

## STRATEGIC ENTREPRENEURSHIP: FINDING THE BALANCE FOR SUSTAINABLE GROWTH

By Lida Kyrgidou & Klas Eric Soderquist

A key question of utmost importance for managers in general and entrepreneurs in particular is how to simultaneously maximize the ability to recognize and pursue new business opportunities, and minimize the strategic risk related to new venture development. A newly introduced concept, *Strategic Entrepreneurship*, is gaining increasing interest both in established businesses that strive to develop a more entrepreneurial orientation in order to maintain their lead, and in fast-growing entrepreneurial-oriented firms that need to develop sustainable competitive advantage from the opportunities they originally exploit (Ireland et al, 2003).

Strategic Entrepreneurship (SE) refers to redefinition and reorientation of established operations and to strategizing in entrepreneurial ventures, through the integration of *entrepreneurial opportunity seeking* and *strategic advantage-seeking* actions for innovation, growth and sustainable wealth creation (Hitt et al., 2001). SE involves the integration of two disciplines, those of Entrepreneurship and Strategic Management. The former consists of actions for and behaviors conducive to identifying and exploiting profitable *opportunities* in the environment (Shane and Venkataraman, 2000). The latter entails the set of actions

designed to achieve *competitive advantage* and achieve better-than-average results by intelligent and fact-based selection among alternatives leading to such advantage. In other words, Strategic Entrepreneurship can be defined as a process that guides decision-making and managerial efforts for identifying the best opportunities (with the highest potential returns) and then supports the exploitation of strategic actions. Hence, SE conducts firms to develop organizational mechanisms that increase their entrepreneurial activity in the direction of new strategic orientations without, however, undermining the success of the present competitive platform.

The SE concept fosters the integration of entrepreneurship and strategic management, because it is at the crossroads of those two disciplines that sustainable innovative changes can occur. The development of the Strategic Entrepreneurship construct is important for two fundamental reasons.



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## EDITORIAL NOTE

How can managers strategize in newly developed ventures? The answer to this critical question might make the difference between whether the venture –a new business start-up or a spin-off from an existing enterprise- succeeds and makes a sustainable impact in its industry. The lead article in this issue of InnKnow FORUM addresses this problematic through the lens of a recently emerging concept, Strategic Entrepreneurship, which seeks to balance entrepreneurial opportunities with strategic advantage.

Knowledge transfer effectiveness and its link to innovation performance is the subject of the second article. Doctoral candidate Dimitris Brachos presents initial results from a unique ongoing survey of Knowledge Management practices in large Greek firms. In particular, he identifies the critical importance of knowledge usefulness as a mediator in the knowledge transfer process.

In the third article, recent graduates from the MBA International Program of AUEB, together with Visiting Professor George Vozikis, present a review of the key factors influencing family business succession.

*Klas Eric Soderquist*

## CONTENTS no 9, Spring 2006

Editorial Note	1
Strategic Entrepreneurship: A Novel Approach to Corporate Rejuvenation, <i>L. Kyrgidou &amp; K.E. Soderquist</i>	1
Developing an Organizational Context Favorable for Knowledge Transfer, <i>D. Brachos</i>	3
The Key Factors Affecting Family Business Succession, <i>G. Chondrakis, C. Sigalas, A. Zaharopoulos &amp; G. S. Vozikis</i> References	6
Useful Web Links	10
Contributing Authors	11
Next and previous issues of InnKnow FORUM	11
Contact	11



## STRATEGIC ENTREPRENEURSHIP *cont. from page 1*

First, it consists of a new conceptual stance compared to the dominant models of strategic management, which have been criticized for being insufficient when it comes to guiding behavior in turbulent environments where advantage is created through the faculty of exploiting a continuous and affluent stream of opportunities through innovation (Brown & Eisenhardt, 1998). SE bridges this gap, suggesting entrepreneurial actions to be taken within a strategic framework.

Second, SE maintains a balance between the two processes of opportunity seeking and advantage seeking by aiding business leaders to recognize opportunities, invest in their exploitation and develop mechanisms that foster entrepreneurial behavior without undermining their businesses' current operations and strategies.

### The Key Constituents of Strategic Entrepreneurship

The key constituents of Strategic Entrepreneurship are *entrepreneurial actions*, *strategic actions*, *entrepreneurial orientation* and *strategic renewal* :

- *Entrepreneurial actions* entail actions through which firms identify and attempt to exploit entrepreneurial opportunities not discovered or exploited by competition (Hitt et al, 2001).
- *Strategic actions* are actions for developing and exploiting already existing competitive advantages, while at the same time supporting entrepreneurial actions conducive to competitive advantage in the future (Hitt et al., 2002).
- *Entrepreneurial orientation* refers to a capability of opportunity recognition and exploitation – to develop new practices that deviate from previous ones, where risk-taking, innovation and pro-activeness are key dimensions. Entrepreneurial orientation assumes that the pursuit of opportunities will lead to new practices enhancing future success and wealth creation. It therefore is a central element through which SE materialize.

