

TACIT KNOWLEDGE DIFFUSION IN FAMILY BUSINESS SUCCESSION

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Abstract

This paper is on tacit knowledge sharing between generations in family business succession. The purpose is to discuss how the family business context affects tacit knowledge diffusion in alternation of generations as owner-managers. I will first focus on some critical factors of tacit knowledge diffusion. Second the process of succession in family business will be elaborated on and last family business as an environment for learning and sharing tacit knowledge will be explored. In this part we can see that time, trust and distance is of importance and that the family business context facilitates tacit knowledge diffusion due to these factors. Unfortunately there are also factors that obstruct the sharing. The contribution for research is a deeper understanding on how tacit knowledge is shared in family businesses. Managerially the contribution is how family businesses can facilitate tacit knowledge diffusion in their succession process.

1. Introduction

Family business is a rather new research area that is growing today. (Sten 2006) Earlier research on family business has covered a lot of different perspectives including among others; relations (Dunn 1999), business, productivity, changes (Harvey and Evans 1995), regulations (Malinen 2001). Research from a knowledge management (KM) perspective is not yet as common as the earlier mentioned. The interest from a KM perspective could be in how information is protected and stored, if there is a difference in important knowledge in family/non-family businesses or how the next generation learns how to manage the business. In accordance with the last an interesting question is what happens when the older generation reaches the age of retirement and especially on how knowledge diffusion is managed in this process. A succession perspective is of immediate interest in Finland as the large generations of the 40s and 50s are retiring. In a 10 years period almost 50% of the Finnish companies will go through a transfer in generations on management level (Malinen 2004) In relations to this many companies have also reflected on how knowledge could or should be diffused in the transfer process (Malinen 2004). When this situation sets in, in a company, and if the family's intention is to continue the business activity there are two possibilities for the owners. One is to keep the business within the family, through succession, the other to sell the business to an external buyer. (Sten 2006) In this paper the chosen perspective will be that the business is kept within the family, in other words family business succession

To a researcher on knowledge management, business succession offers an interesting context for studies on knowledge sharing and flows. A situation where the knowledge of the older generation, learned often during a long time of work, is to be shared with the younger generation. Knowledge sharing in the context of family business succession can be expected to differ from a sell-and-buy context. Firstly, will the relationships within a family affect the knowledge sharing? This can be expected as an important factor in knowledge sharing, as trust is a part of both family relationships and knowledge sharing. This may be seen as positive if the relationships within a well working family has a basis of trust but it can also be negative as both parts still may see each other as parent-child. In such a relationship the parent can have difficulties to trust that the child is, as competent as he/she is. The younger ones may still feel the need to revolt against the parent to prove their independence. The second important factor in knowledge sharing, as learning, is time. Especially in tacit knowledge learning time is a necessity as it includes a lot of training and experience (Haldin-Herrgard 2000). A family business context can be expected to offer a well suited context for tacit knowledge learning. The younger generation have often spent more time in the business than a non-family buyer, recruit or employee, both formally as workers but often also informally through dinner conversations and by taking part of activities related to the business. Also the training to become a manager usually starts a long time before the actual transfer of positions within a family business.

In addition to this, knowledge sharing can be affected by different factors such as the assignor's willingness to let go or the successor's motivation to take over the family business. Also the individual's possibility and ability to share knowledge and especially tacit knowledge affects the sharing but these two factors will only be cursory discussed on.

The aim is to discuss how the family business context affects tacit knowledge diffusion in succession. In the end some of the preliminary results of a study on the topic will be presented.

2. Tacit Knowledge Diffusion

Tacit knowledge is a concept that is known for difficulties to share it with others. Due to its characteristics as *difficult to articulate, implicit, personally embedded* and based on *experience* (Polanyi 1966; Nelson & Winter 1982), it is easy to conclude that the same methods and factors can not be used in sharing tacit and explicit knowledge. Explicit knowledge is often shared verbally, spoken or written. This is not appropriate for tacit knowledge sharing where methods as observation and experience are recommended by researchers (Polanyi 1966; Tsoukas 2002)

