

Preparing the next generation for the family business: relational factors and knowledge transfer in mother-to-daughter succession

Nancy Higginson
Fort Lewis College

ABSTRACT

Family businesses (FBs) are one of the dominant entrepreneurial forces in today's global economy. In keeping with their desire to see their business survive and prosper over the long-term, most FB owners design an exit strategy for themselves that will eventually transfer ownership and control of the firm to their offspring. A pivotal issue in successful intergenerational succession is ensuring that the next generation is well-prepared to assume the leadership/ownership role within the firm. The foundation of this preparation is the transfer of knowledge from the current owners to the future owners, a process that is facilitated by strong, functional relationships between the generations.

The issue of FB succession has been addressed extensively in the literature, although to date, most of the theoretical developments have been derived from research on male-owned firms. However, increasing numbers of women are pursuing entrepreneurial interests; female-owned firms now account for close to one-third of all businesses worldwide. Commensurate with this trend, the mother-to-daughter succession pattern is becoming more prevalent. Given the uniqueness of mother-daughter versus father-son (and other family combination) relationships, it stands to reason that the mother-to-daughter knowledge transfer process follows a different trajectory than in other forms of FB succession.

Using a qualitative case-based methodology, this paper integrates concepts from the strategic management, FB/entrepreneurship, and social psychology fields to examine the knowledge transfer process in nine FBs where a mother-to-daughter succession strategy was already in place. It identifies four types of relational capital – structural, cognitive, affective, and reflective – that facilitate this process, thereby contributing to the success of the transfer of ownership of the FB. The structural element is concerned with relationships beyond the firm's boundaries – social, supporting, and inter-firm networks that FBs are embedded in. Cognition refers to the need to create a shared understanding between mother and daughter, while reflection focuses on individual introspection and openness. Finally, the affective element relates to the parties' emotions and feelings. Maximum knowledge transfer between mother and daughter will occur when all four relational elements (or capital) are present and strong.

Keywords: family business succession, knowledge transfer, women-owned firms

INTRODUCTION

Aronoff (1998) has identified the growing involvement of women in family businesses (FBs) has one of ten “mega-trends” changing the field today. Women now hold majority ownership (51 percent or more) in one-quarter to one-third of all privately-held firms globally (National Women’s Business Council, 2005, p. 3). In the U.S., women-headed firms are increasing at twice the rate of all firms (Center for Women’s Business Research, 2004). Women are being drawn to business ownership in unprecedented numbers for many of the same reasons that have attracted men for decades: the pursuit of greater career satisfaction, job security, autonomy, and wealth creation (Cole, 1997; Nelton, 1998).

They also share an expectation that family members will maintain control of the firm into the future (Allen & Langowitz, 2003), although there is some evidence suggesting that men and women follow divergent pathways to achieving this goal. For example, women owners tend to focus more carefully on succession planning (MassMutual Financial Group & Raymond Institute, 2003; Harveston, Davis, & Lyden, 1997); are less hierarchical, seek more information, and are more apt to look to outsiders for input when making succession decisions (Center for Women’s Business Research, 2004; Buttner, 2001); and are twice as likely as men to envision transferring the firm to daughters (Hisrich & Fulop, 1997). Harveston et al. (1997) conclude that male and female FB owners tend to be influenced by different individual, organizational, and resource issues, hence, they have unique approaches to managing succession in their firms.

A key factor in successful intergenerational succession for *any* FB is preparing members of the next generation to assume the leadership role (Ward, 1987). Cultivating their capabilities and knowledge, including the transfer of knowledge from owner/founder to successor(s) (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001), is the foundation of this process – one which can be fraught with conflicts. Both the strategy (Kogut & Zander, 1992; Grant, 1996; Schendel, 1996) and the FB (Steier & Reya, 2002; Sirmon & Hitt, 2003) literatures have stressed the importance of strong, positive interpersonal dynamics in supporting knowledge transfer between parties. Social psychologists’ examinations of family dynamics indicate that despite conflicts and complicated emotions, the strength of the mother-daughter bond provides women with unique tools to manage upsetting interactions, perhaps more adeptly than in any other type of family relational conflict (Fingerman, 1997). It stands to reason, then, that the mother-to-daughter knowledge transfer, and ultimate succession, process follows a different trajectory than in other forms of FB succession.

The vast majority of theoretical developments on intergenerational succession continue to be derived from research on the male-to-male pattern. Women-focused research has been limited to an examination of father-to-daughter (Dumas, 1990, 1992, 1998; Curimbaba, 2002; Barnes, 1988), husband-to-wife (Danes & Olson, 2003; Rowe & Hong, 2000), and mother-to-son (Kaslow, 1998) succession patterns. Given the rapid increase in women-owned businesses, and the growing propensity of women to bring their daughters into the FB fold (Nelton, 1998), the mother-to-daughter pattern appears to warrant closer scrutiny.

Using qualitative case study data from nine women-owned FBs where the daughter had already been identified as the successor, this paper integrates concepts from the strategic management, FB, and social psychology literatures to examine the knowledge transfer process in mother-to-daughter succession. The primary research questions were: *What are the relational factors that influence the transfer of knowledge from mothers to daughters in FBs?* and, *How do these factors influence this pattern of knowledge transfer?*

CONCEPTUAL FRAMEWORK

Knowledge as a Valuable Firm Resource

Although knowledge has long been recognized as a potential source of rent for firms (Penrose, 1959), in recent years strategy scholars have singled it out as the most valuable strategic asset that a firm can possess (Grant, 1996; Conner & Prahalad, 1996). Grant (1996, p. 109) proposed the “knowledge-based view of the firm” to recognize it as the most important of all resources in differentiating firm performance. Knowledge has been defined in many ways, ranging from a social process (Thurow, 1999) to an active construct (Nonaka, 1994). Malecki (1997) captured the essence of knowledge succinctly when he described it as know-what, know-how, know-why, and know-who.

Tacit knowledge (Polanyi, 1966) – Malecki’s know-who and know-how – includes employee talents and skills, managerial systems and routines, values and norms (Leonard-Barton, 1992), and networks of relationships (Grant, 1996). According to Leonard-Barton (1995), it accounts for 80 percent of a firm’s valuable knowledge resources. However, the very properties that create this value for firms – difficult to understand, observe and copy (Grant, 1996) – also render its ease of transfer from one party to another as “sticky” (Szulanski, 1996). Thus, the creation of meaning occurs in ongoing social interactions grounded in working practices (Cook & Brown, 1999), where people are able to create a shared mental space and a common understanding of the business problem (Thurow, 1999).