- Finally, *strategic renewal* is viewed as an organizational outcome of the other three elements and refers to outcomes such as mission transformation, reorganization and system-wide changes that will enable continuous integration of opportunity-seeking and advantage-seeking behaviors.

The above concepts can be seen as a pair of integrated driving mechanisms –entrepreneurial action and strategic action- leading to a strategically aligned and strategically grounded entrepreneurial orientation, which, in turn, is conducive to strategic renewal and, ultimately, to wealth creation (figure 1).

A question that arises, however, is how Strategic Entrepreneurship will materialize in an organization. The answer lies in an integration of a third fundamental perspective in strategic management, namely the *resource-based view*, and in particular the development and management of specific dynamic capabilities.

### Building on Resources and Capabilities

Recognizing the influence of both internal and external factors in shaping Strategic Entrepreneurship, it is of utmost importance to capture those fundamental factors that are conducive to SE at the firm level. The Resource Based View - RBV (e.g., Mosakowski, 2002) is aligned with the main dimensions of SE, namely:

- Value creation in the marketplace through opportunity exploration and exploitation, and
- Sustainable competitive advantage.

Hence, the RBV provides a useful complementary framework for focusing on development of the necessary resources and capabilities in order to pursue a management process along the lines of SE.

The Schumpeterian search for “new resource combinations” as the fundamental activity of the entrepreneur leads us to view *resources* as the enabling mechanisms in the context of entrepreneurial

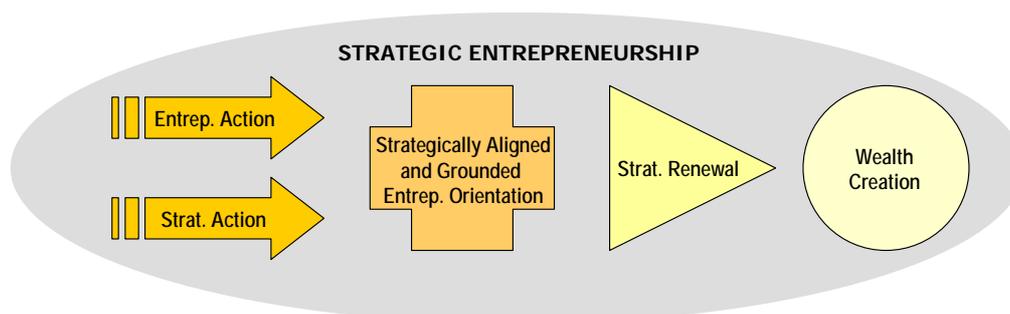


Figure 1. The Process of Strategic Entrepreneurship, after Ireland et al, 2003.



actions, strategic actions, entrepreneurial orientation and strategic renewal. Novel resource combinations within and outside the firm lead to extension of the frontiers of value creation, and, thus, to wealth creation.

Firstly, the connection of a variety of different resources internally enhances an organization's ongoing strategic adaptation since the new linkages thus activated enable the firm to reconfigure its resources and provide ways to experiment with new ideas and innovate. Hence, as an integrating mechanism between entrepreneurial action and strategic action, a *reconfiguration capability* is necessary for initiating the process of SE. Through reconfiguration capability firms may develop more flexible organizational structures with more rapid and efficient decision-making structures and fewer organizational boundaries, improving the opportunities for linking resources in different parts of the organization (D'Amboise & Muldowney, 1988). This also reduces barriers towards resources in the environment.

Secondly, the successful reconfiguration of internal structures, procedures and processes requires an ability to take impression, learn and ultimately integrate a variety of resources in order to make the entrepreneurial orientation materialize into strategic renewal. Hence, *learning capability* plays an important role in ceasing and developing opportunities, and in creating difficult-to-imitate strategic advantage (Teece et al, 1997). Learning capability serves as a source for continuous renewal of all firm resources and an indispensable means for efficiently translating strategy into action (Zollo & Winter, 2002). It includes bringing in new perspectives, diversity in views and continuous scanning of present knowledge perspectives and power structures, routines and rules (Hamel, 1997). The learning process includes routines that provide exchange of joint experiences among team and functions, extensive communication links out of the firm to increase the amount of new impulses, routines for articulation, codification and accumulation of experiences (Dyer et al, 2001).