Knowledge resources are often presented with the metaphor of an iceberg (among others Ancori, Bureth and Cohendet 2000; Haldin-Herrgard 2005). Explicit knowledge is represented by the top of the iceberg. Explicit knowledge is easy to perceive as it is easy to articulate, code and record in for example lectures, books, manuals and data bases. As in an iceberg the visible part is only a small part of the whole iceberg. The larger but also the hidden part of the knowledge iceberg consists of the tacit dimension of knowledge. This part is more difficult to articulate and also to perceive. Michael Polanyi (1966), often seen as the "father" of the concept of tacit knowing, expressed it as "we can know more than we can tell". This tacit dimension of knowledge is valuable to a business as it is an important component in expertise (Brown & Duguid 1998; Nonaka & Takeuchi 1995) as well as a larger part of the knowledge resources as whole (Ancori et al. 2000; Polanyi 1958). As a result of the characteristics of tacit knowledge it is also difficult to imitate. Hence it can be seen as an important competitive advantage (McAulay, Russell and Sims 1997). Among knowledge researchers there is an ongoing dispute on the possibility or impossibility of articulation of tacit knowledge. (Ancori et al. 2000, Wong & Radcliff 2000) This is a dispute that also includes the possibility or impossibility of sharing tacit knowledge. (Argyris & Schön 1996; Haldin-Herrgard 2005) Based on the discussions the iceberg can also include a zone of articulable but not articulated tacit knowledge. A zone just beneath the surface, one that still not is articulated due to individual differences in ability to articulate, unwillingness, lack of need (McAulay et al. 1997) or that it would be too expensive to code the knowledge into an articulable form (Cowan, Foray, and David 2000; Ancori et al. 2000; Johnson, Lorentz and Lundvall 2002). The other common view of knowledge as a spectrum with explicit knowledge on one end and the completely tacit on the other shows similar ideas. (Augier & Vendelo 1999) There can also be found discussions on the necessity to express or verbalize tacit knowledge to be able to share it. One of the more used models for this is Nonaka's SECI model based on Socialization as transfer of tacit knowledge between individuals, this knowledge is Externalized to explicit knowledge and Combined to other explicit knowledge and thereafter made tacit again through Individualisation. (Nonaka & Takeuchi 1995) Tsoukas (2002) argues that tacit knowledge is shared through demonstration and by actions and not by making it explicit by articulation. A related issue is the need for awareness of the tacit knowledge in tacit knowledge diffusion. For example Polanyi (1958, 1966) argues that whether the distributor of the tacit knowledge is conscious of the knowledge and its sharing or not is not of importance. On the other hand Nonaka in his SECI model assumes that the tacit knowledge is made aware and explicit to be transferred.

Tacit knowledge have even been addressed as the main difficulty in diffusion of knowledge in business and according to Haldin-Herrgard (2000) difficulties with tacit knowledge diffusion are related to perception, language, time, value and distance.

Perception and language are often considered the main difficulties in sharing tacit knowledge. Perceptually the characteristic of implicitness entails a problem of people not being aware of the full range of their knowledge. As in the earlier mentioned "we can know more than we can tell". Explicit knowledge is easy to perceive in oneself but the feeling of a missing link or the elements of intuition are harder to pinpoint. Tacit knowledge is so embedded that it often has become a natural part of our behaviour or way of thinking. As we do not have to be conscious of our heart beating, we do not exert our self in reflecting on our tacit knowledge. To articulate something that seems natural and obvious is hard for most people. More experience and deeper knowledge leads to higher tacitness of knowledge and that lead to greater difficulties to articulate the knowledge. A problem that follows this can be increased difficulty concurrently with expertise. The commonly used relation expert/novice in training is therefore in danger of obstructing the sharing of tacit knowledge, if this problem not is taken into consideration.

Difficulties with language lie in the fact that tacit knowledge is held in a non-verbal form. Another problem in this expert/novice relation is raised in finding the proper language to share expertise to novices. A diversity of terminology or jargon prevails among different occupational groups and lines of businesses and a sharing of all forms of knowledge depends on a joint language. This jargon is collective and culturally embedded and therefore difficult to understand by someone new to the collective. This jargon can however also be a source for externalized tacit knowledge. In the attempts to externalize tacit knowledge a creation of new expressions occurs. For example new names for customers with certain characteristics are created or machines get nicknames that imply their "characteristics". These new expressions often include also tacit dimensions known only to the group using them.