Cabrera-Suárez et al. (2001) characterize FBs as particularly rich in intangible (or tacit) resources, generated through the complex interactions between family members, the family unit, and the business (Chrisman, Chua, & Steier, 2005). Habbershon (2006, p. 880) refers to the unique bundle of resources created through these interactions as the “familiness” of the firm. Familiness must be preserved throughout the succession process if the FB is to survive and prosper (Cabrera-Suárez et al., 2001). Because owner/founders possess a substantial stock of tacit knowledge about the firm (Lee, Lim, & Lim, 2003), the nature of the relationship between owner and successor is of paramount importance in this process.

Transferring Knowledge to Successors: The Importance of Relationships

It has become accepted wisdom within the FB field that succession is a dynamic process, rather than a static event, that spans many years (Le Breton Miller, Miller, & Steier, 2004; Sharma, Chrisman, & Chua, 2001; Murray, 2003). The need to integrate family and business interests in FBs over a lifetime (Handler 1994; Dunn, 1995) creates particularly complex relational dynamics (Cosier & Harvey, 1998) that can interfere with, or enhance, knowledge transfer. These relationships are typically defined by frequent interpersonal interactions, involvement of family members in many decisions encompassing a broad range of functional business areas, and emotional issues related to power and control.

Relationships between owner/founders and successors that are based on open, constructive communication (Lundberg, 1994; Ward, 1987); mutual respect (Handler, 1989); trust (LaChapelle & Barnes, 1998; Steier, 2001); sensitivity to each other’s needs (Venter, Boshoff, & Maas, 2003); shared values (Haugh & McKee, 2003); and reasonable expectations (Barach & Ganitsky, 1995) will facilitate the knowledge transfer process. Other influences include the ages (Davis & Taguiri, 1998) and gender(s) (Cabrera-Suárez et al., 2001) of the

parties; early involvement of the successor (Steier & Reya, 2002; Sirmon & Hitt, 2003); commitment and dedication by both parties (Habbershon, 2006); and their ability to manage conflict (Grote, 2003; Cosier & Harvey, 1998; Ward & Aronoff, 1994; Kaye, 1991).

Social psychologists have pointed out that conflicts arising in mother-daughter relationships over their lifetime are linked to mothers' unsolicited advice, mothers and daughters failing to live up to each other's expectations, and daughters' attempts to gain greater independence (Usita & Du Bois, 2005). Consistent with the FB succession literature, where intergenerational relationships are viewed as progressing through a life cycle (Davis & Taguiri, 1998), social psychologists describe mother-daughter relationships as evolving in an asymmetry-symmetry-asymmetry pattern (Thompson & Walker, 1984), with numerous stressful transitions along the way (Fischer, 1981). However, as daughters move into middle age and mothers approach retirement age, their relationships mature and their goals tend to converge (Fingerman, 2001).

METHODOLOGY

Overview

The research examined nine mother-daughter FBs using a modified event analysis strategy embedded in an inductive case methodology. Eisenhardt (1989) has argued for the use of qualitative methods to study phenomena that lack a well-defined theoretical base for examining the research questions. Research on FBs has evolved and matured to the point where it has become recognized as a specialized field of study; much of this literature focuses on intergenerational succession. However, Nelton (1998) identifies the mother-daughter succession pattern as an important but neglected area of enquiry.

The primary data collection method was 67 in-person interviews with the mother-daughter pairs and their firms' stakeholders: 45 with the mothers and daughters, and 22 with the stakeholders. Thirty-six of the mother-daughter interviews were conducted with the women separately. For the remaining 9 interviews, each pair was met jointly in one session.

Selecting the Family Businesses

A theoretical sampling procedure (Eisenhardt, 1989) was used to select the FBs for the study. Here, cases are chosen based on their value in answering the study questions and contributing to theory development. Chrisman, Chua, and Sharma (1998) defend the use of non-statistical sampling procedures in FB research, citing the lack of a universally accepted definition of, and nationwide statistics on, this organizational form.

The FBs were selected based on their meeting six pre-established criteria: 1) willingness to participate; 2) in operation for at least two years; 3) mother as majority owner; 4) mother has control over day-to-day operations; 5) daughter already involved in day-to-day operations; and 6) daughter already identified as successor. The firms encompassed a range of retail, services, and manufacturing businesses. The average number of years in operation and the average number of employees (both full- and part-time) were 11.3 and 8.9, respectively. The mother was the founding owner in all of the firms.

Interviewing the Mothers and Daughters

The interviews with the women were completed in three rounds of in-person interviewing using pre-tested, semi-structured interview guides (Phillips, 1994) that included a modified event analysis “trigger.” Table 1 summarizes the interviews with the women and their firms’ stakeholders. Event analysis is typically used for determining the financial implications of corporate announcements in the mass media (McWilliams & Siegel, 1997). The technique was modified for this research by focusing on knowledge transfer “events” that were identified by the mothers and daughters.

During the first round of interviews, when the mothers and daughters were met separately, they were asked to identify important knowledge transfer “events” that had occurred during the previous two years. The two-year timeframe was chosen to ensure maximum recall (Yin, 1994). The lists from each mother and daughter pair were then cross-checked; events that had been flagged by both were included in the master list for the second round of interviewing, when the pairs were interviewed jointly. The mothers and daughters were then separated for the third round of interviews so that the findings from the previous round could be cross-checked, thereby ensuring the robustness of the data that were gathered.

Table 1. Summary of Interviews

	Interviews with mothers & daughters	Interviews with stakeholders
1st round of interviews	<i>Mothers & daughters separate:</i> i) identifying knowledge transfer events ii) broad discussion of factors necessary for successful succession iii) identifying stakeholders & their role	None
2nd round of interviews	<i>Mothers & daughters together:</i> i) “deep” descriptions of knowledge transfer events ii) positive and negative relationship influences on this process	<i>Broad foci:</i> i) factors that support a successful succession ii) role of stakeholders in this process
3rd round of interviews	<i>Mothers & daughters separate:</i> i) further exploration of relational themes emerging from 2 nd round ii) “lessons learned”	None

Interviewing the Stakeholders

Cabrera-Suárez et al. (2001, p. 41) assert that “*the study of succession should take into account the perspective of the different stakeholders that interact at different levels*” (2001, p. 41). Using the methodological approach recommended by Anderson, Jack, and Drakopoulou Dodd (2005) in their study of entrepreneurial networks, the mothers and daughters were asked to identify the people or organizations external to the firm with whom they most frequently discussed their business. Twenty-two stakeholders, representing eight types of institutions, were

interviewed using pre-tested, semi-structured interview guides during the second round of data collection.

