

Exploring Chamber Effects on Family Successors' Knowledge Development: A Perspective of Social Capital

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Abstract

Is the chamber essential for family successors to participate? Can the participation contribute to family firm successors' knowledge and in what way? This study aims to answer the two questions with the lens of social capital to shed new light on the chamber's role, which is primarily composed of family firm successors. Specifically, we argue for chamber cadres' and referrers' importance affecting family successors' management knowledge and family communication knowledge. With interviews and questionnaires to survey 31 family successors, the findings show that a successor's consultation with a cadre is significantly positive to the successor's management and family communication knowledge. However, successors' consultation with a referrer has a negative impact on family communication knowledge. Accordingly, a "yes" to our first participation question, but "it depends" to our second inquiry.

Keywords: chamber, family firm succession, social capital, knowledge transfer, small and medium-sized family enterprises (family SMEs)

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參與二代會如何影響家族接班者的 知識發展：社會資本的觀點

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摘要

本研究透過一由家族接班者組成的二代會為研究標的，以社會資本的角度探討外部網絡對於獲取傳承知識的重要性。結合質性之深度訪談與量化之問卷分析，研究發現，商會成員向幹部（占據網絡中心位置者）諮詢傳承相關問題，有助於其累積管理知識及家族溝通技巧；然而，向推薦人（占據網絡守門員位置者）諮詢傳承相關問題，則未能獲致顯著的效益。

關鍵詞：二代會、中小型家族企業、知識轉移、社會資本、家族傳承

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1. Introduction

Family firm succession received increased attention from both academics and practitioners (Bozer, Levin, & Santora, 2017) in the recent decade. Surprisingly, the development of family successors in small and medium-sized family enterprises (family SMEs) is largely under-researched in the literature (Dyer, 2003; Songini, Gnan, & Malmi, 2013; Steier, Chrisman, & Chua, 2004). Especially, Daspit and colleagues' review of family firm succession who found the key dearth lies in how non-family stakeholders' knowledge outside the family firm helps develop family successors (Daspit, Holt, Chrisman, & Long, 2016). However, researchers predominately studied family firm succession that focused on intra-organization resources, including incumbents' characteristics, training and motivation of successor, and non-family members inside a family firm (Decker & Günther, 2017). Given the importance of family successors to gain outside work knowledge and experience, the literature of family firm successors' exchanges outside of the family firm boundaries is surprisingly rare (Chrisman, Chua, Sharma, & Yoder, 2009; Daspit et al., 2016). Our study accordingly is motivated by Daspit et al. (2016, p. 50) insights that "knowledge resources gained from non-family stakeholders are valuable to the successor's training and development" and therefore curious about the chamber effects on this matter.

Because a family firm is composed of two critical and complex systems, including family and business systems (Yu, Lumpkin, Sorenson, & Brigham, 2012), managing a family SME needs management knowledge and the knowledge to communicate with family members appropriately. Moreover, Chirico (2008) argues that practical training outside of family firm contributes to the knowledge accumulation process and finally leading to family firm longevity. Sharma (2004) also called for more studies dedicated to the transfer of embedded tacit knowledge, which significantly affects the succession process. Successor training is often "informal, vague, and inexplicit" (Lansberg & Astrachan, 1994, p. 41). Further,

family firms favor more personal, relationship-centered approaches for successor development, greatly different from the formalized and task-oriented development approaches of non-family firms (Fiegener, Brown, Prince, & File, 1994).

Our research context is a distinctive chamber in Taiwan to study family successors' knowledge development or transfer. A chamber generally refers to a trade association and chamber of commerce and is a pervasive business network across the world. Chambers share some common characteristics. For example, the members are business owners with a mutual desire to help each other's businesses. In our study, "the chamber" is distinct from the general chamber of commerce defined and is a nonprofit institution primarily composed of family firm members who share tangible and intangible resources and knowledge. Family incumbents usually encourage or assign successors to join the chamber amid the succession process. Hence, the chamber is an exclusive private network composed of family successors (Wang, 2006) across countries such as Taiwan, China, and Japan. The investigations of these family SME networks are extremely challenging because of their succession privacy protection (Daspit et al., 2016). As argued, current research is not clear on the knowledge transfer between family successors and those salient stakeholders outside of the family firm. To address this gap, we employ social capital, defined as "the resources derived from social relationships" (Payne, Moore, Griffis, & Autry, 2011, p. 491), to investigate family successors' knowledge development. Accordingly, our two research inquiries are: 1) Is the chamber essential for family successors to participate? and 2) Can the participation contribute to family firm successors' knowledge development, and in what way?

This study contributes to the literature of family firm succession in three ways. First, our study adds to the literature gap of family successors' exchange with outside non-family stakeholders. Our investigation helps the practice of the family firm succession process by linking the chamber advisors' consultation (e.g., cadres and referrers) to the development of family successors' knowledge of

management and family communication. Our research also gives back to the chamber's practice to design better programs and improve chamber advisors' training (e.g., cadres and referrers). Second, our explorative results can be viewed as the stepstone for future studies with research on the chamber's other functions or structures. These empirical findings can help policymakers develop better incentives or friendly environments to improve family enterprises' survival or competitive advantages. Third, although the study was conducted in Taiwan, our findings may benefit other chambers in different countries, such as Japan. We are not arguing the generalizability of our findings, but the first stride is to understand the impact of the chamber's uniqueness, characterized by family firm owners' participation. The accumulation of empirical results may facilitate future meta-analyses on this topic.

This paper is organized as follows. In the first section, we present social capital and how it relates to the knowledge transfer of family firm succession. Also, we review the chamber history. The next section outlines the methodology, and the third reports our analyses and empirical results. The final one includes discussion and our thoughts for future research.

2. Literature and Hypotheses

We adopt social network theory as the overarching theoretical framework consistent with a social capital perspective (Nahapiet & Ghoshal, 1998). In social network theory, individuals (actors) are "embedded" in a social structure of exchanging resources with each other. The relationship ties between the individual and others are formed to frequently and closely exchange resources. Social capital is defined as the "sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (Nahapiet & Ghoshal, 1998, p. 243). The source lies in the structure and content of the actor's social relations. "Its effects flow from the information, influence, and solidarity" and make available to the actor (Adler &

Kwon, 2002, p. 18).