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Further identification of variables and development of constructs and hypotheses for testing the relations between resources, capabilities and SE, constitutes a promising avenue for future research. Such research has the potential to answer to questions regarding the origin and emergence of the required resources and capabilities, the nature of resources and capabilities most crucial in encouraging entrepreneurial efforts and changes in firm's competitive strategic platforms, the degree of their impact on materializing SE, and ways in which these capabilities are managed strategically in order to become conducive to SE.

This research will also have implications for strategic management practice. First, not all capabilities contribute equally to the firm's performance and

growth. In view of the resource-scarcity under which most firms operate, the identification of proper combinations or sets of resources and dynamic capabilities required for fostering SE is therefore critical. Second, measurement of firm capabilities and their relation to Strategic Entrepreneurship stimulates strategic action based on a deeper understanding of what factors lead to performance differentiation among firms.

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## DEVELOPING AN ORGANIZATIONAL CONTEXT FAVORABLE FOR KNOWLEDGE TRANSFER

*By Dimitris Brachos, Doctoral Candidate*

A primary aim of knowledge management is to enable and encourage *knowledge transfer* among and between individuals, communities and organizational units (Newell et al, 2002). Resent research has extended the importance of knowledge transfer and sharing to competitiveness, arguing that the creation and transfer of knowledge in organizations provide a basis for competitive advantage (Ingram & Roberts, 2000). Organizations that achieve effective knowledge transfer:

- Increase their productivity (Hansen, 2002),
- Enable intensive learning to take place among actors (Inkpen and Tsang, 2005),
- Create new knowledge (Argote et al, 2003),
- Foster innovation (Tsai, 2001).

From the innovation perspective, knowledge provides firms with the raw material for innovation, and knowledge transfer enables the of combining previously disparate ideas, insights and knowledge conducive to the creation of new products, services and processes (Cohen and Levinthal, 1990; Kogut and Zander, 1992). The rate of new product introduction can mirror a firm's capacity of managing, sharing, creating and combining new and existing knowledge (Smith et al, 2005).

In this context, our research attempts to answer two questions: (1) How do factors of organizational context impact an organization's level of perceived usefulness of knowledge, and (2) How does the organization's level of perceived usefulness of knowledge relate to innovation?

### Usefulness of the Knowledge Being Transferred

Knowledge transfer actually occurs when received knowledge is *used* by recipients and this use results in *changing their behavior*; in other words when experience of one individual or organizational unit influences another individual or unit through



changes in behavior (Nelson and Winter, 1982; Argote and Ingram, 2000). In synthesis, previous studies (Levin & Cross, 2004; Reagans & McEvelly, 2003; Szulanski et al, 2004) have concluded that perceived usefulness of knowledge is dependent on the extent to which the concerned actors perceive knowledge as:

1. *Meaningful* - Knowledge should make sense to the users,
2. *Accurate* - Knowledge should be related to the tasks and problems facing the users and to the processes and routines through which work gets done,
3. *Valid* - Knowledge should be action-oriented and proven applicable,
4. *Conductive to innovation* - The use of knowledge should lead to something new (i.e., ideas, deeper knowledge, product/service concepts, etc).

Based on the above, we suggest that *perceived usefulness of knowledge* is an adequate proxy for operationalizing knowledge transfer effectiveness. Following our synthesis, we define and measure an organizational unit's perceived usefulness of knowledge as the extent to which the knowledge shared within the unit is perceived as meaningful, accurate, valid and conducive to innovation.

### Research Setting

The research was conducted in marketing divisions of medium and large-sized companies operating in Greece in the ICT, Pharmaceutical and Food industries. All 194 companies employing more than 100 employees and registered in the official Greek ICAP database were contacted. Out of those, 112 accepted to participate in the research. In this article we present initial and partial results from 65 of these companies from which a total of 295 questionnaires were collected and 72 interviews with Marketing Directors conducted. Hence, our research relies on multiple respondents in most organizations, improving the reliability of the results.

### The Context of Knowledge Transfer

Knowledge and context are inextricably linked in organizations. Davenport and Prusak (1998) argue that when knowledge transfer is the objective, the method must always suit the organizational culture, and De Long and Fahey (2000) advance that different contextual dimensions shape both the individuals' behavior and their relationships. Hence, context determines the way that knowledge is created, legitimated and diffused throughout the organization.