THEORETICAL DEVELOPMENT

Overview of Model

The case studies were designed to explore the relationship factors that affect the process of tacit knowledge transfer from predecessors (mothers) to successors (daughters) in family firms. The model that emerged from the analyses of interview data is presented in Figure 1.

Figure 1. Transferring Tacit Knowledge From Mothers to Daughters in Family Businesses

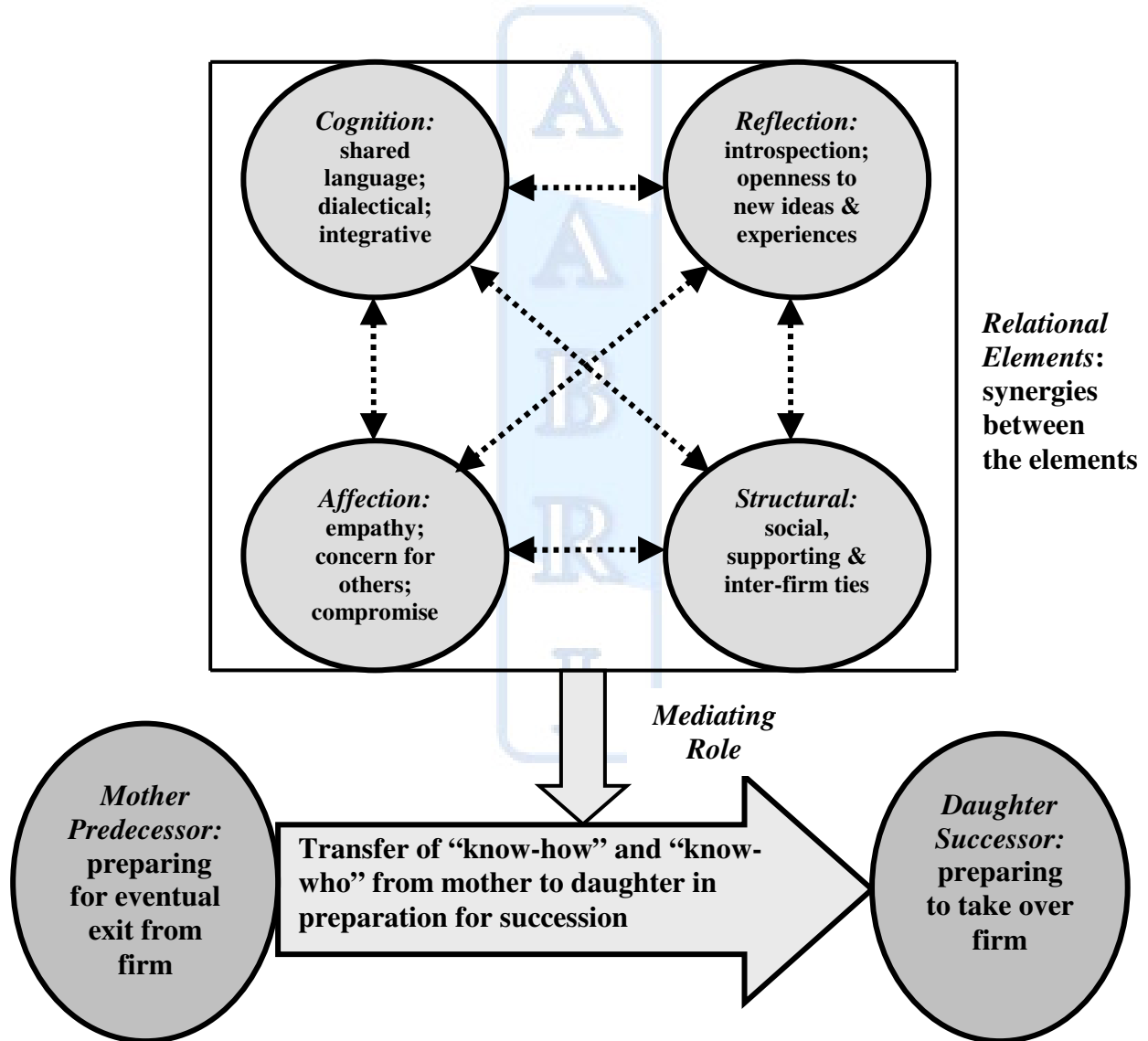


Figure 1 highlights four key elements in the knowledge transfer process:

- i. the transfer of tacit knowledge – know who and know how – from mother to daughter to prepare the latter to take over the FB;
- ii. the four relational elements of cognition, reflection, affection, and structure that influence the knowledge transfer process;
- iii. the mediating role that the four elements play in this process; and
- iv. the synergies between the four elements that create optimum conditions for the transfer of tacit knowledge.

The structural element (connectedness) is concerned with relationships beyond the firms' boundaries; cognition, with creating a shared understanding between mother and daughter; reflection refers to individual introspection and openness; and affection relates to emotions and feelings.

Structure (Connectedness)

According to Gulati (1999), very few firms in today's hyper-competitive, fast-paced global economy have the capability to create or acquire all of the resources necessary for competitiveness while operating in isolation. When firms become embedded in a web of inter-organizational relationships, they have easier access to a (broader) range of valuable knowledge resources (Mowery, Oxley, & Silverman, 1996). Cultivating relationships outside of the immediate family circle in order to access these types of resources may be particularly important for FBs, which frequently have a limited stock of internal resources due to their size and structure (Sirmon & Hitt, 2003). Butler and Hansen (1991) argue that *new* entrepreneurs are especially dependent upon a wide range of social contacts as a supplement to their own business resources.