Time raises difficulties for sharing tacit knowledge as the internalization of this form of knowledge requires a long time both for individual and organizational forms of knowledge. (Augier and Vendelo 1999; Bennett and Gabriel 1999) Not only to experience but also to reflect on these experiences (Argyris & Schön 1996) is time consuming but it is a necessity in order to develop tacitness in ones work. The speed of today's business world increases and time for reflection is scarce. For new employees the time for introduction is often insufficient and few of the present employed have surplus time to properly introduce a new employee. The rapid change rate in today's working life calls for continual life long learning and many employees are expected to take care of the learning needed. But still few organizations have reserved enough time for learning to achieve tacitness. More pressure on employees and shorter employments in working life today arises a risk that employees therefore don't have sufficiently of time to attain tacitness in their knowledge.

Learning organizational culture or mental models occurs over time and trough active participation and interaction in the organization (Leonard and Sensiper 1998). Organizational forms of tacit knowledge can be found in routines, organizational culture and cognitive schemes. In these cases we can call in question the need of an externalization of tacit knowledge, as discussed on earlier (McAuley et al. 1997; Polanyi 1958, 1966; Tsoukas 2002). When for example modelling is used for sharing organizational culture the model is not always aware of sharing knowledge. A conscious externalization of tacit knowledge has not taken place but tacit knowledge has been shared. In this case socialization is more important than the externalization.

Value is another factor with difficulties in sharing tacit knowledge as well as explicit knowledge. Many forms of tacit knowledge, like intuition and rule-of-thumb, has not been considered valuable (Zack 1999). Especially in some areas of business as for example in decision-making has it been considered preferable to avoid everything but indisputable methods. Intuition doesn't correspond to business related concepts as rationality and logic and therefore it is not preferable. Other forms like practical "know-how" has been appreciated in for example craftsmanship but it has for example not been monetary rewarded in same extent as cognitive educations as a form of "know-what". Value is often associated with some form of measurement. Today we have slowly learned to value intangible assets like knowledge but to value even more intangibles like tacit knowledge is even today unusual.

"Knowledge is power" is a phrase that is firmly embedded in our minds. Especially in the knowledge society of today knowledge has become a valuable asset on the labour market. If this power is collective in an organization this is fine but for many this refers to the power an individual can gain by hoarding knowledge for individual use. In this case the organization will only be a battlefield for exploiting the knowledge of colleagues and hoarding that of one self. This of course will be of no benefit for the organization.

Value and trust are related to each other. If you have a trust in someone you also tend to value their opinion, especially if you trust him/her to be knowledgeable. You trust him/or her to be the expert, to know or do the right thing, then it is easier to also adopt the knowledge shared. You also have to trust them to "have your best in mind", a thing that can be problematic in a relation including competitors.

Another difficulty is that not only the valuable and beneficial knowledge is shared true organizational or personal tacit knowledge. As for example in organization culture also tacit knowledge as bad habits and obsolete behaviour is diffused. Once shared and internalized these bad habits tend to be difficult to stop. A solution to this problem could be to never let these be disseminated but it is difficult for the management to control what is shared and what to avoid to be shared.

Distance also raises difficulties in today's work-life. The need for face-to-face interaction is often perceived as a prerequisite for diffusion of tacit knowledge (Holtshouse 1998; Leonard and Sensiper 1998). But also other opinions are to be found. Polanyi shows other possibilities in an example of learning tacit knowledge of chess by studying earlier chess-masters games. (Polanyi 1958) In this case the tacit knowledge is communicated with the help of an intermediary in material form. But still the most common way of sharing tacit knowledge take place in face-to-face interaction including also action or observation. In these days when organizations tend to disperse into more distant (Leonard and Sensiper 1998), virtual or global (Bennett and Gabriel 1999) forms, face-to-face interaction becomes more an exception than the rule. This will be a difficulty especially in sharing tacit knowledge. A great deal can be done true modern information technology to diffuse explicit knowledge but tacitness is hard to diffuse technologically. Perhaps today and future high-technology will facilitate this diffusion in artificial face-to-face interaction, trough different forms of meetings in real-time and with vision and different forms of simulations.

These where some difficulties with tacit knowledge sharing, but one should not disregard that the difficulties with diffusion of tacit knowledge can however also be to advantage for the organization. Tacit knowledge in for the organization crucial areas

obstructs copying by outsiders and therefore strengthens the competitive advantage (Leonard and Sensiper 1998; Brown and Duguid 1998).