The advantages of social capital are numerous, but there are some disadvantages as well. Past research has indicated some potential issues such as groupthink and lower ability to stimulate the alternative ideas generation (De Massis, Kotlar, & Frattini, 2013). Also, strong solidarity with ingroup members may over-embed the actor in the relationship. It reduces the flow of new ideas into the group and concerns about benefits to the social actors and cost (Adler & Kwon, 2002). While the disadvantages need to be considered, this paper focuses on how a social network, the chamber, contributes to a family firm successor's management knowledge and family communication knowledge. While the successor may contribute knowledge to the group, the successor gains information from the chamber to help the successor through the succession process and beyond, so over-embedding is not a concern. Groupthink is also not a significant detriment in this context since members come from distinct industries and may contribute their unique viewpoints. As such, we conclude the advantages outweigh the disadvantages of social capital. Accordingly, we focus on the positive side to develop our research model.

2.1 A Brief Historical Review of Chamber

A general chamber, also referred to as a trade association and chamber of commerce, is a pervasive business network worldwide. However, our study focuses on the family firm hub, i.e., the chamber, which is different from a general chamber. The first general chamber was founded in northern Europe and Rome in the 11th century, known as a "Guilds Merchant", initially formed to protect merchants' (the participants) common benefits and fight against the unfair laws of the Feudal system. Through the development of guilds, the term "chamber" formed as a widely used term for many purposes and in multiple contexts and types, such as industry-classified and location-classified (Zhang, 2000). The general chamber evolved into various types, such as neighborhood participants, religions,

industries, and international networks. For example, the Chamber of Commerce is the largest lobbying group in the U.S. In France, the Paris Île-de-France Regional Chamber of Commerce and Industry lists chambers from a few participants to over 800,000 members. Despite differences among chambers, they share common characteristics. For example, members are business owners with a mutual desire to help each other's businesses. Despite the chamber's prevalence in practice, there is no unified definition clarifying the differences between an association and a general chamber, and many times they can be used interchangeably. Notably, investigations of these networks are surprisingly rare.

2.2 Chamber, Social Capital, Knowledge Transfer, and Family Firm Succession

Inkpen and Tsang (2005) provided a common predictive basis for comparing knowledge transfer determinants across different network types. Focused on the strategic networks, they compared the knowledge transfer of intercorporate networks, strategic alliances, and industrial sectors and set a good agenda for future research. Although related research increased after the calling made by Argote and Ingram (2000), social capital was applicable in various networks. However, the determinants of knowledge transfer are not a one-size-fits-all concept.

We adopted a unique network context to examine its effect on social capital at the individual level. In the following sections, we adopt social network theorists' definition (Belliveau, O'Reilly, & Wade, 1996; Burt, 1997; Useem & Karabel, 1986). They emphasized social capital as a personal benefit and private good since actors directly gain from their social network (Chang & Chuang, 2011). Thus, knowledge acquisition has been identified as a direct benefit of social capital (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998).

The importance of knowledge in family firm succession has been recognized by academics and practitioners, defining succession as "a process in which

knowledge repositories modify and need to be preserved and improved for the organization's future value creation capacity" (Bracci & Vagnoni, 2011, p. 8). Despite knowledge as a valuable firm resource (Conner & Prahalad, 1996; Grant, 1996; Penrose, 1959), the way to study the interplay of knowledge and succession has been one-dimensional: inside the firm. Bracci and Vagnoni (2011) proposed a theoretical model of Intellectual Capital (IC) (Mouritsen, 2004; Rastogi, 2003), knowledge management concepts of knowledge repository (Argote & Ingram, 2000), and knowledge transfer (Szulanski, 2000) to explore the factors including predecessor, successor, and others inside the firm.

2.3 The Type of Knowledge and the Structure of the Chamber

Hatak and Roessl (2012), Pavel (2013), and Higginson (2010) pointed out that transferring relevant knowledge that helps successors succeed in the future development of the firm is the aim of knowledge transfer. Pavel defined two types of knowledge, including explicit and implicit knowledge. Explicit knowledge refers to codified contents articulated in informal language and easily transmitted among individuals (Pavel, 2013). However, implicit knowledge refers to tacit knowledge. It is knowledge embedded exclusively in an individual's mind and based on their experience involving intangible factors such as personal belief, perspective, and value. The implicit knowledge forms the invisible part of organizational culture, experience, feelings, confidence, and relationships (Pavel, 2013). Valuable implicit and explicit knowledge acquired from the social network is tremendously essential. Many aspects of knowledge, such as management knowledge and family communication, are not codified and are not easily transferred. With critical positions of cadres and referrers, the chamber's structure enables the acquisition and transfer of valuable knowledge.

2.4 The Role of Cadre in the Chamber

The two critical positions in the chamber, named the cadre and referrer, both play advisory roles but function in different ways. A cadre is centrally involved in most of the activities in the chamber. According to social capital theory, the resources and assets are embedded in the network to create social ties (Nahapiet & Ghoshal, 1998). The cadre is a focal actor with valuable resources and assets within the network. We adopt degree centrality (Freeman, 2011) to show the cadre's high degree of centrality. The degree of centrality is evaluated by the number of ties that an actor in a network has with other actors. Generally, more actors' connections (higher degree) are more central to the structure and are believed to have a greater capacity to influence other actors. The central position held by the cadre has many benefits. As the focal actor, the cadre has quick access to new referrals and learning opportunities in a network. Also, with high centrality, the cadre enjoys the advantages of accessing and sharing information (Burt, 1992, 2000). As Case A illustrated:

“You need to know every member as a cadre. As cadres, we (president, vice president, chief secretary, and CFO) visit every member firm to know their operations in detail.”

In the chamber, successors communicate and share succession experiences through formal meetings and informal contacts. Additionally, the cadre is familiar with most members and aware of various succession issues with other successors. Thus, the cadre is most likely a valuable network resource in the chamber through consulting new participants and others with succession issues.