We position our research recognizing that the notions of organizational context, culture and climate represent overlapping explanations of the same phenomenon (Ashkanasy et al., 2000; Smith et al, 2005) where the core elements are:

- Social Interaction reflecting closeness of working relationships and communication frequency in the unit being studied,
- Trust reflecting the perceived trustworthiness among individuals and groups within the unit,
- Motivation measuring intrinsic and explicit motivation to transfer knowledge within the unit,
- Learning Orientation reflecting commitment to learning, open-mindedness, and shared vision,
- Management Support measuring the extent to which leadership facilitates knowledge transfer within their unit.

An in-depth literature review enabled us to analyze and conceptualize these factors and develop a set of hypotheses for testing through the sample of marketing divisions in Greek companies. Table 1 shows the hypotheses generated for each contextual factor (hypotheses 1-5), together with brief explanations of their major measures.

Two additional hypotheses were developed. In order to measure the Perceived Usefulness of Knowledge we combined six items from Levin and Cross (2001), Hansen, (1999) and Szulanski, (1996) in order to create a comprehensive and novel measurement for this construct. The hypothesis tested was the following:

*Hypothesis 6: The level of perceived knowledge usefulness of a business unit is associated with the number of new products and services it introduces.*

Concerning the dependent variable, New Products and Services, we measured the number of new products the marketing division had introduced in the recent year (Smith et al, 2005). This measure was significantly correlated with the number of unit personnel, which was normalized to enable direct comparison. The hypothesis tested was the following:

*Hypothesis 7: The level of perceived knowledge usefulness of a business unit mediates the relationship between the business unit's context and the number of new products and services it introduces.*

### Results and Discussion

We tested our hypotheses concerning the influence of the contextual constructs on the mediating variable Usefulness of Knowledge and the dependent variable New Products and Services using ordinary least squares (OLS) regression. Four models were produced:

- Model 1 testing the effect of the independent variables (Social Interaction, Trust, Motivation, Learning Orientation, and Management Support) on the mediator (Perceived Usefulness of Knowledge),



- Model 2 testing the relationship between the mediator (Perceived Usefulness of Knowledge) and the dependent variable (New Products and Services),
- Model 3 relating the independent variables (Social Interaction, Trust, Motivation, Learning Orientation, and Management Support) to the dependent variable (New Products and Services),
- Model 4 testing the effect of the independent variables and the mediator on the dependent variable.

Regarding the impact of organizational context on perceived usefulness of knowledge, (Model 1; Hypotheses 1-5), social interaction was unrelated to perceived usefulness of knowledge, while trust has positive and significant influence to perceived usefulness of knowledge supporting hypothesis 2. Motivation was equally positively related to perceived usefulness of knowledge, supporting hypothesis 3 and learning orientation – namely shared vision, open-mindedness, and commitment to

learning – was marginally positively to perceived usefulness of knowledge supporting hypothesis 4. Management support has strong and significant relation with perceived usefulness of knowledge as well, supporting hypothesis 5.

Supporting hypothesis 6 (Model 2), a firm's level of perceived usefulness of knowledge showed a significant positive relation to its number of new products and services.

We also expected that perceived usefulness of knowledge would mediate the relationships between the independent variables (Social Interaction, Trust, Motivation, Learning Orientation, and Management Support) and number of new products and services introduced (Hypothesis 7, Model 4). Following Baron & Kenny (1986) the analysis of this mediation includes three steps:

Contextual Factor Influencing Knowledge Sharing Effectiveness	Hypotheses	Explanatory Notes
<u>Social Interaction</u>	Hypothesis 1: Social interaction as measured by tie strength and communication frequency will have a positive impact on a business unit's level of perceived knowledge usefulness	<i>Ties refer to occurring contacts between groups of people and exist on a continuum between strong (close and frequent contacts) and weak (distant and infrequent contacts)</i>
<u>Trust</u>	Hypothesis 2: Trust will have a positive impact on a business unit's level of perceived knowledge usefulness	<i>Trust is defined as 'the extent to which one is willing to ascribe good intentions to and have confidence in the words and actions of other people.</i>
<u>Motivation</u>	Hypothesis 3: Motivation will have a positive impact on a business unit's level of perceived knowledge usefulness.	<i>Two forms of motivation that can encourage participants to share their knowledge are examined: extrinsic –provided- motivation (pay, incentives, awards and recognition) and intrinsic – self-generated- motivation (work-related factors and work environment).</i>
<u>Learning Orientation</u>	Hypothesis 4: Learning Orientation, namely commitment to learning, open-mindedness and shared vision, will have a positive impact on a business unit's level of perceived knowledge usefulness.	<i>Focus on cause-effect relations. A questioning and exploration attitude to problem solving. Strong consensus about the value of knowledge sharing for performance.</i>
<u>Management Support</u>	Hypothesis 5: Management support will impact on a business unit's level of perceived knowledge usefulness.	<i>Top management's active and dynamic involvement in knowledge transfer by developing, supporting and sustaining a favourable organizational context.</i>

Table 1. Hypotheses for the Contextual Factors and Knowledge Sharing Effectiveness.