3. Family business succession

Family businesses can be defined as a business where at least two family members are involved both as owners and managers. (Simon & Hitt 2003:341; Koiranen 2002:176) There are discussions on who should be included in the concept family. Is it only relations by blood or are external members included by for example marriage? In many cases of research on family businesses spouses play an important role and should therefore be included (Sten 2006). In this paper and the study the prerequisites of family business for diffusion of tacit knowledge is based on what differs from other businesses. An important factor in the difference is the fact that the generation taking over has been involved in the business for a long time, sometimes even born into it. Therefore external parts as spouses will be excluded in this paper and study. The concept of family can though include more than one member on both older and younger generation. There will not either be a differentiation based on if the older generations represents the founder generation or like in an old company represents an earlier successor.

One has also to have in mind what Koiranen (2000) points out about the uniqueness of all family businesses and the risk of placing the businesses on equal footing only because they are defined as family owned. All family businesses have their own characteristics based on history and structure, both dependent on personalities within the family (Neubauer 2004:271) but also the number of members and the ownership structure will affect the business characteristics (Sten 2006)

What differs family businesses from other businesses can be related to the family relationships, the family's and the business's shared history but also on an interdependence between business life and family life.

In a formal way the relationships may determine formal structures in the organisation. Who will/can manage the company, rules of succession, power structures or decision making? Informally factors as loyalty, trust but also conflicts embedded in the family relations will also affect relations and operations within the business. In many cases the loyalty or trust between the family members are not even questioned. They can though rise problems in case of reluctance to continue the business or when the parent-child relationships is affecting the work relationships that should be of adult-adult type.

The history of the family and the business is often intertwined. In family businesses with a long history the family consists not only of a core family but of a complex set of relatives sharing the same history. In first generation family businesses the family has often been included, willingly or not, from the founding of the business. In the first case the responsibility can be shared by more but there will probably be those who are not so familiar with the business although they are included in the ownership. In the second case the members may have great insights' in the business but then again the pressure to continue with it may be hard.

The interdependence between family and business life can be seen as no real boundary between the two as well as dealing with the same actors independent of if it is a board meeting or Christmas dinner. This means that for example conflicts in one setting affects the other setting but also that the decision making process, knowledge sharing or time management may differ from a non-family business.

Succession is one of the most critical times of a family business. One reason for this is that the company often is closely related to the older generation manager-owner. This may result in difficulties for the older generation to let go of the business but also to difficulties for the younger generation to continue a success often based on the personality and competence of the original leader. (Neubauer 2003:277) Another risk is the change in it self. In a succession process there is a lot of changes at the same time. There is a new leader for the employees, a new partner for the stakeholders and sometimes even changes in operation and business strategy. Although in a family business succession unlike in other transfers in generations the person taking over usually is known, at least to the employees and the successor most often also knows about the business.

To succeed in the process of succession the assignor must be prepared to change the business to match the values and competence of the successor (Barach, Gantisky, Carson and Doochin 1988:50). As well as the successor has to adapt to the operations and culture built up by his/her ancestors. According to Sten (2006) the process of succession is a long process including both parts for a long time. The older generation will often stay within the company a long time after the shift in command. Stavrou (1999) divide the process into three levels based on the involvement of the next generation. The first level includes discussions at home in combination with a part-time job in the company. Second level includes full-time employment but not management responsibility. The third and last level is when the next generation is involved in management and also has responsibilities for the business.

The process of family business succession includes a lot of beneficial factors also for tacit knowledge diffusion. Most important of them are trust within the family relations and time. Both the time that the younger generation has been exposed to the business and time in the succession process. Also the close cooperation between the assignor and the successor can be seen as an important factor in the succession process

4. Tacit Knowledge in Family business succession

Tacit knowledge is a concept that is closely related to experience (Polanyi 1966) and therefore also to the older people of the workforce. The diffusion of knowledge when one person is replaced is always of importance for the continuity of the activity, and it also affects how the new one will succeed. The prerequisites' for tacit knowledge diffusion in alternation of generations in family business are different dependent on if it is succession (within the family) or transfer (external) of business. These differences are due to the fact that the successor often has been brought up "within" and lived with the business. So especially the trust, time and distance spent in the business differs from the ones an external buyer of the business would have. According to theories on tacit knowledge these differences could promote tacit knowledge diffusion. The question is then if the family business context can facilitate the difficulties in tacit knowledge diffusion mentioned earlier.