Implicit knowledge is not as well-structured as learning by doing (Hamel, 1991). James (1999) indicates that family firms are unique because of the management knowledge and experiences shared among family members are unstructured. For this reason, we propose our first dependent variable, management knowledge, is widely shared among members in the chamber. While

in the chamber, a successor not only has access to the cadres' management knowledge but also has the interaction opportunities to share with other participants. Also, the consultation with cadres may help successors further identify the core problem of a business. Therefore, we expect:

Hypothesis 1: Consultation with a cadre is positively associated with the levels of a family successor's management knowledge.

Besides management knowledge, family relationships are essential while sometimes tough in a family firm. The succession process includes a series of actions, events, and organizational mechanisms by which leadership, ownership, and knowledge are transferred (Cater & Justis, 2009). The conflicts are inevitable, yet they are typically forbidden for discussion inside the family. In addition to the relationship with the owner-manager highlighted by Venter, Boshoff, and Maas (2005), the successor's relationships with all stakeholders over the succession process should be further investigated. In the chamber, the participants can openly talk about family conflicts since the listeners and outsiders are not family succession stakeholders. Family successors are free and willing to talk, share, and consult with others, especially the cadres. Many of the members would have had their own challenges with the family since they are all from family firms and can offer guidance and/or share their experiences. In doing so, a family successor learns from other's valuable experiences that she/he cannot obtain otherwise. Besides sharing management knowledge, the cadre also has a better understanding of a member's succession process and knows how to coach the family successor. As Case C indicated:

“When there is a new member, the cadres will visit her/his family to know the general succession plan.”... “When the members are in chamber activities, they are free to talk with others, for both management difficulty and the way they deal with family conflicts.”

Therefore, we predict:

Hypothesis 2: Consultation with a cadre is positively associated with the levels of a family successor's family communication knowledge.

2.5 The Role of Referrer in the Chamber

The referrer is the other critical role in the chamber. The referrer conducts field checks to verify the qualification of new participants for the application process and also serves as a reference for the successor who intends to join the chamber. The Gatekeeping theory proposed by Lewin (1943), posits that “there are forces that may either constrain or facilitate the passage of news items through the gatekeeping process” (Cassidy, 2006). It is comprehensively used in the mass communication field to explain how information is selected. According to Shoemaker (1991) the basic idea of gatekeeping is “that there is some selectivity in how and how many news items are presented”. This idea is still apparent today. In this study, the referrer is responsible for reviewing the new application files to decide if one can join the network. The referrer is not required to have a current membership, but she/he must have previously served as a cadre in the chamber. For these reasons, the referrer will have more information about a successor and understand the successor enough to connect the successor to different individuals (e.g., a matched cadre) or groups inside and outside the chamber.

Social capital theory suggests that what you know is connected to who you know (Nahapiet & Ghoshal, 1998). Therefore, the social ties that connect the successor to a referrer in the chamber will be stronger when the successor has more interactions and consultations with the referrer. The key is for the referrer to understand better a successor's background, family firm, family situation, current problems, potential future problems, etc., to help set up a better match with other members, such as a cadre. Through suitable member matches and relevant experiences, knowledge can flow from one member to another, thus making the benefits of the network and resources stronger. As such, stronger ties will translate

into more resources (Nahapiet & Ghoshal, 1998). As Case A mentioned:

“When a member wants to introduce a new applicant to the chamber, we will inform the referrer that she/he needs to make sure the new applicant follows our policies. Since the referrer is familiar with the applicant, she/he will not recommend an unqualified one to harm her/his own reputation in the chamber.”

Therefore, stronger relationship ties develop in the chamber through the successor’s interaction and consultation with the referrer and will draw the successor to more resources to gain management knowledge about business. Accordingly, we propose:

Hypothesis 3: Consultation with a referrer is positively associated with the levels of a family successor’s management knowledge.

The referrer is a distinct role from the cadre role in the chamber because of the membership verification system associated with joining the chamber. Since successors come from different organizations with their own values and beliefs, the referrer, who often has kinship or long-term friendship with the newcomer’s family, needs to understand new members more than existing members. Case B mentioned:

“In most cases, the referrer knows the applicant well. The chamber will ask the referrer to investigate the succession plan and the family relationships, also need to make sure that there is no industry conflict with the participation of this new member.”

Social capital theory suggests that network information may be transferred through resourceful referral systems and communication opportunities where information and knowledge are transferred based on the relationship in the network (Burt, 1992; Nahapiet & Ghoshal, 1998). Also, we argue that referrers are senior advisors who already had a steep learning curve in her/his family firms and accumulated considerable knowledge from other family SEMs over time.

Many referrers are proud of their family firm legacy and entrepreneurial stories. Over the entrepreneurial process, they became familiar with family dynamics, conflicts, and negotiation skills. This knowledge and skillsets are beneficial for family communication. Thus, their advice to family successors is salutary and inspiring. When referring a new member to the chamber, a referrer needs to develop the initial member relationship and know details of a new member's business and family concerns that will open the lines of communication. We argue that stronger social network ties will provide stronger communication because the referrer will know which resources may benefit the successor. Further, research suggests that the tie determines the strength of the relationship (Marsden & Campbell, 1984), and we suggest that the strength will be strong in the chamber's network. Thus, we hypothesize:

Hypothesis 4: Consultation with a referrer is positively associated with the levels of a family successor's family communication knowledge.

3. Methodology

3.1 Research Design, Sample, and Data Collection

We used mixed methods (Johnson, Onwuegbuzie, & Turner, 2007) to generate data to investigate the proposed research question because Edmondson and McManus (2007) suggest such hybrid methods help explore new constructs in a new social phenomenon. Specifically, we first collected in-depth interviews (i.e., an inductive approach). We then used the information to revise existing measures from the literature (i.e., a deductive approach) to design a social survey to shed new lights on the proposed research model.

We approached a chamber via one of the founders, Mrs. Chang, the current Vice Director of Industrial Development & Investment Promotion Committee of

Taichung City. The chamber originated in 1994 by a chamber of SME owners through Taichung Economic Development Bureau's support. At that time, most members had difficulty accessing financial and human capital for their business operations. For this reason, the main chamber activities were developed to include regular courses and lectures to give members sufficient training in business management. Ten years later, a few member heirs joined the regular activities that promoted the chamber's expansion by permitting successor participation (not limited to the current member firms). Thus, the formal chamber of family successors was established in 2006.

