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Psychological ownership, knowledge sharing and entrepreneurial orientation in family firms: The moderating role of governance heterogeneity

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A B S T R A C T

Adopting a stewardship perspective and relying on a sample of 93 Spanish family firms, we emphasize the importance of psychological ownership as a primary determinant of entrepreneurial orientation in terms of proactiveness, innovativeness and risk taking. We also suggest that the relationship between psychological ownership and entrepreneurial orientation is mediated by knowledge sharing. Finally, we assess the potential moderating roles of heterogenous governance conditions in terms of the generation in control, generational involvement and family involvement in the top management team with regard to the relationship between psychological ownership and knowledge sharing. Research and managerial implications are shared in the concluding section.

1. Introduction

To survive and preserve the capacity to create value over time, firms must maintain an appropriate level of entrepreneurial orientation (EO), i.e., an organizational posture that emphasizes entrepreneurial behavior (e.g., Covin & Miles, 1999; Covin & Slevin, 1989; Lumpkin & Dess, 1996; Miller, 1983; Zahra, 1996). This challenge is especially critical for family firms, because they are often reluctant to change and highly committed to the status quo (Beckhard & Dyer, 1983; Gersick, Davis, Hampton, & Lansberg, 1997; Kellermanns & Eddleston, 2006).

Many studies have explored the determinants and performance consequences of EO (see, for example, the reviews by Rauch, Wiklund, Lumpkin, & Frese, 2009 and Wales, Gupta, & Mousa, 2013), including research in the field of family business (e.g., Casillas, Moreno, & Barbero, 2010; Chirico, Sirmon, Sciascia, & Mazzola, 2011; Lumpkin, Brigham, & Moss, 2010; Naldi, Nordqvist, Sjöberg, & Wiklund, 2007; Schepers, Voordeckers, Steijvers, & Laveren, 2014). In particular, an emerging stream in the family business literature focuses on the specific antecedents of family firms' EO by investigating the influence of various factors, such as family involvement (e.g., Madanoglu, Altinay, & Wang, 2016; Miller & Breton-Miller, 2011; Sciascia, Mazzola, & Chirico, 2013), organizational culture (e.g., Eddleston, Kellermanns, & Zellweger, 2010; Zellweger & Sieger, 2012), and top executive characteristics (e.g., Boling, Pieper, & Covin, 2016; Cruz & Nordqvist, 2012; Kellermanns, Eddleston, Barnett, & Pearson, 2008) on the adoption of entrepreneurial behaviors.

The findings in this promising line of research identify multiple determinants of EO. Among these, psychological ownership (PO) is a relevant factor. PO is the feeling of possessiveness that ties an individual to a material or immaterial object regardless of the presence of enforceable property rights (Pierce, Kostova, & Dirks, 2001). In family firms, PO results in the development of a sense of stewardship toward the organization (e.g., Corbetta & Salvato, 2004; Hernandez, 2012) and has been viewed as a source of entrepreneurial behavior, as it creates the perception of a common purpose and stimulates family members' engagement in value-creating activities (e.g., Chirico, 2008; Eddleston et al., 2010). The analysis of PO as an antecedent of entrepreneurial behavior is important because PO captures the cognitive and affective mechanisms that explain the family attachment to the business, and is therefore tightly linked to the essence of the family firm (Henssen, Voordeckers, Lambrechts, & Koiranen, 2014; Rantanen & Jussila, 2011).

While the relationship between PO and EO has been addressed in previous research, the variation of this relationship across heterogeneous family business contexts remains largely unexplored. In this study, we use the stewardship perspective to explore the nuances of the path from PO to EO, and to determine how this path varies across the landscape of family firms. It is crucial to understand how family

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members' PO in heterogeneous family business contexts translates into organizational-level EO through distinctive social and organizational processes, as this type of analysis contributes to the development of a comprehensive theory of family business and provides managers and consultants with a more realistic picture of heterogeneous patterns of behavior among family firms (e.g., Chrisman, Chua, De Massis, Minola, & Vismara, 2016).

To provide a more nuanced representation of the effects of the family business context on entrepreneurial behaviors (e.g., Naldi et al., 2007), we model the baseline relationship between PO and EO by disentangling the EO construct in its components of proactiveness, innovativeness and risk taking (Covin & Slevin, 1989; Miller, 1983). Second, we argue that the relationship between PO and EO is mediated by knowledge sharing, i.e., the process that makes individual knowledge available to others within the organization (Davenport & Prusak, 1998). Knowledge sharing represents a manifestation of the stewardship attitude in family firms (Eddleston et al., 2010; Patel & Fiet, 2011) and strengthens firms' ability to pursue entrepreneurial opportunities (e.g., Chirico & Salvato, 2014; Zahra, Neubaum, & Larrañeta, 2007).

Furthermore, we recognize that heterogenous governance conditions may influence the path that leads to EO. Previous literature clearly emphasizes the importance of studying heterogeneity among family firms by pointing out that the variance in family firm behaviors is greater than the variance in behaviors between family firms and their non-family counterparts (e.g., Bennedsen, Perez-Gonzalez, & Wolfenzon, 2010). It has been observed that the key governance conditions, namely, the characteristics of family ownership and control, the involvement of family members in the top management team (TMT) and the participation of later generations (Miller & Breton-Miller, 2006), are major sources of family firm's heterogeneity (Chua, Chrisman, Steier, & Rau, 2012; Li & Daspit, 2016), because they are associated with different organizational goals, processes and routines (e.g., Carney, 2005; Le Breton-Miller & Miller, 2006; Li & Daspit, 2016). Accordingly, expanding previous research that links the heterogeneity among family firms with the adoption of entrepreneurial behaviors (e.g., Kellermanns et al., 2008; Marchisio, Mazzola, Sciascia, Miles, & Astrachan, 2010), we theorize that the abovementioned governance conditions moderate the relationship between PO and knowledge sharing. The generation in control is expected to weaken the impact of PO on knowledge sharing, whereas the involvement of multiple generations in the company and family involvement in the TMT are expected to strengthen this effect.

