

Stimulating innovation in family winegrowing firms: Knowledge sharing between generations

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Abstract:

Purpose: This paper examines how intergenerational knowledge sharing in family winegrowing firms impacts their innovation.

Design/methodology/approach: Our study involves 27 interviews already conducted across three case sites in the wine industry in New Zealand.

Findings: We argue that different levels of hostility towards engaging in knowledge sharing held by the older generation (OG) and their following, younger generation (YG) impacts the ability of their family firm to innovate. We present two matrixes where first the source of knowledge is the OG and the receiver is the YG, and second where the source of knowledge is the YG and the receiver is the OG. The first model illustrates a likely case of incremental innovation while the second model is associated with radical innovation.

Practical implications: By having strategies in place to minimize hoarding or rejection of knowledge, redundancy in the knowledge production and problem-solving processes can be avoided.

Keywords: Wine industry, family business, innovation, knowledge sharing, traditional industry

PURPOSE

This paper examines how intergenerational knowledge sharing in family winegrowing firms impacts their innovation. We argue that different levels of hostility towards engaging in knowledge sharing (from low to high) held by the older generation (OG) and their following, younger generation (YG) impacts the ability of their family firm to innovate. The paper subsequently outlines a range of possible actions to overcome inter-generation knowledge sharing related tensions and hostility.

ISSUE ADDRESSED

Knowledge management is not widely discussed in family firm literature although some existing research explores knowledge as an important dynamic capability {Chirico, 2008 #14208}, a strategic resource {Cabrera-Suárez, 2001 #4424}, and a source of competitive advantage in family firms – particularly where there are strong relationships and connectedness resulting in information and knowledge sharing and learning {Treviño-Rodríguez, 2006 #14516}. Examination of knowledge sharing in particular has been obscure in family firm research, and indeed sparse in the wine industry context. This is somewhat surprising considering family firms tend to strive to maintain knowledge long-term within the family {Cabrera-Suárez, 2001 #4424}, and in particular the winegrowing industry is an exemplar of this maintenance of knowledge through its traditions.

This paper investigates how the willingness of the OG and YG to engage in knowledge sharing impacts on the innovation activities of the firm and to which extent these activities are influenced by the direction of the knowledge flow – from OG to YG or vice versa. Tensions between the two can result in hoarding and/or rejecting knowledge where the preference would be to create conditions that stimulate innovation behaviour efficiently {Husted, 2012 #17367}. While hoarding and/or rejecting knowledge may have a detrimental effect in any organization, motivation in a family firm to mitigate knowledge sharing hostility is typically stronger. The reasons behind this could be various, e.g. to ensure future ownership, to develop/maintain common vision {Hubler, 2009 #1767} and long-term orientation {Lumpkin, 2011 #14382}. However, the issue of reliance on a shared understanding of the content of knowledge between those transmitting and those receiving the knowledge still remains {Husted, 2002 #14362}. In sum, this study addresses the issue of knowledge sharing between generations in family firms and its impact on stimulating innovation.

RESEARCH STRATEGY AND CONTEXT

Our study involves 27 interviews already conducted across three case sites in the wine industry in New Zealand. Interviews were carried out with all family members involved in the respective businesses, and a sample of employees which served as an objective account of the dynamics in the family. Each case site represents two generations with each generation having leadership responsibilities within the business. This allows analysis of knowledge sharing from OG to YG and vice versa. We carried out a thematic analysis utilising NVivo 9 qualitative software. This iterative process allowed us to synthesize data to establish patterns and themes {Wiles, 2011 #16766}. Table 1 presents some of the demographics of the cases.

Table 1: Case sites

Company	Years in business (approx.)	Ownership	Number of family members in the business	Generations since establishment
Merlot Family Vintners	100	OG and YG	Three	Three
Sauvignon Family Estates	40	OG	Five	Two
Riesling Family Winegrowers	25	OG	Five	Two

STIMULATING INNOVATION THROUGH KNOWLEDGE SHARING

We consider knowledge sharing between generations as *obverse* when the OG is the source of ideas while the YG is the receiver. This is seen as the traditional model for the flow of knowledge, and likely to result in incremental innovation. *Reverse* knowledge-sharing occurs when the YG is the source of ideas while the OG is the receiver. In this situation there is potential for radical innovation through new experiences and competencies the YG gained from their education and vocation.

Figures 1 and 2 present two matrixes where the source of knowledge is the OG and the receiver is the YG (Figure 1) and the other way around in Figure 2. The horizontal and vertical axes present a continuum from low to high knowledge-sharing hostility. The first model illustrates a likely case of incremental innovation while the second model is associated with radical innovation. An important difference between the knowledge sharing scenarios is that the OG could do what they choose given the power relationship between the generations. For example, the OG may still implement an innovative idea even if rejected by the YG. Conversely, if the OG rejects an idea from the YG it may never be implemented. Another key difference is the potential for radical innovation when the YG is the source of ideas and there

is synergy with the OG. This is not to say radical innovation does not occur when the OG is the source, but emphasis is placed on the synergy between the generations rather than an autocratic approach on the part of the OG.

