

Towards a Knowledge Management Systems for Family-Owned Business in Developing Countries: The Case of the Caribbean



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Outline

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- Background
- Research Approach
- Conclusion

Introduction

- ❑ Small family businesses have low survival rate.
- ❑ One reason is depletion of key areas of knowledge from one generation to the next.
 - ❑ Absence of structured KM within these firms
- ❑ Limited work addressing KM and KMS within Caribbean FOBs.

Introduction

- This research attempts to fill this void by:

Proposing a solution-oriented KMS architecture that supports generational transition in FOBs...informed by the relevant literature and data collected from 3 Caribbean countries

Introduction - Definition

The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families (Chua et al, 1999, p. 25)

Background

- ❑ Many countries' economies have benefited from FOBs as part of their economic landscape. (Bertrand & Schoar, 2006; Gersick, et al. 1997; O'Hara, 2004; Ward, 2004)
- ❑ A high % have difficulty with generational transition.
 - ❑ only 30% and 15% of these businesses transitioning to the 2nd and 3rd generations. (Handler, 1990, 1994; Ward, 1997, 2004).
- ❑ This has contributed to a lack of continuity and the absence of longevity among small FOBs (Perricone, Earle, & Taplin, 2001)
 - ❑ including the Caribbean (Williams & Jones, 2010)

Background

- ❑ Theoretical models constructed to identify critical factors for succession planning. (Bracci & Vagnoni, 2011)
 - FOB's lacked the ability “to preserve, integrate and develop the stock of existing knowledge” (Bracci & Vagnoni, 2011, p. 14)
- ❑ Business succession is in itself a process of knowledge transfer and combination to ensure the firm's survival.
- ❑ Therefore, in understanding succession planning in FOB, KM must be a crucial part of the discussion.
 - KMS helps prevent loss of tacit knowledge by preserving key organizational memory

Background

□ Case Study in the Caribbean:

- 3 countries – Barbados, Jamaica and Trinidad & Tobago
- Survey and focus groups used to identify the factors impacting generational transition

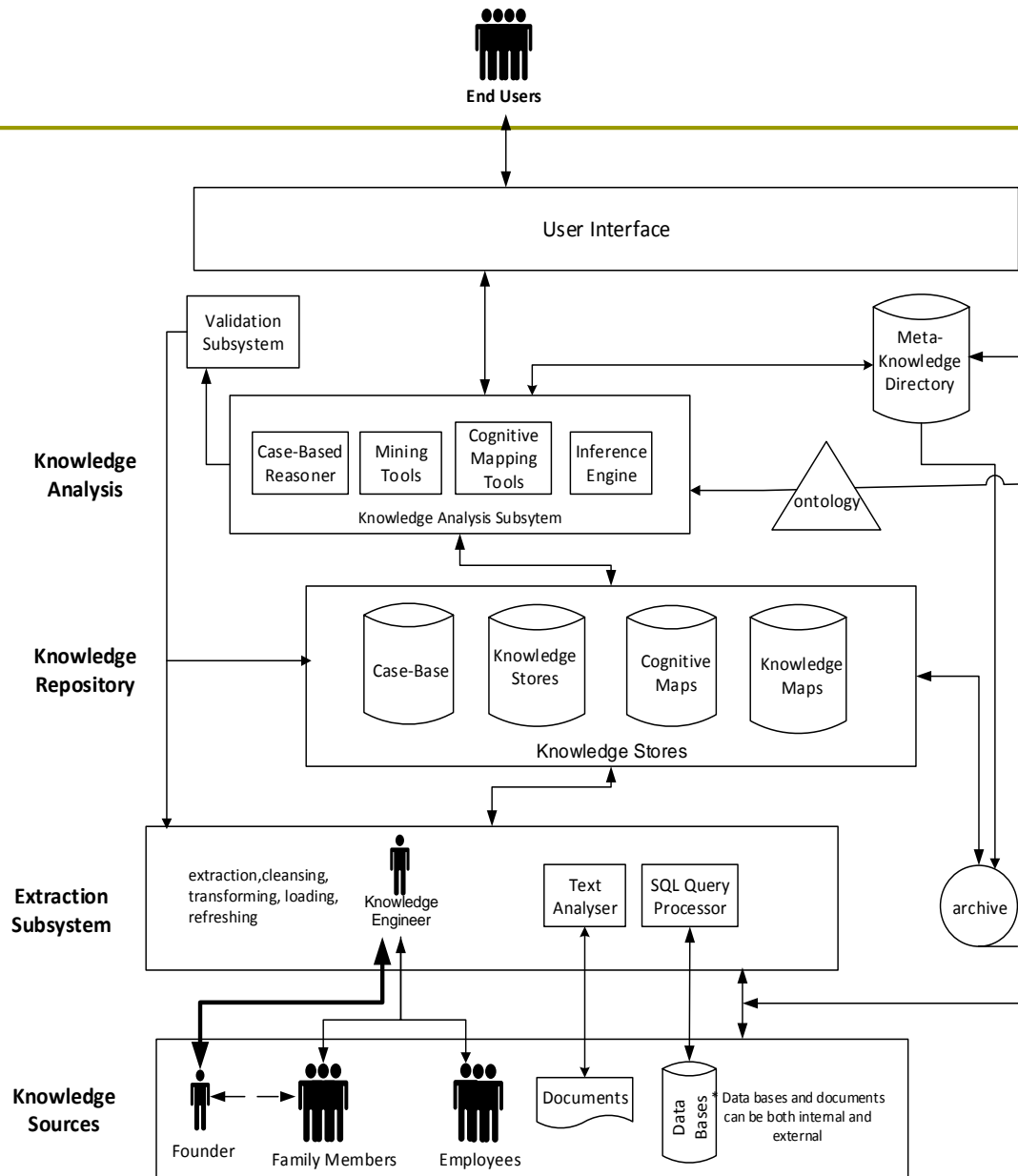
□ Relevant Findings:

- Lack of structure to facilitate GT...founder is the repository of knowledge...needs to be in control
- Difference in approach between owners of African descent and other ethnic groups
- Reluctance of children to continue in FB
- Factors impacting GT can be grouped as per the function:
 - F_{GT} (When, How, who, Where[What], Why)

Research Approach

- ❑ The findings from the case study and existing literature used to justify the key components of a KMS for FOB.
- ❑ The *Design Science Approach* used to develop a KMS architecture for FOB.
 - ❖ Build and evaluate an artifact intended to solve an identified organizational problem (Hevner & Ram 2004).
 - ❖ Research must be relevant and rigorous
 - Relevant - the artifact must address an existing business need
 - Rigorous - the research must contribute to the knowledge base

KMS Architecture



Subsystems of KMS

- ❑ Knowledge Sources and Extraction Subsystem
 - Loads Knowledge Items from source to Knowledge Stores
 - Humans are an important source of Knowledge.
 - Knowledge Engineer assists in explicating tacit knowledge.
- ❑ Knowledge Store Subsystem
 - Case Base
 - ❑ Case base includes experiential knowledge (Ramesh et al. 1999).
 - ❑ Facilitates learning from experience
 - Knowledge maps
 - ❑ May not be possible to capture all the knowledge of individuals
 - ❑ However, they may be willing to share their knowledge.
 - ❑ Represents who has knowledge about what concepts in the domain.
 - Cognitive maps
 - ❑ Represents a mental model of expertise in a particular area
 - Knowledge Stores

Conclusions & Future Work

- ❑ Provides a first step in developing a KMS architecture for FOB in the Caribbean.
- ❑ Relevance for Researchers:
 - Helps to understand generational transition in the Caribbean.
 - The use of design science to provide a solution oriented approach to generational transition in FOB.
- ❑ Relevance for Practitioners:
 - FOB can adopt and adapt this architecture for their specific needs.
 - Rely less on family dynamics for generational transition.
- ❑ Explore the opportunities for a collaborative approach to KMS for FOB.
 - E.g. Case based repositories
- ❑ Identify appropriate FOSS solutions.