Our theoretical arguments are tested on a sample of 93 Spanish family firms. The empirical results support the prediction of a positive relationship between PO and the EO components of innovativeness and proactiveness, as mediated by knowledge sharing. The findings also indicate a negative moderating effect of the family generation in control on the relationship between PO and knowledge sharing and a positive moderating effect of family involvement in the TMT on the same relationship. We observe no significant moderating effect for the involvement of multiple generations.

Drawing on these findings, we offer several contributions. First, we add to the research on the determinants of EO in heterogeneous family business settings. The previous literature has largely addressed the direct impact of diverse family business features on EO outcomes without "opening the black box" of intervening factors (e.g., Boling et al., 2016; Miller & Breton-Miller, 2011; Sciascia et al., 2013). Our study investigates whether and how family business heterogeneity in terms of generation in control, generational involvement and family involvement in the TMT has different effects on the path leading to different EO dimensions. In particular, we extend the knowledge on the diversity of behaviors among family firms (e.g., Chua, Chrisman, & Sharma, 1999; De Massis, Kotlar, Chua, & Chrisman, 2014) by illustrating PO's impacts on organization-level outcomes through the emergence of stewardship behavior via knowledge sharing and the extent to which this path is contingent upon different family involvement factors.

Our study is also one of the first attempts to explicitly link PO to entrepreneurial behavior in the family business setting. Despite their crucial importance in family business, PO has been overlooked as an antecedent of EO in the existing literature (e.g., Chirico & Salvato, 2014; Kellermanns, Dibrell, & Cruz, 2014). Although the socio-emotional wealth perspective has been widely employed as a psychological and cognitive framework to explain how affective endowments influence family firms' decisions related to entrepreneurship and innovation (e.g., Chrisman & Patel, 2012; Gomez-Mejia, Cruz, Berrone, & De Castro, 2011), we believe that our focus on PO and its subsequent stewardship attitudes can provide a distinctive contribution to further understand the antecedents of family business behavior. Indeed, PO attitudes involve cognitive mechanisms that are at the core of the socioemotional wealth endowment (e.g., Goel, Voordeckers, Van Gils, & van den Heuvel, 2013), and most research on socioemotional wealth does not provide direct assessments of the cognitive processes at the level of family business actors (e.g., Hauck, Suess-Reyes, Beck, Prügl, & Frank, 2016). By focusing on PO as a primary driver of entrepreneurial posture, we contribute to filling this gap and add to the research on PO in family firms (e.g., Bernhard & O'Driscoll, 2011; Henssen et al., 2014; Rantanen & Jussila, 2011).

Finally, we add to the general literature on EO, because our work is one of the first attempts to explore the connection among PO, knowledge sharing and entrepreneurial behavior at the organizational level. A limited number of studies has previously focused on pairwise relationships among these variables (or similar constructs, e.g., De Clercq, Dimov, & Thongpapanl, 2013; Sieger, Zellweger, & Aquino, 2013; Han, Chiang, & Chang, 2010) without considering their interplay in a model that encompasses all of these constructs.

2. Theoretical background and hypotheses

EO reflects "the organizational processes, methods and styles that firms use to act entrepreneurially" (Lumpkin & Dess, 1996, p. 139). According to the original definition proposed by Miller (1983) and later embraced by Covin and Slevin (1989), EO manifests through the concurrent presence of three dimensions, two of which are behavioral—innovativeness and proactiveness—and one is attitudinal—risk taking. Specifically, innovativeness is the tendency to support creative processes that may result in new products, services, or technologies; proactiveness reflects attitudes toward the continuous pursuit of new opportunities; and risk taking refers to the willingness to make investments and resource commitments with uncertain returns.

Although EO is an organizational-level construct, it can be considered the result of attitudes and behaviors adopted by individuals in the organization, particularly those adopted by organizational decision makers (e.g., Miller & Breton-Miller, 2011; Miller & Friesen, 1982; Simsek, Heavey, & Veiga, 2010; Wales, Monsen, & McKelvie, 2011). Therefore, family members are central in driving EO in a family firm, as they are the main decision makers in the organization (Chrisman, Chua, Pearson, & Barnett, 2012). PO is central in this reasoning because it can be identified as a key antecedent of family members' behavior within the organization. In fact, PO captures the cognitive and affective mechanisms that explain the family attachment to the business and motivate the emergence of pro-organizational actions (e.g., Eddleston & Kellermanns, 2007; Rantanen & Jussila, 2011). Leveraging this argument, we develop our hypotheses in the next sections regarding the following: (1) the baseline relationship between PO and the dimensions of EO, explained through the lenses of stewardship theory; (2) the manner in which that PO translates into EO through the mediating role of knowledge sharing, seen as a manifestation of stewardship attitude; and (3) the roles of family generation in control, generational involvement and family involvement in the TMT in shaping the former relationship.

2.1. A stewardship perspective on the relationship between PO and EO

PO is the psychologically experienced state in which individuals