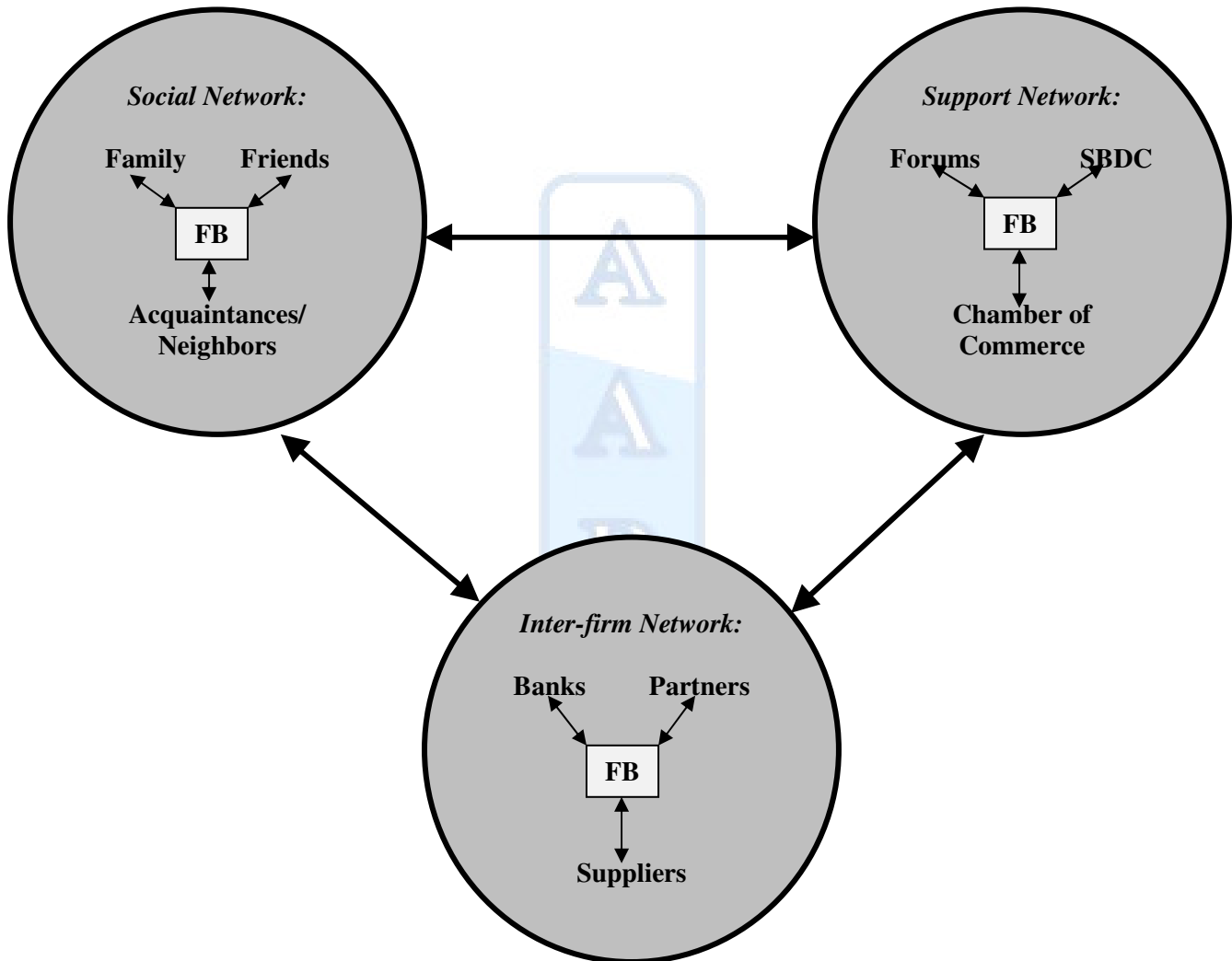
All of the mother-daughter teams identified extensive social, supporting, and inter-firm networks of relationships (Premaratne, 2001), of varying degrees of closeness (Granovetter, 1982), as important providers of valuable knowledge resources for their firms. The richness of these networks is consistent with the propensity of businesswomen to look to people outside the firm for input when making decisions (Center for Women's Business Research, 2004) and to view their firm as a cooperative network of relationships rather than as a separate financial entity (Brush, 1992). The connectedness element captures the importance of embedding daughters in these networks of contacts to ensure that they will continue to have access to these important knowledge resources post-succession.

Social networks included their extended family, friends, and acquaintances. The mothers and daughters reported that these contacts gave them access to a range of resources, including emotional support, relationship "mediation," financial capital, and business/community knowledge. Several mothers and daughters spoke about the value of the simple "cheer-leading" role that these people played in encouraging them to persevere when they hit a bumpy patch in the road.

Their *supporting* networks, which included local forums (such as business roundtables), Chambers of Commerce, and SBDC/SCORE counselors, offered primarily business/managerial expertise. They stressed the importance of being active in the local business scene and approaching networking from a gender-neutral perspective, although they also appreciated the opportunity to meet with other female entrepreneurs on a regular basis to discuss common issues. Finally, their *inter-firm* networks encompassed other commercial enterprises within their value

chain, such as banks, suppliers, and partner firms. These contacts were valuable sources of “intelligence” about market opportunities and challenges as well as financial resources. Figure 2 illustrates an example of how a typical FB will be embedded in social, support, and inter-firm networks.

Figure 2. Example of a Structural Network for Family Businesses



The mothers played a crucial role in cultivating these networks in their formative stages; they viewed their responsibility as introducing their daughters to the various contacts and paving the way for a continuation of the relationships once they had exited the firm. In that regard, integrating the daughters into these social structures as early as possible was cited as key. The daughters reported that simply observing their mothers “in action” when they were out and about in the community gave them insights into how to approach the different relationships – lessons in what to do and what not to do. As they gained more confidence and established their relationships, the mothers would gradually hand some of the networking activities over to them.

Cognition

Cognition refers to the capacity of people to engage in dialectical thinking and reasoning – in other words, an ability to analyze and weigh the merits of conflicting ideas within a problem-solving context in order to arrive at a logical, workable solution. Cognition can also be seen as the intellectual processes by which divergent streams of thought are integrated in a way that illuminates the “big picture.” One of the mothers summed it up nicely when she stressed the importance of “*being on the same page as my daughter in how [they] go about solving [their] business problems.*”

According to Dumas (1990), cognitive processes are integral to the succession process in FBs. New generations bring a fresh sense of vision and unique knowledge of market conditions to the firm, while their predecessors offer a wealth of knowledge gained from years of experience in the trenches (Perricone, Earle, & Taplin, 2001). When preparing a daughter to assume control of the FB, then, it is vital that both parties share a clear vision of the future and agreement on how to get there. This vision must respect both the legacy and future plans of the mother as well as the dreams and fresh outlook of the daughter. Hence, mothers and daughters that are able to develop the “absorptive capacity” (Cohen & Levinthal, 1990) that allows them to assimilate divergent perspectives will be more successful in the knowledge transfer process.