In this study, we chose this unique chamber in Taichung, Taiwan, and identified 58 qualified family successors of Taiwanese family SMEs (i.e., Small and Medium-sized Enterprises) from different industries. This purposive sample was selected because most of this chamber comprised of family SMEs and members who were either planning to take over their family firms or had already passed their baton to the next generations. The knowledge transfer on family succession was very vibrant on this site, thus helping our study. This chamber's business members were in the sectors of plastic, manufacturing, food, construction, and biomaterials, etc. According to the Standards for Identifying Small and Medium-sized Enterprises (SMEs) released by the Ministry of Economic Affairs (MOEA) of Taiwan, an SME is defined as an enterprise that completed a business registration that follows the legal requirements. Following MOEA, we further define a family SME as a business with more than 50% of family ownership and family executives or board members in position; plus, either less than 200 employees or 3 million USD of annual sales revenue (MOEA, 2015). The benefits of using this definition rule out lone-founder businesses (Miller, Le Breton-Miller, Lester, & Cannella, 2007), family firms owned but not managed, or managed but not owned by a family (Chua, Chrisman, & Sharma, 1999). After identifying the 58 qualified family SMEs in the chamber, we then conducted interviews to facilitate the survey design to assess the construct relationships.

Before developing the questionnaire, we conducted an in-depth interview with the Deputy Director-General, the chamber's co-founder. We then asked her suggestion for the next interviewees since she has the best knowledge of all members. We did not stop the interviews until we reached the information saturation, meaning no new additional information contributing to this project. In total, we talked to five members, including the Director, two cadres, and two members. The length of the interviews ranged from 1.5 to 2.5 hours. The interview questions are listed in the appendix.

To facilitate the survey design, we also consulted the literature to adapt existing scales with the interview data. The questionnaire included four parts. Part One comprised six items directed at the reasons to join the chamber. Part Two had seventeen items that contained personal capability assessment, including professional growth, interpersonal communication, and family conditions. Part Three consisted of eighteen questions about firm growth, including management knowledge, social ties with industries, and governmental resources acquisition. The questionnaire with a five-point Likert scale ranged from (1) strongly disagree to (5) strongly agree. Part Four asked the subjects' demographics, including gender, age, education levels, marital status, and participation levels in the chamber's activities.

To ensure data quality, we had several considerations before distributing the survey to the qualified subjects and selecting the (prospective) family successors to be our subjects. First, we sent the questionnaire to the chamber members who owned a family SME as defined. To ensure the diversity of shared knowledge, we verified that no two participants were in the same industry. Additionally, the qualified participants should receive formal membership and remain active in the chamber programs. To maintain membership, they were required to attend more than 60% of chamber programs, including formal (e.g., training programs) and informal activities (e.g., gala dinner). Compared to those inactive members, these active members had the most current knowledge to reduce the possible recall bias

when answering the survey questions. As a consequence, we identified 58 qualified subjects to distribute our survey in three phases.

In Phase One, five interviewees (described in the interview process above) helped validate the survey scales, including the chamber's founder, two cadres, and two senior members. We followed the chamber's qualification policies to identify these five subjects. By definition, a cadre needed to participate in at least 80% of the total activities in a year to be a cadre candidate. Then, she/he needed to be elected by all members. A referrer must be an ex-cadre to ensure their connections with all members and then be elected as well. The five subjects' feedbacks helped the revision of our survey scales. In Phase Two, another cadre and two members with long-term membership of the chamber completed the draft questionnaire. Based on the exploratory factor analysis (EFA), we eliminated items with low factor loadings to generate the survey's final version. In the third Phase, we mailed the survey to the 58 members in the chamber. Notably, the 58 members did not include those who already participated in the previous interviews or validation activities. Amid the process, as identifying missing items or non-response, we then made phone calls and sent follow-up emails to increase the response rate. Secondary data from the government were also used to assess the accuracy of the subject firms' information. Finally, we received 31 completed responses out of 58 distributed and yielded a 53.45% response rate.

4. Measures

4.1 Dependent Variables

We used interview data and literature (Chung & Lin, 2009; James, 1999) for developing survey questions of the dependent variables (DVs). Since this exploratory study investigated the relationship between a novel context (i.e., the chamber) and family successors' knowledge development, both EFA and confirmatory factor analysis (CFA) were possible alternatives to help us see the

data structure. While CFA is advantageous in some situations (e.g., demanding a priori theory and a larger sample size), EFA is deemed appropriate for the unknown data structure without a priori theory, the descriptive and exploratory nature, and the limited sample size (Browne, Cudeck, Bollen, & Long, 1993; Kline, 2011). For these reasons, we employed EFA. To analyze the data structure, first, we adopted the Bartlett test and KMO test (Kaiser-Meyer-Olkin measure of sampling adequacy) to make sure the sample was suitable for factor analysis. Bartlett test functions as a Chi-Square test and examines whether the factor is mutually exclusive and independent. If the sample points sketch out a ball-like figure, then the mutually exclusive and independent hypothesis is not rejected. KMO was used to test the independence of multiple factors. The results showed that our sample was suitable for factor analysis. Second, we employed Principal Component Analysis with the Varimax approach and only kept those factors with eigenvalue > 1.0 and the item factor loading $> .5$. Consequently, we extracted four factors and named the first factor as family communication knowledge ($\alpha = .81$). The second one is management knowledge ($\alpha = .92$). The third and fourth are political capital ($\alpha = .90$) and business opportunities ($\alpha = .80$). They all had acceptable reliability. Because of our research inquiry, political capital and business opportunities were outside of our research boundary. Consequently, we only considered the two types of knowledge to be the focus of our investigation. With the findings, we found the five items, respectively, for management knowledge (e.g., “Participation in the chamber enhances the ability of human resource management”) and family communication knowledge (e.g., “Knowledge acquired from the chamber enhances the ability to communicate with family members when there is difficulty in reaching an agreement”) satisfied convergent and discriminant validity for the further tests of our research model. We summed each variable’s item scores and used the average to represent each DV. The specific items are listed in Table 1.