1. The first step is to ensure and examine the existence of a relationship between the independent variables and the mediator (here perceived usefulness of knowledge). As already indicated in model 2, all of the independent variables, except for social interaction, were related with the mediator.
2. The second step is to analyze if a significant relation between the independent variables and the dependent variable (here new products and services) exists. Tested in Model 3, this was the case for the management support variable only.
3. Third and finally, the test of the significance of the moderator then consists of analyzing whether the direct significant link between independent and dependent variables remains when the mediator is introduced in the equation. If it remains, the mediator is not important for the relationship under examination.

Model 4 showed that previously significant relationship (model 3) between independent variables (here management support) and dependent variable (here new products and services) were no longer significant when a firm's level perceived usefulness of knowledge was entered in the equation. Following these procedures and steps, the results mean that *the mediator played a critical role* and that *usefulness of knowledge is determining for the link between knowledge transfer and innovation*.

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This study is a first attempt to show that the construct 'Perceived Usefulness of Knowledge' is a critical proxy of knowledge transfer effectiveness, as well as to find support for its positive relation to innovation. Our research attempted to answer two questions: (1) How do factors of organizational context impact an organization's level of perceived usefulness of knowledge, and (2) How does the organization's level of perceived usefulness of knowledge relate to innovation?

We found strong support for paying attention to contextual factors when firms want to transfer knowledge within business units. Trust, motivation to transfer knowledge, management support and, to a lesser extent, learning orientation are important characteristics of a context that fosters knowledge transfer and innovation.

This contribution is important for practice, since the need for developing an organizational context where knowledge transfer and innovation flourish is obvious; effective knowledge transfer cannot be achieved "for free". The fact that social interaction had no effect on usefulness of knowledge confirms previous speculations about the ambiguous role that communication plays for knowledge transfer.

Actually, communicating more will not help if the communication is not properly understood between senders and recipients, for reasons of, e.g., hierarchical distance or different professional priorities and perspectives.

Moreover, since perceived usefulness of knowledge signifies meaningful, valid and innovative knowledge, one can expect that it may lead to innovation. Indeed, our analysis reveals that perceived usefulness of knowledge leads to innovation as measured by new product and service introduction. In turn, we showed that perceived usefulness of knowledge fully mediates the relationship between management support and the number of new products and services, which is a contribution to innovation theory and its relation to knowledge.

Future research needs to concentrate more on the contextual factors that facilitate both knowledge transfer and innovation. Even if the debate among organization context, climate and culture is ongoing, the need to standardize core factors that influence knowledge and innovation is obvious. In addition, our intention is to use more advanced statistical techniques on the data set in order to provide a more detailed picture of the relationships between the different variables involved in the knowledge transfer puzzle.

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## FACTORS AFFECTING FAMILY BUSINESS SUCCESSION

*by G. Chondrakis, C. Sigalas, A. Zaharopoulos & G. S. Vozikis*

Successful succession is a major issue for all family businesses (e.g., Miller et al, 2003). This does not only guarantee the survival of the business but also creates the foundation for the achievement of sound financial results for a family business. For this reason, many scholars have attempted to identify and analyze the factors that affect succession. The objective of our work and presentation here is to review and discuss briefly those factors.

A very important factor is the *successor's personal relationship with the predecessor*. A smooth succession requires the cooperation of the incumbent (predecessor) and the successor (Handler, 1992; Hollander & Elman, 1988). Similarly, crucial is the *successor's personal relationship with the family as a whole*. Morris et al (1997) advocated that family relationships have multiple dimensions, including relationships among heirs, between heirs and the family business head,



between heirs and the spouse of the family business head, and so forth.

*Shared values* also play an important role in the succession process (Cabrera-Suárez et al, 2001). They suggest that the family business's unique features (commitment, shared values, culture, trust, reputation) give it certain strategic resources and capabilities that could account for its long-term success and hence it is of utmost importance that the successor believe in, support and is able to develop and enhance these values. Closely related to values is the importance of a *shared vision*. Sharing views about the objectives and the goals of the family business is considered essential to effective succession in a large number of studies. More holistically, Lansberg (1998) emphasizes *strategic planning* as vital for the survival of the business. "Succession planning means making the preparations necessary to ensure the harmony of the family and the continuity of the enterprise through the next generation."