The family-business dynamics of FBs present a double-edged sword when considering the communication processes that underpin cognition. Absorptive capacity may be complicated by the fact that people relate to each other and communicate as both business colleagues and as family members (Lundberg, 1994). The complexity of the relationship may be offset to some degree, however, by the long, close personal history found in family versus non-family firms (Ward, 1987). Lansberg (1999) suggests that FB owners and successors can construct a cognitive foundation by working together to define a “shared dream” for the firm. The open communication and participative decision-making style that frequently characterize women entrepreneurs (Brush, 1992) will facilitate this process.

The key cognitive processes in support of transferring knowledge from mothers to daughters were grounded in *extensive* (over many months) and *intensive* (many hours spent together daily) face-to-face communications. Face-to-face interactions are especially important when the goal is transferring complex, tacit knowledge and there is strong potential for distortions in the communication process (Lane & Lubatkin, 1998) – a frequent occurrence in many families due to the “generation gap.”

The *extensive* dimension of cognition was summarized by one mother as follows:

“It didn’t happen overnight...it took us months of working side-by-side before [they] came to a mutual understanding of the business...[They] can’t see any short cuts here...you just have to be diligent and put the time in.”

Her daughter articulated the *intensive* aspect of cognitive processes in this way:

“I came to the store every day and put in long hours with my mother...no more 2-hour lunches with friends like my college days...it was exhausting and exhilarating at the same time.”

Another mother described it this way:

“We just had to work at the communication...We made a pact that [they] would make a point of talking several times a day, even if it was just about little stuff that was going on in the store. After a while, it just seemed like [they] were on the same page and talking about the same vision for the future of the firm.”

The interactions that turned their “quantity” time into “quality” time included regular structured meetings, formal feedback mechanisms and reward systems, task sharing, and joint attendance at stakeholder events. Several mother-daughter pairs also reported attending workshops or courses on different business topics together. They believed that creating their “common language” (Szulanski, 1996) was something that emerged organically as they spent time together and developed their own rhythms for managing the firm.

Reflection

The reflection element is closely related to cognition. Hanna, Bemak, and Chung (1999) describe reflection as the capacity to accommodate and cope with ambiguity, uncertainty, and a wide range of people and situations – desirable qualities for any FB owner to possess. While the cognitive element embraces an objective, analytical approach, reflection challenges people to be introspective (Clayton & Birren, 1980) as a means to understanding their own motivations and behaviors. Cognitively, *understanding* the logic behind another’s viewpoint can be achieved by spending time discussing it with them; reflective capacity allows people to acknowledge its legitimacy. Hence, while the outcomes of cognition and reflection are closely related, their *processes* are seen to be working at cross-purposes, i.e. spending “face time” to create a shared understanding (cognition), versus the “alone time” required in reflection. The challenge for the mothers and daughters was striking the right balance between the two.

The capacity to accept new ideas and ways of behaving is aligned with the creativity and sensitivity associated with “right-brain” thinking, a trait present in many female business owners (National Foundation for Women Business Owners, 1994). The emergence of a reflective element in the data is also supported by survey findings comparing men and women business owners. The National Foundation for Women Business Owners (1994), for example, determined that women business owners tend to reflect on decisions, weighing options and outcomes, before taking action. Male business owners, in contrast, displayed a greater propensity for immediate action and a focus on external events and activities.

The manifestation of reflective capacity was found in the “alone time” that the mothers and daughters carved out for themselves in the course of a day or a week. One mother described it as her “*time to contemplate life.*” While both parties indicated the importance of introspection, they differed in their foci. Mothers reported that they spent a lot of time mulling over issues like how their daughters would cope with the transition. Daughters, on the other hand, spent more time thinking about immediate concerns related to the day-to-day operations.

One of the daughters captured the phenomenon succinctly when she juxtaposed her experiences working first with her father, and later with her mother, in a business setting:

“After working with Dad in a different business, and watching how he approaches problems, working with Mom was difficult at first. She seemed to take forever to make a decision...mulling it over.... I wanted to say – just do it! But after a while, I understood her thought process and I could see that she was very good at putting things in perspective.”

A mother in another FB engaged in some introspection of her own:

“My husband says I obsess about decisions. I guess, in a way, that’s true. I like to consider all the angles, then reconsider them...finally I end up with a decision that I believe is sound and I’m comfortable with. I think the business benefits

from me taking the time to think things through and reflect on where I want the business to go.”

Affection

Social psychologists describe the affective element of relationships as simply people’s capacity for showing concern to (Hanna et al., 1999), and displaying empathy for (Pascual-Leone, 1990), others. Relationships will be shaped by the ups and downs of affect encompassing pleasure/displeasure and activation/deactivation (Seo, Barnett, & Bartunek, 2004; Weiss, Nicholas, & Daus, 1999). Positive emotions are especially important in facilitating the transfer of “sticky,” tacit knowledge between parties (Szulanski, 1996; Kale, Singh, & Perlmutter, 2000; Nonaka, 1994).

Within FBs, the need to integrate two seemingly disparate social units – the family and the business – renders owner-successor relationships particularly challenging, as family conflicts will overflow into the business and vice versa (Kets de Vries, 1993). Founders of FBs are predisposed to an “*intensification of emotionality*” about their firm (Walsh, 1994, p. 176) that often leads to confusion about roles and boundaries (Johannisson & Huse, 2000; Lansberg, 1999). Family members will also experience strong, complex emotions towards succession (Dumas, 1990), including the loss/change of identity, feelings of jealousy and rivalry, confusion about finding a new sense of purpose in life, and a search for self-respect (Handler, 1994).

Emotional processes, which are powerful determinants of behavior, become embedded in FBs by way of the relationships between family members (Baker & Wiseman, 1998). One mother referred to this within the context of running the business with her daughter as “*doing their emotional maintenance work.*” In her view, this “work” was as important as the functional tasks related to marketing, accounting, etc. that were part of her day-to-day job.

Fingerman (2001) concludes that mothers and daughters are typically endowed with skills for maintaining relationships involving a high degree of intimacy (such as in a family business). They may also be more adept than men at dealing with work and family matters simultaneously (the multi-tasking imperative) (Helgesen, 1990). Their capacity for relationship-building is likely linked to their predisposition for emphasizing interpersonal connections (Aldrich, 1989) and defining themselves in terms of their relationships (Salganicoff, 1990).

The core of the affection element for the mothers and daughters in their FBs was finding the right balance between dependence and independence – both of which were viewed as essential – in their relationship. The dependence was necessary because of their dual roles as family members and business partners. A certain level of independence, meanwhile, was viewed as part of maintaining a healthy relationship. Thus, they expressed a need to establish “emotional boundaries” in their relationship.