		Action		Conflict	
		New solutions implemented but may find opposition from the YG		Unlikely to resolve due to both generations hoarding/rejecting knowledge	
OG (source)	High hostility				
	Low hostility	Synergy		Frustration	
		Incremental if innovative but if not there could be a tendency to retain the status quo		YG hoard/reject ideas but may have no say in what is implemented	
		Low hostility		High hostility	
		YG (Receiver)			

Figure 1: Incremental innovation through obverse knowledge sharing

The *action* quadrant represents ideas that the OG generate and which the YG may oppose but on the whole go along with the idea. An example would be where the OG suggests engineering a piece of equipment to undertake a task which could be fulfilled by a proprietary product. *Conflict* can occur where the OG does not share knowledge and instead just implements what he/she wants without consulting the YG. This could be particularly impactful where the YG is responsible for a task which has been overridden by the OG in which case the YG may reject an idea and make their strong opposition known. The bottom right quadrant represents *frustration* which could occur when, for example, the YG rejects an idea. A practical example from our study was when the OG of one family decided to build stainless steel tanks and place them outside the main tank building. The YG were of a strong view they should be placed inside to maintain the aesthetics of the winery. In this scenario it was agreed that new tanks were required however their placement was not up for discussion. Finally the *synergy* quadrant represents an open sharing of knowledge where ideas are neither hoarded nor rejected. An example would be where the YG put forward an idea which is accepted by the OG, encouraging innovation to occur. Ingredients for this diverse knowledge sharing is good family ties and communication between the generations.

From our study, an example where the OG presented an idea the YG accepted and supported was hospitality. The OG wanted to open a fine dining restaurant and with the support of the YG, in particular one daughter who was experienced in hospitality, were able to make this happen. The daughter in this instance not only shared her experience in hospitality but was intimately involved with the marketing of the winery which only heightened the synergistic nature in this scenario.

YG (source)	High hostility	Inaction New solutions found but not shared and/or implemented	Conflict Unlikely to resolve due to both generations hoarding/rejecting knowledge
	Low hostility	Synergy Radical if innovative but if not there could be a tendency to retain the status quo	Inertia OG hoard/reject ideas and slow down the implementation process
		Low hostility	High hostility
		OG (Receiver)	

Figure 2: Radical innovation through reverse knowledge sharing

There is a higher likelihood of *inaction* where the YG hoards ideas and/or has an inability to act on solutions without permission from the OG. The *conflict* quadrant is similar to Figure 1 only the source and receiver are reversed, that is there is high hostility from both sides toward sharing knowledge. The *inertia* quadrant represents the YG sharing ideas but the OG rejecting knowledge. As the OG is often the authority within a family business they can choose not to implement the idea. An example would be where the YG brings knowledge about a product or process they have learnt through education or experience such as organic growing, however the OG is unwilling to change the status quo or does not want to break from tradition. Where radical innovation could occur is when the YG presents solutions from their more recent education and experience and there is *synergy* with the OG who accepts the new ideas and supports the YG in their solution.

An example of the benefits of diverse knowledge sharing was the introduction of organic grape growing and wine production by a daughter in one family firm. There was some potential for tension because, like her father, she was a viticulturist. While she had experience through her degree and working around the world in different wineries, the father based his practice on experience from a large corporate winery. Given her new experiences, she proposed the idea of growing grapes organically and producing organics wines. This was considered high risk given the rigorous industry standards but she managed to convince her parents to set aside several hectares to experiment with. What eventuated was a successful award generating sub-brand that satisfied a market the family business had not previously pursued. The father gave her more leeway to experiment with different varieties while providing her with more land.

RELEVANCE TO PRACTITIONERS AND ACADEMIC SCHOLARS

Advantages that a family firm has over corporate firms to facilitate knowledge sharing include connectedness and cohesion {Björnberg, 2007 #4595}, trust and close ties {Sundaramurthy, 2008 #2143}, and the ability to build tacit knowledge between generations {Jaskiewicz, 2013 #17362}. By having strategies in place to minimize hoarding or rejection of knowledge, redundancy in the knowledge production and problem-solving processes can be avoided. Moreover, by being cognisant of sharing knowledge in a positive way, families can benefit from a learning environment that encourages two-way or bidirectional knowledge-sharing {Woodfield, 2012 #14732}. This article introduced knowledge-sharing as a modus operandi for family businesses to stimulate and manage innovation. At present there is a paucity of studies on knowledge-sharing in family firms and it is hoped this study encourages more empirical research in this potentially rich area of scholarship.

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