*Experience and education of a successor* is positively correlated with a smooth transition and post succession performance (Morris et al, 1997). It is pretty obvious that previous working experience inside the business is a factor that affects the succession process. Working inside the family business can provide the successor with all the knowledge that is needed in order to run the company. Chrisman, Chua and Sharma (1998) along with many other scholars have highlighted the positive effects that experience in the family business has in the succession process. "Experience in the family business enables the successor to develop relationships within the company and understand the culture and intricacies of the business". Existing research has also defined *outside work experience* as a factor for succession. It is very important to identify and leverage what working experience from outside of the family business can help the successor in taking charge and running the family owned business successfully. Working experience outside of the family business is considered a strong asset for the successor as it is demonstrated in the work of Barach and Gantinsky (1995) who emphasized that many thriving successors had rich experiences at other companies and jobs.

Chrisman, Chua and Sharma (1998) also research on how *personality traits* affect the succession process. In their work we can find many different personality traits like integrity, commitment, and intelligence. They suggest that competence without integrity or commitment does not provide assurance for a successful succession. So emphasis should be given also to personality traits.

Another important factor is the *successor's motivation*. From Handler (1992), we learn that the more the opportunities within an FOB mesh with a successor's personal needs of career development and personal satisfaction, the more likely the succession experience will be positive. Successor

motivation seems crucial as it guarantees that the successor will have the urgency and the spirit needed in order to succeed in his or her new role.

Some additional factors are the *rules and policies inside the family business*. The successor will have to deal with existing rules that will be posed by the predecessors and the predecessors will have to deal with the successor's right to modify or even refuse some of these rules. To achieve a convergence, successors should accept certain policies of the past, at least over a transition period (Cabrera-Suárez et al., 2001). Collaboration and team approaches are also critical for the succession process.

In the article by Miller et al. (2003) we find that the *organization's past and its structure* also affect succession. The successor will take on the management of a company with its past problems, and its specific development patterns. The structure of the family business and the existing situation will partly determine the success of the succession process. Finally, succession can also be influenced by the *market environment* that the company faces. "The level of competitiveness, change, and uncertainty in the environment may influence which of our succession patterns is more likely to prevail" Miller et al. (2003).

Table 2 synthesizes the factors and the main references analyzing them.

In order to determine which factors are more important and significant to succession we observed how often each factor is presented in the literature. Additionally we tried to merge and combine certain factors that dealt with similar issues. For example, we merged all the factors that include *relationships* into one aggregated factor that is called *family relations*. In this factor we included the successor's relationship with both the incumbent and the family and the collaboration between family members. Furthermore, we included shared values and shared vision in the *strategic planning* as we consider that proper strategic planning should make sure that the successor is highly exposed to the values and the vision of the family business. In synthesis, we suggest the following five factors:

- *Strategic planning,*
- *Family relations,*
- *Education,*
- *Working experience inside the family business , and*
- *Working experience outside of the family business.*

In order to depict the steps that we followed a factor extraction method which is the factors distiller funnel (Figure 2).



Factors	References on Literature
1. Successor's personal relationship with the predecessor	It is believed that a smooth succession requires the cooperation of the incumbent (predecessor) and the successor (Handler, 1992; Hollander & Elman, 1988)
2. Successor's personal relationship with the family	Family relationships have multiple dimensions, including relationships among heirs, between heirs and the family business head, between heirs and the spouse of the family business head, and so forth Morris et al. (1997)
3. Shared values	The family business's unique features (commitment, shared values, culture, trust, reputation, and so on) give it certain strategic resources and capabilities that could account for its long-term success (Cabrera-Suárez et al., 2001).
4. Shared vision	Sharing views about the objectives and the goals of the family business is considered essential to effective succession (Barach & Gantisky, 1995; Chrisman et al., 1998; Dyer, 1994; Dyck et al., 2002; Lansberg, 1999; Potts, 2001).
5. Strategic Planning	Succession planning means making the preparations necessary to ensure the harmony of the family and the continuity of the enterprise through the next generation. Lansberg (1988)
6. Education	Morris et al (1997) suggested that the education of a successor is positively correlated with a smooth transition and post succession performance
7. Work experience inside the family owned business	"Experience in the family business enables the successor to develop relationships within the company and understand the culture and intricacies of the business" (Chrisman, et al. , 1998; Lansberg & Astrachan, 1994)
8. Working experience outside of the company	Barach & Gantisky (1995) emphasized that many thriving successors had rich experiences at other companies and jobs.
9. Personality Traits	Competence without integrity or commitment does not provide assurance. (Chrisman et al. , 1998)
10. Successor's Motivation	A willing and fully committed successor is vital (Le Bretton Miller et al. , 2004)
11. Rules/policies inside the FOB	To achieve this convergence, successors should accept certain policies of the parents, even if they disagree (Cabrera-Suárez et al. , 2001)
12. Collaboration	The qualities of relationships inside the family collaboration, accommodation, team approaches, harmony, and sibling relationships-are critical (Le Bretton Miller et al., 2004)
13. Organizational structure and past	The culture and governance structure of an organization may influence the succession patterns that occur (Miller et al. , 2003)
14. Market context	The level of competitiveness, change, and uncertainty in the environment may influence which of our succession patterns is more likely (Miller et al. , 2003)