4.1 Perception and language in a Family business context.

All the difficulties related to perception mentioned earlier remain, as those are mostly related to that tacit knowledge is embedded in the individual. The only thing that could differ in a family business context is that the co-workers from the same family due to the close relationships have a deeper knowing of each others and more trust, and that

this could render an opportunity for constructive feedback that can help you to know more about yourself. Often another part can perceive or observe the knowledge you use although it is implicit to yourself, as Tsoukas (2002) discussed that tacit knowledge can be perceived in ones actions. In this kind of feedback the trust is of importance and within the family the trust can be stronger. You take for granted that the older generation want you and the business to succeed. Unfortunately this wish can be unfulfilled by actions of for example difficulties to let go of the business or reluctance for change. On other hand this could also be the opposite especially with the younger generation that is both used and often bored to have feedback from the older generation. The younger generation may feel that the older generation is watching over their shoulder and in that way prohibit their freedom. (Harvey & Evans 1995) This may result in less receptiveness to the feedback and also to change and learning.

The language used is a part of the cultural setting we live in. Examples of this are the different informal expressions or nicknames we use in an organisation. These can be seen as an organizational form of tacit knowledge as externals don't have an understanding of the hidden meaning of them. If the younger generation has been a part of the business they have adopted the use of language which may facilitate the diffusion of tacit knowledge. This can be seen as a way to verbally diffuse the tacit knowledge just beneath the surface in the iceberg metaphor (among others Ancori et al. 2000; Haldin-Herrgard 2005). The culturally embedded language in especially smaller family businesses can also be strongly affected by the leaders use of language and therefore the use of language in the family and the organisation may have resemblance.

4.2 Time in Family business context

This may be the most important factor for positive impact on tacit knowledge diffusion in family businesses. This is also what most differs compared to other businesses. One of the characteristics of tacit knowledge is that it takes time to learn it. A reason to this is that to achieve the level of embodiment that is a sign of tacit knowing requires a lot of training and performing, which takes a lot of time. Another reason is that tacit knowing is based on experience and to gain experience takes time. Family members in a family business tend to be involved in the business whether they want or not. As Stavros (1999) argued there is to be found different levels of involvement in the business. From a tacit knowledge perspective I argue that the process starts even earlier than Stavros state. Already as youngsters the business can represent one part of their family life. Through the elders discussions but sometime even physically as their home environment. An example is the comment a member of the second generation now taking over the business made when she told how she as a three year old used to play with her dolls under her fathers desk in his office. During this time a lot of traditions, values and social networks are transferred implicitly. All these are parts of the tacit knowledge resources. As teenagers many of the later generation has been working in the family business, perhaps with tasks within production, services or administration. In this way they learn about the business from the basics. These are times to learn in practise what the business is about, as well as learning the context within the business involving team-work, social skills, methods or handicrafts. Eventually the time comes when it is the time to take over the business and in many family businesses this takes place under a period with more or less co-management including both generations (Sten 2006). During this period tacit knowledge of holistic nature like strategy, is shared to learn how everything is connected and coordinated. Now the older generation could also invite the younger to take part in and learn about the businesses external context, to learn about the external social network of customers, partners and other stakeholders. The tacit

knowledge shared and learned during this time is about managerial skills, social skills like negotiation skills but also cognitive skills like problem solving. The difficulty of short employments and therefore a too short time to develop tacit knowledge tends not to be a problem in family businesses as they often stay in the firm their whole "life" (Longenecker, Moore and Petty 1994: 139-140).

4.3 The value of knowledge in a family business context

Regarding the value of tacit knowledge in business one of the difficulties was a low value due to lack of logic and rationality. The differences can be found in those old family businesses that have been built not through education but rather by "two bare hands". These are companies where generations have learned the business by acting on it rather than University education. As family business is business like all business, all these difficulties remain. Regarding tacit knowledge the focus in family business could be on the value in the process of succession, where the expertise of the older generations includes a lot of tacit knowledge. Without knowing the value of this expertise there is a risk that the diffusion of the knowledge is overlooked in the process. At least if one looks on earlier research on family business succession this seems to be the case. Last we have the discussion about "knowledge is power". In the succession process this should not be a problem as the two parts does not compete. It should be in both interests that all possible knowledge is shared. From the perspective of the younger generation there may be a risk that in the process of creating new and own paths they overlook the value of the older generation's tacit knowledge. In their fear of continuing on the same track they dismiss also valuable knowledge. On the other hand there is also the risk that the new manager is so embedded in the business that he/she continues on the same track even if the track includes unfavourable actions like bad habits or obsolete behaviour. The risk for this is higher in a family business as the embeddedness is deeper than in an external take-over when new "fresh" thoughts are introduced.

