Takeuchi's (1995) model where they conclude that tacit knowledge in organizations should be explored in the context of the organization.

In this research, the results for the second proposition about tacit knowledge (Henry, 2013), indicate that the knowledge transfer process follows the path of externalization where the founder's tacit knowledge is converted to explicit knowledge; followed by internalization, where the successor applies that knowledge, learning by doing transfer and supports Nonaka and Takeuchi's (1995) SECI model. One can assume that the process continues to the combination stage where the successor converts that knowledge into more complex forms of explicit knowledge and that knowledge is diffused through the organisation (or at least through the successor's sphere of influence and control). While the data implies that one can assume that this conversion takes place, there is no direct evidence supporting this (Henry, 2013).

Practical implication of the results for both propositions: Founders, their successors and advisors need to take into account that tacit knowledge transfer between the founder and successor began long before the successor entered the family firm or was identified as the successor. Embedded in the 'familiness' of the family firm, this knowledge transfer typically began in the family context when the successor was a child (as young as pre-school, but often through the elementary and middle age years).

In some cases in this research, the knowledge transfer process in the family firm is substantially different. It appears that Nonaka and Takeuchi's (1995) socialisation stage, where knowledge is transferred tacit-tacit better characterizes the process. When the founder taught by example and as the frequency of the successor accompanying the founder at business meetings increased, the successor assumed an increasing role. Both the founder and successor described this process as paralleling the comfort level of both the founder and successor that the successor had learned enough (through experience and observation) to assume a larger role in conducting the business. In another case the knowledge transfer process did follow the expected route as one family successor recalls listening to his father at business breakfasts, who then provided commentary and answering questions from the son after the meeting. This process of making tacit knowledge explicit positioned the knowledge in a way that was explicitly available to the successor. Probing questions revealed that the son had internalized this knowledge and was described as values and principles, clearly in the form of tacit knowledge.

Trust Between Founder and Successor

The results for the first proposition in the third section about the degree of trust between the founder and the successor's impact on tacit knowledge transfer process, generates new perspectives (Henry, 2013). It implies that the sense of trust was reported present in all successions, but that in family succession the *relationship trust* grew in the family context. In non-family succession, the trust grew through shared business experiences and the development of business competence. It could be argued that the *business context trust* was not solely determined by the length of the relationships, but more related to the stage of the business transfer and the development of business competence and knowledge key to successful transition from the founder to the successor.

The results for the second proposition confirmed that the degree and nature of trust between the founder and successor of family business can affect the tacit knowledge transfer process. In all cases, family and non-family successors identified that there was a degree of trust between the founder and successor (Henry, 2013). In family and non-family successor cases there were many parallels in tacit knowledge transfer (stories, shared business experience), but in businesses with family successors there emerged stronger evidence of tacit knowledge transfer evidenced by the founder and successor using similar or the same mental models to describe their approach to the business. The nature of the trust differed between family and non-family successors. With family successors the trust was commonly assumed and was connected to the family embedded trust. Non-family successors developed trust after they joined the business, during the period before and after they were identified as the successor. In each case there was evidence of tacit knowledge transfer from the founder to the successor (with both family and non-family successors).

Practical implications of the results about the first proposition : A *distinction between family relationship trust and business 'trustworthiness'* is useful in understanding the trust dimensions of the relationship between the founder and successor (Henry, 2013). It does not appear that the trust between founders and family member successors is the same as that between founders and non-family member successors. In terms of 'trustworthiness' there appears to be a stronger parallel between the nature of the 'trustworthiness' dimension of the relationship between the founder and successor. The degree to which the successor relinquished control or decision-making was determined by the degree to which the founder deemed the successor to be 'trustworthy". Founders, successors and their advisors can take into account the differentiation between family or relationship trust and trustworthiness, or competence trust, which suggest that the *family or relationship trust* is embedded in the family relationships while *trustworthiness*, or competence trust is developed through the business experience of the successor.

It is clear that the degree of trust between the founder and successor impacts the knowledge transfer process. There was little evidence in this study (Henry, 2013) to make definitive conclusions how the degree and closeness of the relationship between the sender (founder) and receiver (successor) impacts tacit knowledge transfer and the role or impact of the length of the relationship between the two plays. However, the data analysis suggests that while there may be more trust between the founder and the family member successor (embedded in the shared values, norms and beliefs), the development of trust between the founder and the non-family member successor is a necessary pre-requisite to tacit knowledge transfer.