Table 2. Synthesis of Factors Affecting Family Business Succession.

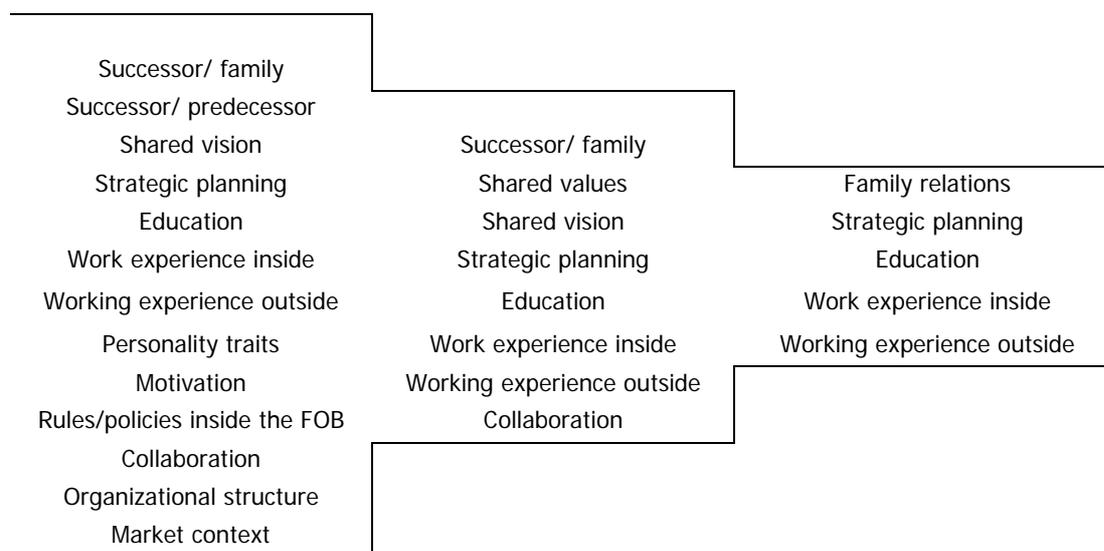


Figure 2. Factors Distiller Funnel.



The five factors extracted by the funneling approach can hypothetically be seen as moderators of the succession event. Two major factors that we analyzed with respect to moderation were succession discontinuity and lower post-succession performance:

- *Succession discontinuity* represents the ambiguous time period of the succession event where management is not performing (or at least is severely underperforming) because the successor has not (fully) assumed the control of the family business.
- *Lower post-succession performance* represents the difference in performance and productivity of the successor compared to the incumbent.

From correlation analysis we found that *succession planning* and *family relations* are mainly related to succession discontinuity, while *work experience inside the family business*, *work experience outside the family business* and *academic education* are mainly corresponded to post-succession performance. Both two categories of moderators can manipulate the experience curves in family business succession in order to improve performance.

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**USEFUL WEB LINKS** (Entrepreneurship, Knowledge Management)

**Kauffman eVenturing**, [www.eventuring.org](http://www.eventuring.org), This site provides original articles, written by entrepreneurs for entrepreneurs, and aggregates quality content on the Web related to starting and running new ventures.

**Babson College – AM Blank Center for Entrepreneurship**, [www3.babson.edu/eship/](http://www3.babson.edu/eship/). Babson is one of the leading academic institutions in Entrepreneurship worldwide. The site contains information on publications, case studies, events, conferences and other issues related to building knowledge about entrepreneurship and entrepreneurs.

**OTEnet Innovation Competition 2006**, [www.innovation2006.gr](http://www.innovation2006.gr). An exciting initiative with a number of sponsors and contributors, among them AUEB, for promoting the awareness of innovation and innovative thinking for a better future.

**Hellenic General Secretariat for Research and Technology**, [www.gsrt.gr](http://www.gsrt.gr), is the portal site for information on research programs, institutional priorities and calls for tenders related to innovation issues in Greece. Access to the information publication "Ereuna & Technologia" (Research and Technology).