The processes for finding that balance focused on jointly determining a set of relationship “rules” and “rituals” that were agreed upon by both parties. These rules and rituals included: open, honest and direct communication; forgiveness rituals and conflict resolution processes; and defining reasonable expectations of one another. Consistent with Fingerman’s (2001) findings regarding the maturation process of mother-daughter relationships, the older teams (age 50 + for the mothers and 30 + for the daughters) typically indicated the highest levels of emotional satisfaction with their relationships.

Synergies Between the Four Elements

Each of the four relational elements – structure, cognition, reflection, and affection – independently plays an important role in mediating the knowledge transfer process from mothers to daughters. However, the two-way arrows connecting the elements in Figure 1 illustrate that the synergies between them create the optimal conditions for the transfer of tacit knowledge from mother to daughter. For example, mothers and daughters who are emotionally distant (or lacking affection for each other) will find it very difficult to openly share their ideas about growing the business. A lack of trust between them will inhibit the free flow of ideas and their capacity for creating a shared language, both important concepts at the heart of the cognition element. Likewise, FBs that are embedded in networks of unique contacts will have maximum access to new ideas and information. Showing empathy and concern for the people in the network will help to secure this access. Cognitive processes will also help to sustain a rich network of contacts.

Given the difficulties of transferring tacit knowledge – the most valuable of all knowledge resources – the greatest value-creating potential for supporting knowledge transfer will be generated by the interactions of the four relational elements.

CONCLUSIONS

The road to transferring a FB to a child can be littered with emotional and intellectual potholes. Ask any owner about their experiences in teaching a child the “ropes” of the business and they will undoubtedly respond with a mixture of frustration and pride. They will also tell you that the sense of accomplishment in seeing their child carry their legacy to the next generation more than outweighs the “bumps” along the way. Transferring knowledge and capabilities from parent to child is an essential part of this journey.

This study has presented a model of the relational elements, and their mediating properties, that support the process of transferring tacit knowledge from mother to daughter in FBs. Although exploratory, the findings suggest a number of important implications for the way mothers and daughters manage internal and external relationships in family firms. First, the findings highlight the importance of networking beyond the immediate family and introducing the daughters to these contacts as soon as possible. Recognizing the resource limitations of a small, family-owned enterprise, the study firms all made a conscious effort to cultivate contacts in their communities and their industries in order to open the door to a broader range of resources. The propensity of women to see the world in terms of networks of cooperation is viewed as an asset in this regard.

Second, the findings point to the importance of developing a common understanding and shared language, maintaining an open mind to new ideas and experiences, and managing emotional processes. The cross-cutting themes of frequent, face-to-face interactions, open and direct communication, mutual respect and trust, and concern for others provide the foundation for all of these processes.

Finally, the study answers the calls of Nelton (1998), Harveston et al. (1997), Handler (1994), and others for women-specific FB research. The mother-daughter dyad – a small (but growing) segment of FBs – is an important sub-set. Nelton (1998, p. 216) identifies a need for more research that “*reflects the scale of leadership that women are and will continue to be*

taking on in family businesses.” She suggests a need for women-focused research in order to prepare family business professionals for the rise of female ownership and leadership of FBs.

Women are entering the world of business ownership at an unprecedented pace. At the same time, it has become increasingly common for multiple generations of women within families to possess professional expertise (Allen & Langowitz, 2003). As more and more firms are headed by women, it is likely that many of the traditional barriers to successor-daughters will be dismantled (Harveston et al., 1997). Therefore, the mother-daughter dyad will become increasingly prevalent. This study is intended to lay a few more bricks in the theoretical foundation by providing a greater understanding of succession in mother-daughter firms.

SUGGESTIONS FOR FUTURE RESEARCH

As exploratory research, this study raises a number of interesting issues that warrant further scrutiny. First, each of the four relational elements could be studied separately to delve deeper into the dynamics driving them. For example, an examination of the structural element could compare the impact of social versus supporting networks on the knowledge transfer process. For the cognition element, further study could assess the balance between the need for extensive versus intensive communications. In all cases, the impact of the knowledge transfer processes on firm performance would be a logical extension of the current study. This study identifies the synergistic benefits of the interactions between the four elements. However, does one element assume a more important role in performance outcomes than the others? This would necessitate a longitudinal study spanning a number of years.

Another interesting extension of the study would be to undertake comparative research. One facet would be to examine the father-son and mother-daughter succession patterns. The extant literature provides some evidence of different dynamics in these succession patterns. However, to date no research has been completed to document these differences. The same holds true for similar studies in different ethnic groups within the country. For example, what are the characteristics of the knowledge transfer process in Asian American versus African American family businesses? Any comparative studies would provide important data to policy makers and advisers that are tasked with supporting the development of small businesses in this country. It would allow them to target the support more efficiently to get the most out of the financial and managerial resources that are provided to the firms.

Finally, the participating firms in this study were based in the same geographic region (upper Midwest) of the U.S. It would be worthwhile to extend the research to a nation-wide study, to gain both aggregate data and regional data that could be compared for similarities and differences. Again, this would provide valuable information for policy makers and advisers to more effectively target support to the firms.