Table 1 Variables, Measures, and Sources

	Name	Measurement	Source
Dependent Variables	Management knowledge (Y1)	Items with five-point Likert scale	James (1999)
		Participation in the chamber enhances the ability of marketing	
		Participation in the chamber enhances the ability of human resource management	
		Participation in the chamber enhances the ability of financial management	
		Participation in the chamber enhances the ability of risk control	
		Participation in the chamber enhances the ability to select underlying investment	
	Family communication knowledge (Y2)	Items with five-point Likert scale	Chung & Lin, (2009) Venter, Boshoff, & Maas (2005)
		Participation in the chamber enhances the ability to communicate with the elders	
		Participation in the chamber enhances the ability to communicate with the same generation members work in the company	
		Knowledge acquired from the chamber enhances the ability to communicate with family members when there is difficulty in reaching an agreement	
Independent Variables	Consultation with a cadre	Dummy. The successor has consulted with the cadre for management knowledge (1 = yes, or 0 otherwise), and for family communication knowledge (1 = yes, or 0 otherwise). Then the average is used.	Developed from the interview data collected
		Consultation with a referrer	

(Cont.)

	Name	Measurement	Source
Control Variables	Successor age	The age of successor ranges from 25-45. Four choices: 1 = 30 or below; 2 = 31-35; 3 = 36-40; 4 = 41-45.	Taiwan Institute of Director, TWIoD (2014); Developed from the interview data collected
	Successor gender	Dummy coded: Female = 1; 0, otherwise.	Ibarra (1993). Lin (2002)
	Education	Four categories, including high school, associate, bachelor, and master	Morris (1997)
	Marital status	Dummy coded: Married = 1; 0, otherwise.	Klein & White (1996)
	Outside work experiences	Dummy coded: Yes = 1; 0, otherwise.	Hitt & Tyler (1991)
	Tenure in family firm	< 5 years; 5 to <10 years; 10 to < 15 years; 15 to < 20 years; 20 or more years.	Cater & Justis (2009)
	Participation in formal chamber activities	Participating in zero, one, two, or three types of formal activities, including seminar and lecture, study club, and business visit.	Cooper, Hearly, & Simpson (1994)
	Participation in informal chamber activities	Participating in zero, one, two, or three types of formal activities, including gala diner, sports, and family day.	Deci & Ryan (2002)

4.2 Independent Variables

The independent variables were derived from our interview data and social network literature. For example, Krackhardt and Hanson (1993) argue the significance of central figures in networks. For instance, in a firm, an employee can acquire resources and information by consulting with colleagues (Krackhardt, & Hanson, 1993). Also, Sparrowe, Liden, Wayne, and Kraimer (2001) argued that network centrality indicates that in terms of power, decision-making, and innovation, the central figure connects with other actors. We evaluated the ties between a successor, a cadre (in a central position), and a referrer (as the gatekeeper) in terms of their connection, accordingly. Thus, the operationalizations of the two independent variables are:

- (1) Consultation with a cadre. We dummy-coded this variable for the two

types of knowledge separately. The item asks if the successor has consulted with a cadre for management knowledge (1 = yes, or 0 otherwise) and family communication knowledge (1 = yes, or 0 otherwise). Then, we summed the two scores and used the average for analysis.

(2) Consultation with a referrer. We likewise dummy-coded this variable for two types of knowledge, respectively. We asked if the successor consulted with a referrer for management knowledge (1 = yes, or 0 otherwise) and family communication knowledge (1 = yes, or 0 otherwise). Next, we summed and averaged the two scores to represent this variable.

Control variables. We utilized eight control variables in our study. First, the successor age was controlled because the related experiences and know-how of a successor may inflate the variance of the two DVs. In our sample, the age of successors was measured by four ranges (1 = 30 years old and under; 2 = 31-35; 3 = 36-40; 4 = 41-45). Second, we controlled for the successor's gender (dummy: female = 1; 0 otherwise) since men are believed to have more power than women in family firm (Ibarra, 1993) and family networks (Lin, 2002) to operate the business and gain more management knowledge. However, female executives may be better than males in family communication (Sorenson, Folker, & Brigham, 2008). Education, marital status, and outside work experience are controlled since they are important factors for a successor's capability in prior studies (Chittoor & Das, 2007; Fan, Jian, & Yeh, 2008). We argue that education promotes cognitive changes, affecting knowledge in management and family communication. In this study, education is measured with four levels: high school, associate, bachelor, and master. Marital status (Klein & White, 1996) is a dummy variable equal to 1 if the successor is married and 0, otherwise. We argued that married successors may have better communication skills than a single person because she/he are familiar with a more complex family relationship. Outside work experience (Hitt & Tyler, 1991) was a dummy variable equal to 1 if the successor had work experiences in other firms and 0, otherwise. Those successors with outside work experience

arguably had better management knowledge. Tenure in the family firm was measured with five anchor points: 1 = less than 5 years; 2 = 5 to less than 10 years; 3 = 10 to less than 15 years; 4 = 15 to less than 20 years; and 5 = 20 or more years. Working in the family firm enhances the successor's familiarity in a firm's daily operations and improves management and communication skills. Participation in formal chamber activities was reflected by a successor's participation in the number of formal activity types in the chamber's programs, including seminars and lectures, study club, business visit, or none. Previous research suggested that the high frequency of participation in organizations enhances participants' knowledge and ability (Cooper, Healy, & Simpson, 1994). Participation in informal chamber activities was measured by the number of information activity types in the chamber, including gala dinner, sports, family day, or none. Deci and Ryan (2002) indicated that informal activities in an organization help build the social network and add knowledge to benefit a business. We, therefore, list all variables used in Table 1.

5. Analyses and Results

Before testing our research model, we followed Podsakoff and Organ's (1986) suggestions to conduct Harman's single factor test to detect possible threats of common method variance (CMV). If the result shows that a single factor explains more than 50% of the total variance, it demonstrates a severe CMV concern. With SPSS 21, we entered all the variables used in this study into factor analysis with no rotation and one-factor extraction. We found that one factor explained 21.88% of the total variance. We then concluded that the threat of CMB might be low. In terms of multicollinearity concerns, we tested variance inflation factors (VIF) and observed the highest value of VIF is 3.53, which is below ten and acceptable (Hair, Black, Babin, Anderson, & Tatham, 2006). Next, we report the demographics and then test results.