**The KM Network**, [www.brint.com/km/](http://www.brint.com/km/). The site is developed by the Brint Institute and contains numerous weblinks and pdf documents from a wide array of sources structured under headlines such as KM Trends, Technologies of KM, Creativity and KM, etc. Requires time to "surf around" and the interface is not the most aesthetic or readable but there is A LOT of information available.

**KM Monthly**, <http://www.destinationkm.com/>. Portal site around the journal KM Monthly. Good for keeping up with news and trends in the fields, mostly from an information management perspective.

**Tom Davenport**, top KM Guru, has his own website [www.tomdavenport.com](http://www.tomdavenport.com). To explore!

**John Seely Brown**, top KM guru, has his own website [www.johnseelybrown.com](http://www.johnseelybrown.com). To explore!

**Knowledge Management Research**. There is a rich variety of research perspectives on KM. Below are listed a few indicative research centers, that conduct interesting research in the area.

**INSEAD**, [www.calt.insead.edu](http://www.calt.insead.edu).

**Babson College**, <http://www3.babson.edu/Bee/research/wk/> and [www.babsonknowledge.org](http://www.babsonknowledge.org).



**Japan Advanced Institute of Science and Technology**, [www.jaist.ac.jp/ks/index-e.html](http://www.jaist.ac.jp/ks/index-e.html).

**Royal Institute of Technology**, Stockholm, Sweden, <http://kmr.nada.kth.se/>.

**Warwick Business School**, <http://users.wbs.ac.uk/group/ikon/>.

**Copenhagen Business School**, [www.lok.cbs.dk/site/default\\_eng.asp#rp5](http://www.lok.cbs.dk/site/default_eng.asp#rp5).

## CONTRIBUTING AUTHORS

**Dimitris Brachos** is Doctoral Candidate at the Department of Management Science and Technology of AUEB and affiliated to the InnKnow Unit.

**Georgios Chondrakis**, **Christos Sigalas**, and **Anastasios Zaharopoulos** are Graduates from the MBA International Program at AUEB.

**Lida Kyrgidou** is Doctoral Candidate at the Department of Management Science and Technology of AUEB and affiliated to the InnKnow Unit.

**Klas Eric Soderquist** is Assistant Professor of Innovation and Knowledge Management at DMST and Head of the InnKnow Unit.

**George Vozikis** holds the Edward Reighard Chair of Management, Department of Management, Craig School of Business, California State University, Fresno. He is Visiting Professor of Entrepreneurship at AUEB.

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## NEXT AND PREVIOUS ISSUES OF INNKNOW FORUM

The next InnKnow FORUM, to be published Fall 2006, will feature articles on different topics. The lead article will be devoted to **Blogging as an Organizational Innovation**.

Celebrating the 10th issue, an overview of the research projects conducted in the InnKnow Unit of the Management Science Laboratory and their key findings and implications will also be made.

The focus of previous newsletters, available on our website, was:

**The Role of Gender in Family Business Succession** – lead article  
(no 8, fall 2005)

**Innovation Hot Spots** – lead article  
(no 7, spring 2005)

**New Product and Service Development**  
(no 6, fall 2004).

**Competency-Based Management**  
(no 5, spring 2004).

**Managing Knowledge**  
(no 4, fall 2003).

**Innovation and Entrepreneurship**  
(no. 3, spring 2003).

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### Director of MSL

Professor Gregory P. Prastacos, [gpp@aeub.gr](mailto:gpp@aeub.gr)

### Head of InnKow and Editor of InnKnow FORUM

Klas Eric Soderquist, [soderq@aeub.gr](mailto:soderq@aeub.gr)

### Research Fellows:

Yiannis Spanos, [spanos@aeub.gr](mailto:spanos@aeub.gr)

Maria Vakola, [mvakola@aeub.gr](mailto:mvakola@aeub.gr)

Ioannis Nikolaou, [inikol@aeub.gr](mailto:inikol@aeub.gr)

George Kakouros, [gkak@aeub.gr](mailto:gkak@aeub.gr)

### Doctoral Students:

Dimitrios Brachos, Ioannis Katsikis, Konstantinos Kostopoulos, Lida Kyrgidou, Alexandros Papalexandris, Sophia Philippidou.

### Administrator:

Elia Fantaki, [elia@aeub.gr](mailto:elia@aeub.gr)

Phone: +30 210 8203 661, Fax: +30 210 8828 078

Website: [www.msl.aeub.gr/innknow](http://www.msl.aeub.gr/innknow)