REFERENCES

- Aldrich, H. E. (1989). Networking among women entrepreneurs. In O. Hagan, C. Rivchun, and D. Sexton (Eds.), *Women-owned businesses* (103-132). New York, NY: Praeger.
- Allen, I., & Langowitz, N. (2003). *Women in family-owned businesses*. Boston, MA: Babson College/MassMutual Financial Group.
- Anderson, A., Jack, S., & Drakopoulou Dodd, S. (2005). The role of family members in entrepreneurial networks: Beyond the boundaries of the family firm. *Family Business Review*, 18 (2), 135-154.
- Aronoff, C. (1998). Megatrends in family business. *Family Business Review*, 11 (3), 181-185.
- Baker, K. & Wiseman, K. (1998). Leadership, legacy, and emotional process in family business. *Family Business Review*, 11 (3), 207-213.
- Barach, J. & Ganitsky, J. (1995). Successful succession in family business. *Family Business Review*, 8 (2), 131-155.
- Barnes, L. (1988). Incongruent hierarchies: Daughters and younger sons as company CEOs. *Family Business Review*, 1 (1), 9-21.
- Brush, C. (1992). Research on women business owners: Past trends, a new perspective and future direction. *Entrepreneurship: Theory and Practice*, 16 (4), 5-31.
- Butler, J. & Hansen, G. S. (1991). Network evolution, entrepreneurial success, and regional development. *Entrepreneurship and Regional Development*, 3, 1-16.
- Buttner, E. H. (2001). Examining female entrepreneurs' management style: An application of a relational frame. *Journal of Business Ethics*, 29 (3), 253-269.
- Cabrera-Suárez, K., De Saá-Pérez, P., & García-Almeida, D. (2001). The succession process from a resource- and knowledge-based view of the family firm. *Family Business Review*, 14 (1), 37-46.
- Center for Women's Business Research. (2004). *Entrepreneurship and women: Unique challenges and opportunities*. McLean, VA.
- Chrisman, J., Chua, J., & Sharma, P. (1998). Important attributes of successors in family businesses: An exploratory study. *Family Business Review*, 11 (1), 19-34.
- Chrisman, J., Chua, J., & Steier, L. (2005). Sources and consequences of distinctive familiness: An introduction. *Entrepreneurship: Theory & Practice*, May, 237-247.
- Clayton, V. & Birren, J. (1980). The development of wisdom across the life-span: A reexamination of an ancient topic. In P. Baltes and O. Brim (Eds.), *Life-span development and behavior* (103-135). New York, NY: Academic Press.
- Cohen, W. & Levinthal, D. (1990). Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35 (1), 128-152.
- Cole, P. (1997). Women in family business. *Family Business Review*, 10 (4), 353-371.
- Conner, K. & Prahalad, C. (1996). A resource-based theory of the firm: Knowledge versus opportunism. *Organization Science*, 7 (4), 477-501.
- Cook, S. & Brown, J. (1999). Bridging epistemologies: The generative dance between organizational knowledge and organizational knowing. *Organization Science* 10 (4), 381-4000.
- Cosier, R. A. & Harvey, M. (1998). The hidden strengths in family business: Functional conflict. *Family Business Review*, 11 (1), 75-79.
- Curimbaba, F. (2002). The dynamics of women's roles as family business managers. *Family Business Review*, 15 (3), 239-252.

- Danes, S. & Olson, P. (2003). Women's role involvement in family businesses, business tensions, and business success. *Family Business Review*, 16 (1), 53-68.
- Davis, J. A. & Taguiri, R. (1998). The influence of life-stage on father-son work relationships in family companies. *Family Business Review*, 2 (1), 47-74.
- Dumas, C. (1998). Women's pathway to participation and leadership in the family-owned firm. *Family Business Review*, 11 (3), 219-228.
- Dumas, C. (1992). Integrating the daughter into family business management. *Entrepreneurship: Theory and Practice*, 16 (4), 41-56.
- Dumas, C. (1990). Preparing the new CEO: Managing the father-daughter succession process in family businesses. *Family Business Review*, 3 (2), 169-181.
- Dunn, B. (1995). Success themes in Scottish family businesses: Philosophies and practices through the generations. *Family Business Review*, 8 (1), 17-28.
- Eisenhardt, K. (1989). Building theories from case study research. *Academy of Management Review*, 14 (4), 532-550.
- Fingerman, K. (2001). *Aging mothers and their adult daughters: A study of mixed emotions*. New York, NY: Springer.
- Fingerman, K. (1997). Being more than a daughter: Middle-aged women's conceptions of their mothers. *Psychology of Women and Aging*, 9 (4), 55-72.
- Fischer, L. (1981). Transitions in the mother-daughter relationship. *Journal of Marriage and the Family*, 43, 613-622.
- Granovetter, M. (1982). The strength of weak ties: A network theory revisited. In P. Marsden and N. Lin (Eds.), *Social structure and network analysis* (105-130). Beverly Hills, CA: Sage Publications.
- Grant, R. (1996). Toward a knowledge-based view of the firm. *Strategic Management Journal*, 17 (Winter Special Issue), 109-122.
- Grote, J. (2003). Conflicting generations: A new theory of family business rivalry. *Family Business Review*, 14 (2), 113-124.
- Gulati, R. (1999). Network location and learning: The influence of network resources and firm capabilities on alliance formation. *Strategic Management Journal*, 20 (5), 397-520.
- Habbershon, T.G. (2006). Commentary: A framework for managing the familiness and agency advantages in family businesses. *Entrepreneurship: Theory & Practice*, 30 (6), 879-886.
- Handler, W. (1994). Succession in family business: Review of the research. *Family Business Review*, 7 (2), 133-157.
- Handler, W. (1989). *Managing the family firm succession process: The next-generation member's experience*. (Unpublished doctoral dissertation. Boston University Graduate School of Management, 1989).
- Hanna, F., Bemak, F., & Chung, R. (1999). Toward a new paradigm for multicultural counseling. *Journal of Counseling and Development*, 77 (2), 125-135.
- Harveston, P., Davis, P., & Lyden, J. (1997). Succession planning in family business: The impact of owner gender. *Family Business Review*, 10 (4), 373-396.
- Haugh, H. & McKee, L. (2003). It's just like a family – shared values in the family firm. *Community, Work & Family*, 6 (2), 141-158.
- Helgesen, S. (1990). *The female advantage: Women's ways of leadership*. New York, NY: Doubleday.
- Hisrich, R. D. & Fulop, G. (1997). Women entrepreneurs: The Hungarian case. *Family Business Review*, 10 (3), 281-302.