In our sample, most of the family successors were male (77.42%). The

majority of these successors were between 31 to 35 (77.42%) years old, married (67.74%), and granted Bachelor's (41.93%) and Master's (38.71%). They studied abroad, mainly in Japan or the United States, for management-related or MBA degrees. However, the results show that 67.74 percent of these successors did not have work experiences outside their family firms, possibly suggesting that most predecessors prefer successors joining the family firms immediately after graduation to get familiar with the business operations. The reason behind such a finding may be that the predecessors are eager to train their next generations with their industrial experiences and business knowledge to continue their family legacy and preserve their socioemotional wealth (SEW) (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). All of the demographic's information is listed in Table 2.

Table 2 Demographics of Respondents

(Control) Variable	Measure	Sample Size (n=31)	Percentage (%)
Successor gender	Male	24	77.42
	Female	7	22.58
Successor age	30 or below	2	6.45
	31-35	24	77.42
	36-40	4	12.90
	41-45	1	3.23
Marital status	Single	10	32.26
	Married	21	67.74
Education	High school	1	3.23
	Associate	5	16.13
	Bachelor	13	41.93
	Master	12	38.71
Outside work experience	No	21	67.74
	Yes	10	32.26
Tenure in the family firm	< 5 years	2	6.45
	5 to < 10 years	19	61.29
	10 to < 15 years	6	19.36
	15 to < 20 years	2	6.45
	20 or more years	2	6.45
Participating in formal chamber activities	0 type of activities	1	3.22
	1 type of activities	7	22.58

(Cont.)

(Control) Variable	Measure	Sample Size (n=31)	Percentage (%)
Participating in informal chamber activities	2 types of activities	10	32.26
	3 types of activities	13	41.94
	0 type of activities	9	29.03
	1 type of activities	6	19.36
	2 types of activities	7	22.58
	3 types of activities	9	29.03

5.1 Regression Models and Results

We considered alternative analysis approaches before conducting the primary analysis. The alternatives included a structural equation model (SEM) or an ordinary least squares (OLS) regression model. SEM is well-known for its flexibility in the measurement model and path analyses (Browne et al., 1993). The inclusion of measurement and latent variables enables researchers to figure out the best fit of the model. Besides, SEM's capability to simultaneously test multiple dependent variables seems suitable for the present research model. However, there are two essential premises to employ SEM (Kline, 2011). First, SEM has been deemed a robust, paradigm-driven approach rather than an exploratory, data-driven method. Second, SEM demands a larger sample size than OLS regression, thus constituting a hindrance for this study. For these reasons, OLS regression analysis is deemed more appropriate. Before formally testing the research model, we provide descriptive statistics and correlation coefficients in Table 3.

In Table 4, we present the regression results. All of the regression models are estimated with the OLS method. In this study, we present two dependent variables (DV), including management knowledge (Y1) and family communication knowledge (Y2). Two models are offered for each DV, including the baseline model (i.e., entering control variables only, M1 and M3) and the two independent variables added to the baseline model (M2 and M4). The output indicates that successor age (across M1-M2) has a significantly positive relationship with management knowledge but not significant with family communication knowledge.

Table 3 Means, Standard Deviations, and Correlations

Variable	M	s.d.	1	2	3	4	5	6	7	8	9	10	11
1. Management knowledge	3.90	.78											
2. Family communication knowledge	4.12	.58	.48**										
3. Consultation with a cadre	.61	.50	.23	.33									
4. Consultation with a referrer	.36	.49	-.17	-.36*	.31								
5. Successor age	2.13	.56	.17	-.15	.19	.07							
6. Successor gender	.23	.43	-.23	.19	.27	.08	.01						
7. Education	3.16	.82	.10	.13	-.01	-.07	-.12	-.20					
8. Martial status	.68	.48	-.07	-.03	.02	-.07	.41*	-.12	-.12				
9. Outside work experiences	.32	.48	.39*	.30	.27	.21	.09	.29	.20	-.11			
10. Tenure in the family firm	2.52	.93	-.17	-.41*	.01	.10	.51**	-.05	-.42*	.09	-.32		
11. Participation in formal chamber activities	2.13	.88	.04	.23	.12	-.11	-.17	.01	.25	.18	.06	-.29	
12. Participation in informal chamber activities	1.52	1.21	-.16	.19	.51**	.19	-.10	.22	-.09	.07	.11	-.04	.65***

Note. n = 31; Two-tailed tests.

* $p < .05$. ** $p < .01$. *** $p < .001$.

Table 4 Regression Results on Management and Family Communication Knowledge

Variables	Y1: Management knowledge		Y2: Family communication knowledge	
	M1	M2	M3	M4
Constant	4.09	4.25	4.48	4.68
<i>Controls</i>				
Successor age	.49*	.26**	.06	-.08
Successor gender	-.73	-.85	.13	.03
Education	-.26	-.33 [†]	-.04	-.07
Marital status	-.43	-.41	-.02	-.01
Outside work experience	.73*	.75*	.16	.26
Tenure in the family firm	-.20	-.12	-.24	-.18
Formal participation	.29	.42 [†]	.05	.05
Information participation	-.21	-.43*	.04	-.02
<i>Main effects</i>				
Consultation with a cadre		.89**		.53*
Consultation with a referrer		-.43 [†]		-.61**
ΔR^2		.21*		.28**
R^2	.42	.63	.24	.52
F	1.99 [†]	3.34**	.86	2.20 [†]

Note. n = 31. Standardized coefficients are reported; Two-tailed tests.

[†] $p < .10$. * $p < .05$. ** $p < .01$.

This is logical and may imply that these successors gain more business operations experience in the family firms over the years. Also, outside work experiences revealing a significantly positive impact (across M1-M2) on management knowledge. The plausible explanation is that the knowledge gained from working for other firms enhances the successors' social experiences and helps develop talking points to exchange with a cadre or referrer for management knowledge.