Practical implications of results for second proposition: Founders, successors and their advisors may now realise that although tacit knowledge transfer was evident in both family and non-family successor situations, the family successors more consistently used the same language, metaphors and stories as the successors than did non-family successors, suggesting that there was a difference in the family member tacit knowledge transfer.

A reasonable conclusion is that family trust is distinct from business competence trust (trustworthiness) and that business competence trust is earned through experience in the business for both family and non-family successors and the experience is gained through increasingly more significant decision making in terms of the decision outcome's impact on business success.

All of the successors in this study were either born or raised in the same geographic region, although the founders were a mix of those with origins in the region and those who immigrated to the region as young men. The analysis did not produce significant data about any cross-cultural variations (even though the founders came from a variety of ethnic backgrounds). This data void precludes any meaningful testing or examination of how the cultural differences impact knowledge transfer in succession (Henry, 2013). It is important to note that the data does not suggest that there are no differences. Any comparison with the findings by Perrricone, Earl and Taplin (2001) who found differences in a Latin ethnic community and Santiago (2000) in a Filipino family business would lack validity.

Although it is reasonable to conclude that the degree of tacit knowledge transfer to family member successors has a different character than tacit knowledge transfer to non-family successors, but the impact of that difference on the succession remains unclear.

Gender Differences in Tacit Knowledge Transfer

There is evidence of gender differences in this study, but it is limited to one female family member successor (Henry, 2013). In this case the daughter became the successor after the older son considered, but chose not to pursue a career related to the family business. In the other case of a female family member successor there were no sons in the family. This pattern is consistent with prior research that found that daughters were not often seen as the apparent successors (Dumas, Dupuis, Richer, & St.-Sty, 1995), nor saw themselves as natural successors (Dumas et al., 1995). Interestingly, all female successors reported either being left on their own to learn the business or having to seek out information and opportunities to learn from the founder. The female successors appear to have less access to tacit-tacit knowledge transfer and relied more on explicit knowledge transfer and on tacit-explicit transfer. The data analysis leads to the conclusion that daughters' experiences with succession differ than sons' experience in the nature of the trust in the relationship. Differences in the socialisation patterns also emerged from the analysis.

Practical implications: Trust is a precondition for knowledge transfer in family business between the founder and successor and this was consistent with male and female successors. In this study all founders were male and in family firms all founders identified trust as a requirement or given in succession (Henry, Erwee, & Kong, 2013a). Both male and female successors had similar views about trust being a key to succession (and knowledge transfer). However, female family members (daughters) had a different view of the level of trust than did the male successors (sons). This view centred on the female successor's perception that the founder did not trust or believe that they were competent to assume leadership. While this study does not directly use FIRO (Fundamental Interpersonal Relationship Orientation) theory in the analysis used by Haberman and Danes (2007), comments from the female successors in this firm imply similar findings – which the father-daughter business succession differed on the inclusion dimension of the theory. The inclusion dimension subcategories of connectedness and shared meaning clearly have implications for the nature of the trust. In the father-daughter relationships in this study daughters' (female successors) reports of the relationship was typified by assertions that the fathers consistently questioned or challenged the daughters' decisions or even the direction that the daughters wanted to take the business. Both female family successors described this as evidence of a lack of trust.

Consistent with the protective nature of the father-daughter relationship described by Hollander and Bukowitz (1990), fathers (at least in one case) appeared to view daughters as having limited leadership ability and sheltering the daughter from full participation in the business. Acknowledging the limits of analyzing two cases of female family successors and two of male family successors, the findings are consistent with less access to networking opportunities than sons. The male successors seem to be connected to the founder's network faster and earlier than the female successors. The male successors (more than female successors) were connected to the founder's network prior to being named the successor (although likely after the assumption of succession was evident) (Hollander & Bukowitz, 1990). The female family successors were not connected to the founder's network in any significant way until they had been overtly identified as the successor. Clearly the experience of the female and male family successors in the degree and nature of the trust between the founder and successor is different - it is more difficult to conclude that this difference is entirely gender related and not situational as the experience of non-family female successors did not mirror that of female family member successors. This is likely due to the fact that in the non-family female succession, the females had worked as employees in the firm with some leadership responsibility prior to entering the succession process.

Connecting the differences in the experiences of male and female successors in the nature and role of trust and in their business socialisation patterns, the evidence suggests that the succession processes of males and females in family member succession differs. There is less support pointing to substantial differences in the experience of male and female non-family member successors. Having noted this significant finding, it is important to note that other than the issue of perceived trust, female family members did not have more difficulty in the succession process. The female family successors in this study did not identify challenges in establishing themselves as the successor with others than the founder.