- Johannisson, B. & Huse, M. (2000). Recruiting outside board members in the small family business: An ideological challenge. *Entrepreneurship & Regional Development*, 12, 353-378.
- Kale, P., Singh, H., & Perlmutter, H. (2000). Learning and protection of proprietary assets in strategic alliances: Building relational capital. *Strategic Management Journal*, 21 (2), 217-237.
- Kaslow, F. (1998). Handling transitions from mother to son in the family business: The knotty issues. *Family Business Review*, 11 (3), 229-238.
- Kaye, K. (1991). Penetrating the cycle of sustained conflict. *Family Business Review*, 4 (1), 21-44.
- Kets de Vries, M. (1993). The dynamics of family controlled firms: The good news and the bad news. *Organizational Dynamics*, 21 (3), 59-68.
- Kogut, B. & Zander, U. (1992). Knowledge of the firm, combinative capabilities and the replication of technology. *Organization Science*, 3, 383-397.
- LaChapelle, K. & Barnes, L. (1998). The trust catalyst in family-owned businesses. *Family Business Review*, 11 (1), 1-17.
- Lane, P. & Lubatkin, M. (1998). Relative absorptive capacity and interorganizational learning. *Strategic Management Journal*, 19 (5), 461-477.
- Lansberg, I. (1999). *Succeeding Generations: Realizing the Dream of Families in Business*. Boston, MA: Harvard Business School Press.
- Le Breton-Miller, I., Miller, D., & Steier, L. (2004). Toward an integrative model of effective FOB succession. *Entrepreneurship: Theory and Practice*, (Summer), 305-328.
- Lee, D. S., Lim, G. H., & Lim, W. S. (2003). Family business succession: Appropriation risk and choice of successor. *Academy of Management Review*, 28 (4), 657-666.
- Leonard-Barton, D. (1995). *Wellsprings of knowledge: Building and sustaining the source of innovation*. Boston, MA: Harvard Business School Press.
- Leonard-Barton, D. (1992). Core capabilities and core rigidities: A paradox in managing new product development. *Strategic Management Journal*, 13 (Summer Special Issue), 111-125.
- Lundberg, C. (1994). Unraveling communications among family members. *Family Business Review*, 7 (1), 29-37.
- Malecki, E. (1997). *Technology and economic development: The dynamics of local, regional, and national competitiveness*. Toronto, ON: Longman.
- MassMutual Financial Group & the Raymond Institute. (2003). *American Family Business Survey*. Alfred, NY.
- McWilliams, A. & Siegel, D. (1997.) Event studies in management research: Theoretical and empirical issues. *Academy of Management Journal*, 40 (4), 626-657.
- Mowery, D., Oxley, J., & Silverman, B. (1996). Strategic alliances and interfirm knowledge transfer. *Strategic Management Journal*, 17 (Winter Special Issue), 77-92.
- Murray, B. (2003). The succession transition process: A longitudinal perspective. *Family Business Review*, 16 (1), 17-33.
- National Foundation for Women Business Owners. (1994). *Styles of success: The thinking and management styles of women and men business owners*.
- National Women's Business Council. (2005). *Women business owners and their enterprises: Fact sheet*. Washington, DC.

- Nelton, S. (1998). The rise of women in family firms: A call for research now. *Family Business Review*, 11 (3), 215-218.
- Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organization Science*, 5 (1), 14-37.
- Pascual-Leone, J. (1990). An essay on wisdom: Toward organismic processes that make it possible. In R. Sternberg (Ed.), *Wisdom: Its nature, origins, and development* (244-278). New York, NY: Cambridge University Press.
- Penrose, E. (1959). *The theory of the growth of the firm*. Oxford, UK: Oxford University Press
- Perricone, P., Earle, J., & Taplin, I. (2001). Patterns of succession and continuity in family-owned businesses: Study of an ethnic community. *Family Business Review*, 14 (2), 105-120.
- Phillips, M. (1994). Industry mindsets: Exploring the cultures of two macro-organizational settings. *Organization Science*, 5, 384-402.
- Polanyi, M. (1966). *The tacit dimension*. Garden City, NY: Anchor.
- Premaratne, S. (2001). Networks, resources, and small business growth: The experience in Sri Lanka. *Journal of Small Business Management*, 39 (4), 363-371.
- Rowe, B. & Hong, G.-S. (2000). The role of wives in family businesses: The paid and unpaid work of women. *Family Business Review*, 13 (1), 1-13.
- Rowley, T. (1997). Moving beyond dyadic ties: A network theory of stakeholder influences. *Academy of Management Review*, 22 (4), 887-910.
- Salganicoff, M. (1990). Women in family businesses: Challenges and opportunities. *Family Business Review*, 3 (2), 125-137.
- Schendel, D. (1996). Knowledge and the firm. *Strategic Management Journal*, 17 (Special Winter Issue), 1-4.
- Seo, M-G., Barrett, L., & Bartunek, J. (2004). The role of affective experience in work motivation. *Academy of Management Review*, 29 (3), 423-439.
- Sharma, P., Chrisman, J., & Chua, J. (2003). Succession planning as planned behavior: Some empirical results. *Family Business Review*, 16 (1), 1-15.
- Sharma, P., Chrisman, J., & Chua, J. (2001). Determinants of initial satisfaction with the succession process in family firms: A conceptual model. *Entrepreneurship: Theory and Practice*, 25 (3), 17-36.
- Sirmon, D. & Hitt, M. (2003). Managing resources: Linking unique resources, management, and wealth creation in family firms. *Entrepreneurship: Theory and Practice*, (Summer), 339-358.
- Steier, L. (2001). Family firms, plural forms of governance, and the evolving role of trust. *Family Business Review*, 14 (4), 353-367.
- Steier, L. & Reya, T. (2002). Creating and sustaining capabilities in family firms: Family business as 'value incubators'. In M. Koiranen and N. Karlsson (Eds.), *The future of family business: Values and social responsibility* (371-388). Helsinki, Finland: Research forum proceedings.
- Szulanski, G. (1996). Exploring internal stickiness: Impediments to the transfer of best practices within the firm. *Strategic Management Journal*, 17 (Winter Special Issue), 27-43.
- Thompson, L. & Walker, A.J. (1984). Mothers and daughters: Aid patterns and attachment. *Journal of Marriage & Family*, 46 (2), 305-313.

- Thurow, L. (1999). *Building wealth: The new rules for individuals, companies, and nations in a knowledge-based economy*. New York, NY: HarperBusiness.
- Usita, P. & Du Bois, B. (2005). Conflict sources and responses in mother-daughter relationships: Perspectives of adult daughters of aging immigrant women. *Journal of Women & Aging, 17* (1/2), 151-166.
- Venter, E., Boshoff, C., & Maas, G. (2003). The influence of relational factors on successful succession in family businesses: A comparative study of owner-managers and successors. *South African Journal of Business Management, 34* (4), 1-13.
- Walsh, F. (1994). Healthy family functioning: Conceptual and research developments. *Family Business Review, 7* (2), 175-198.
- Ward, J. L. (1987). *Keeping the family business healthy: How to plan for continuing growth, profitability, and family leadership*. Marietta, GA: Business Owners Resources.
- Ward, J. L. & Aronoff, C. E. (1994). Managing family-business conflict. *Nations Business*, (November), 54-55.
- Weiss, H. M., Nicholas, J. P., & Daus, C. S. (1999). An examination of the joint effects of affective experiences and job beliefs on job satisfaction and variations in affective experiences over time. *Organizational Behavior and Human Decision Processes, 78*, 1-24.
- Yin, R. K. (1994). *Case study research: Design and methods* (2nd edition). Thousand Oaks, CA: Sage .