In the first hypothesis, we predict that consultation with a cadre is positively related to a family successor's management knowledge. In Model 2, the result shows a significantly positive effect ($\beta = .89$; $p < .01$), indicating a successor's consultation with a cadre increases her/his management knowledge. Thus, Hypothesis 1 is supported. Regarding Hypothesis 2, we theorized that consultation with a cadre is positively associated with a family successor's family

communication knowledge. The result is shown in M4 ($\beta = .53, p < .05$), demonstrating a positive impact of a cadre's consultation on family communication knowledge. As such, Hypothesis 2 receives the support too. For Hypothesis 3, the hypothesis posits that consultation with a referrer is positively associated with a family successor's management knowledge. As referring to M2, we found Hypothesis 3 is not supported since the statistics show ($\beta = -.43, p < .1$). Finally, we reason Hypothesis 4 that consultation with a referrer is positively associated with a family successor's family communication knowledge. However, in M4, the output shows a significant but negative effect ($\beta = -.61, p < 0.01$), which interestingly counters what we predict. Accordingly, Hypothesis 4 is not supported. However, we will discuss this counter-intuitive but intriguing result below.

6. Discussion

In this research, we asked: Is the chamber essential for family successors to participate? and Can the participation contribute to family firm successors' knowledge, and in what way? This present study aimed to improve our understanding of the knowledge transfer of family successors' unique network, the chamber, and the individual social capital embedded in this network through a mixed-method study of 31 Taiwanese family SMEs. Our empirical findings contributed to the calls from Daspit et al. (2016) for understanding how non-family stakeholders' knowledge outside the family firm helps develop family successors in related knowledge. We discuss our research findings in terms of theoretical, managerial and policy implications below.

6.1 Theoretical Implications

We found that the successor's social capital from the participation in the chamber helps enhance the management and communication knowledge needed in

the succession process. The findings also clarify that social capital is embedded in the strong ties between a successor and a cadre, the chamber's central role. The cadres' advice benefits the successors on both management and family communication knowledge, while the positive effect on management knowledge is stronger than family communication knowledge. Although we did not find any theory to predict the differential impacts between management knowledge and family communication knowledge, we suspect one possible reason behind this difference lies in knowledge types. This plausible reason could be that cadres are good at sharing explicit (i.e., codified and transferable) knowledge of management, but family communication could be very context-specific and vary by the climate within a business family. This means the knowledge of family firm communication belongs to tacit knowledge (e.g., implicit and experience-based or hard to transfer). Over time, as a family SME grows and becomes multi-generational, family firm communication may become more complicated and difficult because of family ownership dispersion (Spriggs, Yu, Deeds, & Sorenson, 2013). As a consequence, the effectiveness of a cadre's consultation on family communication may erode.

As for the consultation with a referrer, our results show that its impacts on management knowledge and family communication knowledge are both negative. The negative effects are surprising since the chamber's social capital is arguably beneficial to a successor's knowledge enhancement. We, therefore, consult literature and refer to our interview and observation, providing two possible explanations. First, based on our interviews and observation, referrers may not be the chamber's most current members. They are seniors, founders of the family firms, and/or retired family entrepreneurs (or close to retirement). Their management and family communication knowledge may be one-generation old. They are addicted to their past success, while becoming conservative by not adapting to the fast-changing business environment, and thus forming generational gaps (e.g., Autio & Mustakallio, 2003; Dertouzos, Lester, & Solow, 1989; Zahra,

Hayton, & Salvato, 2004). For instance, new generations are good at using new technology to renew their family firms' business models, which is an important capability to "recognize and exploit opportunities created by environmental shifts is therefore important to entrepreneurship" (Kellermanns & Eddleston, 2006, p. 814). A family founder's style of communicating with other family members in the past might be autocratic, not consulting family members, and prefer to obedience. Consequently, a family successor or new generation may not benefit from referrers' outdated management and family communication knowledge. Sometimes, successors may feel confused about the referrer's advice.

Second, our findings also reveal the differences between the two advising roles of cadres and referrers. This result is intriguing, indeed. In general, the consultation of cadres, not referrers, positively impacts both types of knowledge. Social exchange theory or SET (e.g., Cook, Cheshire, Rice, & Nakagawa, 2013; Cropanzano & Mitchell, 2005; Cropanzano, Anthony, Daniels, & Hall, 2017; Daspit et al., 2016; Emerson, 1976) may be insightful to explain why such advising outcome differences exist. With the assumption of an individual's gain and satisfaction maximization, SET is to study social actors' behavior through their social interactions or exchanges of relationships and limited resources within a social system (Daspit et al., 2016). The exchange behavior creates economic and/or social outcomes and will incur cost-benefit analyses to decide future resource allocations. Within such exchanges, both parties will develop norms, reciprocity, trust, commitment, and expectations for governing future exchanges (Daspit et al., 2016). Moreover, Daspit et al. (2016) point out two types of exchanges, including restricted and generalized exchanges. They extend that "In restricted exchanges, individuals are motivated by direct reciprocity from short-term, quid pro quo return. Conversely, a generalized exchange system is based on indirect reciprocity wherein individuals may expect no immediate or equal return" (Daspit et al., 2016, p. 48). Using the lens of SET, we argue that referrers only play the role of referring new members or giving qualifications to join the

chamber. Therefore, family successors may not think they need much exchange with referrers because of their gatekeeper function. However, once connected to their cadre advisors who play a central role in the chamber, family successors with cost-benefit analyses choose to spend much time developing the long-term relationship with their cadres, not referrers. While the restricted exchange with referrers is more instrumental, short-term, and direct, the exchanges with a cadre advisor are more long-term, indirect, and general. With the long-term relationship with cadres, family successors are willing to open their minds and share their family conflicts, concerns, and business problems. These are all extremely sensitive and personally private. Without high levels of trust and long-term relationships, successors may not portray the entire picture but just release partial or minor information. Furthermore, cadres, when compared to referrers, have more current and specific knowledge or networks for a successor's concerns. Referrers may be too senior to take new challenges and stuck with past success, unable to give the most updated management and family communication knowledge.