4.4 Distance in Family business context

The difficulty of distance was related to the virtualisation and globalisation of business life today. In small and medium sized firms and firms physically located in one area these difficulties are not that common. In bigger firms or more dispersed firms the difficulties are the same for family business as for others. Family business succession is not affected of distance in large extent as the two generations involved in the succession usually work at a near distance both physically and mentally. This is a requirement for the face-to-face communication discussed earlier (Holtshouse 1998; Leonard and Sensiper 1998). This is also a requirement for other forms of diffusion than verbal articulation that Tsoukas (2004) brought up. For example tacit knowledge diffusion by observation, supervision or modelling often requires both to be physically present on the same place on the same time. Other methods for this have been and are created through technology. Examples are videos and computer simulations. These can be of value in learning techniques, and models but to learn such a complex task as management needs other methods. As the actors in a family business succession process usually work tight together (Stavrou 1999) this can be seen as a factor with positive impact on tacit knowledge diffusion in family businesses.

4.5 Pros and Cons of tacit knowledge diffusion in Family Business context

The diffusion of tacit knowledge is essential for the result of a family business succession as tacit knowledge separates the masters from the common (Lawson &

Lorenzi 1999), is a source for competitive advantage (Birchall & Tovstiga 1999) and a factor for success in efficiency, innovation (Lam 2000) and quality (Brockmann & Anthony 1998).

The family business context for tacit knowledge diffusion is affirmative mainly because of the time span the younger generation have had to learn about the business, this starts long before the actual transfer of the business. A time span that is unique in business context and an excellent opportunity to attain tacitness. The family as a context is also affirmative regarding the trust members feel for each other. The last factor that can be seen as positive in the family business context is related to distance and the fact that the both generations work together closely for a long time. In the luckiest cases the successor can have the older generation as a future safety network and sounding board.

The risks in tacit knowledge diffusion in family business context is related to the dynamics in family relationships but also to the assignor generations identification with the business. In the relationships the risk is a lack of valuation of each others opinions and also competence. Also emotional factors play a roll in this process. The difficulty to let go of the business that has been a great part of ones life and the difficulty to change roles from a parent-child relation to a partner relation or a master-apprentice relation can result in behaviour that is unfavourable to the transfer of business.

5. Study on tacit knowledge diffusion

The framework, set in this paper, by theory on tacit knowledge diffusion in a family business context gave rise to a lot of interesting research questions to study empirically. The empirical study focus on these questions. On how the different generations perceive tacit knowledge diffusion between the generations and on how this is done in SME family businesses in Ostrobotnia in Finland. The study is from both older and younger generation perspective, as it is about sharing. The method used in the study is "Epitome of Tacit Knowledge" ETK card interviews developed for studies on tacit knowledge by Haldin-Herrgard (2005).

5.1 Research method , Epitomes of Tacit Knowledge (ETK)

M. Polanyi (1966) pointed out that the ability to express tacit knowledge depends among other things, on the used language, and therefore the difficulty to express tacit knowledge may lie in the lack of appropriate words. To counteract difficulties with tacitness a variety of expressions and epitomes are used. In everyday life different concepts for tacit knowledge are used in communication (Ryle 1950). The epitomes in this method cannot be apprehended as synonyms to tacit knowledge as there can be different meanings in them in addition to the tacit knowledge. They are rather to be seen as indicators of tacit knowing that are being used as they are symbols of tacit knowledge. Epitomes, as typical expressions or symbols, are commonly used as elucidatory examples to understand tacit knowledge. Concepts like these therefore form natural working tools for studying or mapping tacit knowledge. Epitomes of tacit knowledge (ETK) (Haldin-Herrgard 2001; 2005) are concepts like *intuition*, *know-how*, *rule-of-thumb* and *gut feeling*. ETK offer means of a "language" of tacit knowledge and a conceptualization of them serves as a language toolbox for, for example mapping tacit knowledge. In a review of literature on the field of knowledge and especially tacit knowledge, concepts explaining the definition of tacit knowledge were picked out and used in the method. For instance the definition of Saint-Onge (1996) - " Tacit knowledge includes the intuition, perspectives, beliefs and values that people form as a result of their experiences", offers the ETK: intuition, perspectives, beliefs and values.

