

The Succession Process from a Resource- and Knowledge-Based View of the Family Firm

— *Katiuska Cabrera-Suárez, Petra De Saá-Pérez and Desiderio García-Almeida*

One of the challenges in family business succession is the successor's ability to acquire the incumbent's key knowledge and skills. This transfer of knowledge and skills is essential to sustain and enhance the performance of the family business. Katiuska Cabrera-Suárez, Petra De Saá-Pérez and Desiderio García-Almeida (*Faculty members at the University of Las Palmas de Gran Canaria, Spain*) employed two theoretical approaches from the field of strategic management to explore this crucial process. They analysed how succession can be effectively managed taking into account the resource-based and the knowledge-based theories of the firm. Based on this analysis the authors developed a conceptual framework that helps understand the transfer of knowledge to the successor of the family business.

Knowledge: Key Strategic Resource of Family Business

An important way in which family businesses differ from the non-family ones is the set of goals, values and influences of the owning family. All of these are the deciding factors for the goals of the family business, the way the business performs and the people who participate in it. The tacit knowledge that the founder or incumbent head of a family business possesses is a source of competitive advantage that distinguishes a family business from non-family businesses. The transfer of this knowledge to the successor has strategic importance for the family business. Protection of this tacit knowledge through successor's appropriate training serves as a guaranty of continuity of the family business and its competitive edge.

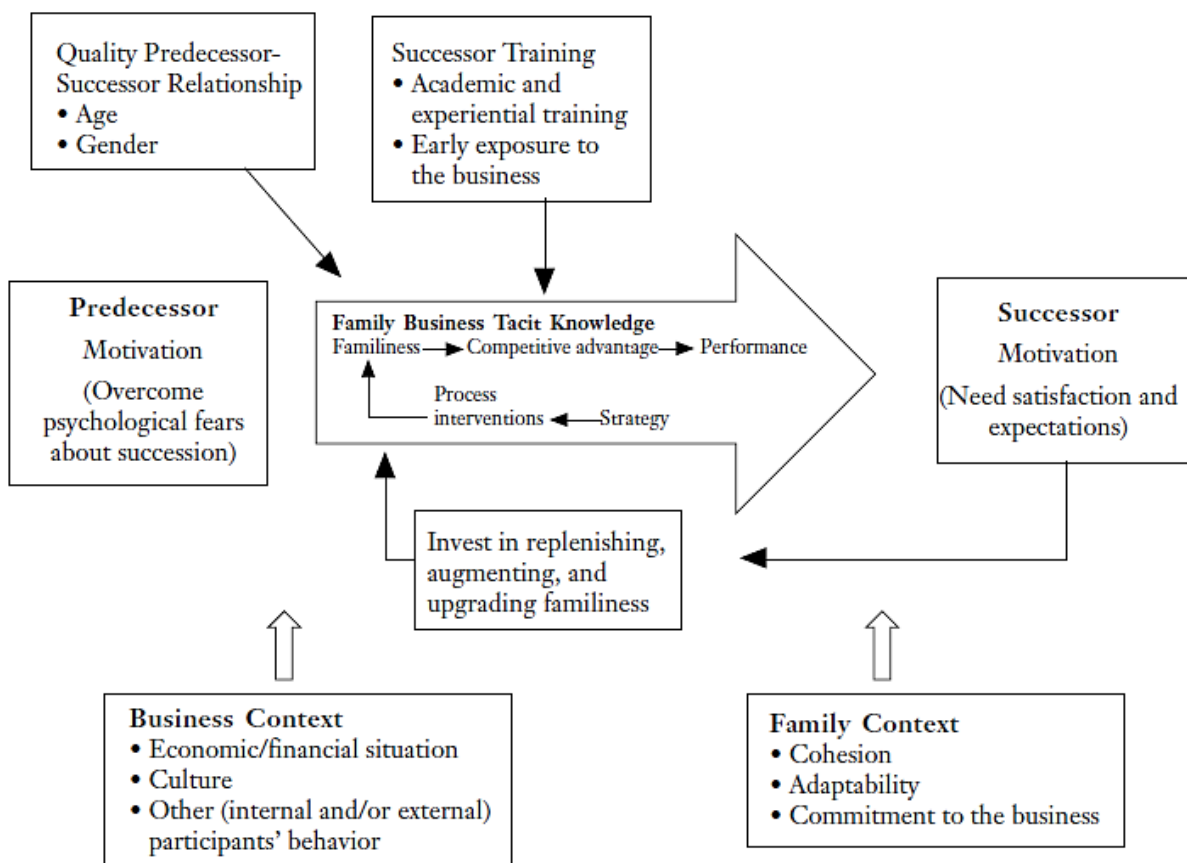
Knowledge Transfer and Successor Development

Resources and capabilities of the family business play an important role in developing the competitive advantage of a family business. The authors opine that the most valuable resources and capabilities for family businesses are the ones based on information and tacit knowledge of the incumbent. Thus, the most important aspect in managing succession is the effective transfer of this knowledge to the successor. The authors propose an integrative model for the transfer of knowledge and the successor's development in the family business firm that is influenced by the business context and family context.

According to the proposed model, the following factors are the most important determinants of transfer of tacit knowledge in the family business –

- **Quality of relationship between the predecessor and the successor** – the better the quality of this relationship, more effective is the knowledge transfer. The authors found that age and gender of the persons involved moderates this relationship.
- **Academic and experiential training of the successor** – better training leads to effective knowledge transfer.
- **Early exposure to business** – helps successor familiarize with business and assists in progressive transfer of tacit knowledge.

Model of Knowledge Transfer and Successor's Development in the Family Firm



- **Existence of adequate motivation** – on part of predecessor – that is, willingness to pass on the baton *and* on part of successor – willingness to take up the leadership task – are both important determinants of effective transfer of tacit knowledge.

Authors suggest that the successor must continue to invest time and efforts in replenishing, augmenting and upgrading the ‘familianness’ of the business and upgrading these knowledge bases as valuable resources of the family business.