7. Managerial and Policy Implications

We collected a rare chamber dataset to conduct this study and found outside advisors, like cadres in the chamber, are more helpful than referrers to development family successors' knowledge. Hence, we consider the first implication is to internationally stimulate and expand related conversation throughout various platforms and media to reach the specific communities of family firm successors. These platforms can create similar chamber settings to connect cadres and family successors. At present, there are some popular worldwide associations or venues for family successors to interact and get the management and family communication knowledge, such as Family Firm Institute (FFI), the Successful Transgenerational Entrepreneurship Practices (STEP), Entrepreneur and Innovation Exchange (EIX), FamilyBusiness.org, the International Family Enterprise Research Academy (IFERA), and Family

Enterprise Research Conference (FERC), etc. Through these platforms, family successors have the opportunities to learn from the cadre-like consultants outside of their family firms.

The second implication is to host training programs to develop referrers. We trust referrers of the chamber have great experience to benefit family successors too. However, they may not stay current on the advanced technology or new social media, so they do not know how to use their experiences to help successors appropriately. Similar chambers may consider hosting developing opportunities for these referrers and making good use of their entrepreneurial experiences to help the succession process. The chambers' resources should not only focus on the development of family successors. This practice also applies to cadres.

Finally, policymakers can create more beneficial tax laws, incentives, or grants to encourage the chamber's establishment since family enterprises are the most significant employers to hire about 60% of the global labor force (Neckebrouck, Schulze, & Zellweger, 2018). In Taiwan, private SMEs occupy 97% of businesses, hire 78% of employees, and significantly contribute to its economy (Hsieh & Chou, 2018). For example, policymakers may provide tax shields to encourage the chamber establishment, grants to support the interactions among chambers, and research funding to promote chamber studies to advance our knowledge in this domain. It is also critical for the governments (e.g., Taiwan) to encourage those non-chamber institutions, such as TWIoD, Commonwealth Magazine, to host various training programs and (in)formal activities to develop mutual learning opportunities.

8. Limitation, Future Research, and Conclusion

Inevitably, this research project, like other studies, has its limitations to help improve future research. First, data collected from merely one chamber may be limited. Although Taiwan presents a fertile context of family SMEs, it would be more beneficial to have a larger sample size, representing more regions and sectors

in Taiwan. However, with the exploratory nature of this study, we carefully selected our purposive sample. We followed what De Massis and Foss (2018) called the “small-N” (number) approach to carefully screen our subjects and provide a rare sample to conduct this study. The mixed methods with in-depth interviews and a social survey help lay the foundation for understanding the chamber’s unique influence on family successors’ knowledge development. Second, experimental design may be beneficial and feasible for future studies since this type of unique chamber tends to be small in number. Experiments also help establish the possible causality between two variables. Third, a matched sample may be adopted to compare and contrast the successors who participate or do not participate in a chamber. Especially, this study did not consider those family firm members who did not participate in the chamber. Getting such a sample in a future study adds to what we already know and provides more insights. Moreover, firm age may impact a successor’s knowledge development due to the business’s maturation effects and learning curves. Unfortunately, we did not collect this control variable and thus encourage interested researchers to include this control in testing their models. Fourth, although we tested common method variance (CMV) with Harman’s single factor test and found the threat might be low, we still cannot completely rule out such a concern. However, Fuller, Simmering, Atinc, Atinc, and Babin (2016) simulation study found that it needs relatively high CMV levels to bias the results. This means our research is still valid, but we highly suggest that future studies carefully rule out the CMB’s possibility, such as using multiple sources to collect data (i.e., procedural design in Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Finally, longitudinal data are certainly beneficial to trace the change or process in knowledge transfer. To ensure the causality, we consider longitudinal and experimental designs will be helpful. However, in our present research, we do not claim any causality among our variables. Instead, our study is exploratory and certainly correlational.

In terms of future research, some thoughts are derived from our findings.

First, context matters to family firm research (Wright, Chrisman, Chua, & Steier, 2014). We are interested in knowing: Under some contingencies (e.g., board independence, generations in the business, successor gender, dispersion of family ownership, etc.), what are the impacts of cadres' and referrers' consultation on various family outcomes (e.g., family reputation and conflicts) or business outcomes (e.g., political capital, human resource management, and economic performance)? We are also curious about: How do the cadres and referrers affect the non-family successors' knowledge development? Second, in our study, we did not consider succession as a process, plan, or event (Yu et al., 2012). It would be interesting to understand how the cadres' and referrers' advice contributes to the different conceptualizations of succession or the process (before, during, and post-succession). Third, our current focus is on family firm successors, but it would be interesting for future studies to focus on the knowledge growth of referrers and cadres in the chamber. The aggregated knowledge in the future would help the chamber to design a better program benefitting more family firm members. Fourth, although we discussed the possible reasons behind the negative impact of consultation with referrers, we do encourage more investigation into this surprising finding and expand our knowledge on why-so and how-so. We encourage interested researchers to expand the theorization into social exchange theory. We reason that the referrers' role in the chamber could be more instrumental or transactional (Daspit et al., 2016). However, such an instrumental or transactional role does not mean referrers are detrimental to advise family successors. Successors may still get benefits under certain contingencies, as we argued above. Consequently, we encourage interested scholars to dig deeper in this regard. Finally, only the advantage of the chamber is discussed in this study. However, the dark side or liability of being deeply embedded in a social network may be examined to advance our understanding of the chamber effect.

In conclusion, understanding the sources of required knowledge from outside the family boundaries in the succession process can be crucial to smooth the

succession process. Our empirical findings give a yes to our first question: Is the chamber essential for family successors to participate? For the second one: Can the participation contribute to family firm successors' knowledge, and in what way? The short answer is: It depends! We do see the salutary impact from the cadres but not from the referrers. We hope this study encourages more research efforts in outside non-family stakeholders to develop family successors and chamber success.

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APPENDIX

Interview Questions

Topic 1: The History of the Chamber

- (1) The purpose of establishing this chamber
- (2) The structure of the chamber
- (3) The profile of chamber members
- (4) The financial situations of the chamber
- (5) Various roles and positions in the chamber

Topic 2: A Family Successor's Experience with the Chamber

- (6) The design of the formal activities (e.g., courses, keynote speeches, interactions, etc.)
- (7) The job domain of a cadre
- (8) The tenure of a cadre, referrer, and the rules of their elections
- (9) The demographics of the chamber
- (10) The issues, themes, and topics of family firm discussed in the chamber