ETK serve as tools for individuals to identify and reflect on the tacit knowledge they use in their work. Therefore these can be used when studying tacit knowledge. In an interview situation a bundle of 87 cards on ETK are used as triggers to the discussion. Every card consists of only one ETK. Cards are shown one at the time and constitute the topic of discussion and as they are processed one at a time they officiate as the focus of the discussion.

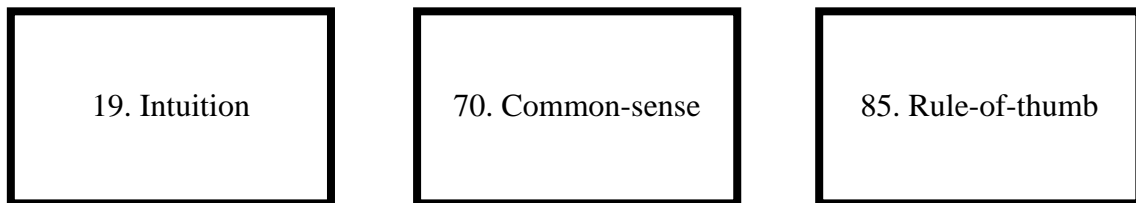


Figure 1: Cards on Epitomes of Tacit Knowledge (ETK), nr. 19, 70 and 85

5.2 Preliminary results

The study includes at least 15 cases of family businesses with at least two interviews/case. All the firms are SME family firms and they are located in Ostrobothnia in Finland. In these preliminary results only 8 interviews from 4 family firms are included. The questions asked of all referees for each chosen card are:

What is in your work?
How important is it to the end result?
How would you share it? / How have you learned it?

With these questions I wanted to learn about their meaning of the concept and the value they put in it. In order to find out how much have been shared between the generations. The last questions were different for the assignor and the successor as they are in different positions. One as the master and one as the novice in the diffusion process.

Has the tacit knowledge been diffused?

The diffusion is determined by corresponding choice of ETK and by similar valuation of ETK. In the best case (nr.3) almost all the assignors chosen tacit knowledge is also chosen by the successor (20/23). In the worst case (nr. 4) there was no matching. In half of the family firms you could conclude that a sharing has succeeded while the other half seems to have great problems. Those ETK that are chosen and highly ranked by the assignor but not at all chosen by the successor can be considered as problems from a tacit knowledge sharing perspective. In these cases the assignor has either not manage to diffuse his/hers tacit knowledge or not manage to make the successor understand the importance of it. Besides that they can be seen as not shared they can also be seen as a result of two different personalities way to work or as development of the business. Either way this will rise lead to tensions in the succession process. In the worst scenario the assignor had a firm perception of what kind of tacit knowledge was needed (especially “crafts”) and that it was essential for the work as the manager of the company. The successor didn’t mention of this at all but had a much more diverse and management oriented view of the work. In all but one case the assignor had higher ratings on most of the shared tacit knowledge. So although he had been able to share the knowledge there was still difference in the valuation.

How has the tacit knowledge been shared?

There could be found three main paths. That it is impossible or difficult to teach/learn, through action and reflection. These are all in line with what is discussed by the researchers.

A lot of tacit knowledge is seen as something that you are born with (talent, ability, feeling) and nearly connected to your personality (managerial skills, practical intelligence). These are seen as impossible or difficult to teach to someone or even to learn. But in all cases they are then seen as possible to develop further, to be better on.

Most of the tacit knowledge was taught or learned through action. Most common was the comment about getting experience, both real hands-on experience in practical work (know-how, judgement) but also to learn by putting you on the spot (perception). Others is to take part in action or meetings (understanding) and to learn developing your own tacit knowledge (routines)

Reflection is often combined with some kind of action and a common comment was to learn from your mistakes. To do the wrong decisions and to reflect on them to learn (judgement, care-why). There was also a lot of talk about investigations, thoughts, observation and how important it is to be interested and curious.

All cases fulfilled the assumptions of family business as a context for tacit knowledge diffusion. It could then not be concluded what impact on the diffusion it had, as there could be found both successes and failures among the 4 cases. What can be seen is that there is huge differences between the cases and that the similarities between the generations in the best cases are sometimes amazing. The study shows hints of how tacit knowledge is successfully diffused. How the differences impact on the success of the firm, the succession process can be topics to further studies on succession in family business

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