Of the two female family member successors, only one had an older male sibling. This limits the generalizability of the results. With that caveat, it is interesting that in this case, the female socialisation experience in the family was not significantly different from the son's. In fact, the founder, female successor and key observer all pointed to significant business socialisation in the family context including the daughter spending weekend days at the office with her father 'playing at work' as early as pre-school. It is interesting that the gender differences in socialisation discussed by Cabrera-Suarez et. al. (2001) and Dumas (1992) did not appear in this case, although the assumption that the older son would be the successor was still very evident. There is no clear evidence to determine if other factors (such as birth order) lead to this assumption.

CONCLUSIONS AND CONTRIBUTION TO PRACTICE

The findings of this research will be useful to members of family businesses who are interested in understanding more about the dynamics of knowledge transfer in family business. Likewise many of the advisors to family business can assist family firms to understand the nuances of succession and tacit knowledge transfer.

Family firms may be advised to be deliberative about the business socialisation, even if family succession is not contemplated or assured. In one case the partnership agreement between the founding partners precluded family succession.

In this case there was still a distinct business socialisation process that spanned the successor's childhood and adulthood even though the son was not being considered for succession. In this case, when the founder approached his partners with a plan to retire, the partner discussion led to a decision that the original agreement did not suit the current life plans of any of the partners which led to the consideration by all partners of family succession. In this situation the family succession process, though not anticipated, benefited from the prior business socialisation.

Family firms with female successors can learn from this research that there is evidence of a difference in the experiences of daughters and sons in the succession processes. Specifically, fathers tended to be protective or shielding when the successor was female compared to fathers with male successors. Being aware of this, founders are in the position of being able to change or compensate for their protective inclinations.

Founders who wish to prepare family successors should take from this study the powerful impact of stories and conversation in conveying values to the successor generation. Using the vehicle of stories and conversation results in sharing not only family values, but also sharing business values with the successor generation.

Founders who are transferring the business to a non-family successor will take from this research that they should consider the role of stories, narrative, metaphors and sharing of history in the preparation of the successor. This will enhance the transfer of knowledge beyond the operational 'know-how' to include the values and principles that provided the foundation for business success.

Founders and families should be conscious of the value to potential successors of early informal exposure to the business. Successful family member successions in this study were consistent in the early exposure of the successor to the business, as a child visiting the place of business or accompanying the founder while conducting business. This early exposure can facilitate the transfer of tacit knowledge, a key to successful generational transfer of the family business.

Limitations of the study: The number of respondents and the apparent fact that they were not randomly selected is fairly limiting and may lead to challenges on the replication of the findings. There is some limitation in using structured interviews. The structure does not always permit the interviewees to fully express themselves hence limiting the data collection. This is somewhat mitigated by use of prior theory to develop the structure. This study relies on the recollections of founders, successors and key observers. These recollections are subject to the memories and the inherent biases and memory lapses in recalling past experiences. Each interviewee will have unique memories of specific events that may not be consistent with others' memories of the same events. The subjects for the study were not randomly selected and the selection may have been influenced by the nature of the researcher's network and the available subjects. Specifically, the difficulty in locating female successors (and their relative reluctance in participating), may have limited the generalizability of the results.

Directions for future research:

Prior research has shown that the family firm's objectives are typically more than wealth creation and include legacy, family employment, and other non-wealth producing related objectives. Research whether there is a relationship between the degree of tacit knowledge transfer and the degree to which the successor changes the business model or focus could provide insight on how founders can ensure the non-wealth creation objectives of the family firm remain intact after succession. Further investigation of gender differences should examine the succession process to daughters, contrasting experiences with male and female founders.

Additional research examining the relationship between the degree of continued financial interest and the role of the founder and specifically on what whether and how the nature of founder involvement is impacted by continued financial involvement. There is some evidence that the founder who continues in the business plays a less controlling and directing role and more of a mentoring role with diminished financial involvement, but this warrants more study before solid conclusions can be drawn.

Investigation of the degree to which tacit knowledge transfer continues or patterns the financial interest could reveal insight into the relationship between the level of financial interest, tacit knowledge transfer and how this relates to the founder's feeling of commitment. This study did not address the degree that deep tacit knowledge transfer continues after the succession in the situation where the founder continues to play a role. A study examining the nature of tacit transfer on a continuing basis after succession could shed some light on the role of the family-embedded interpersonal relationships compared with the business interpersonal relationships after succession.

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