Family and Non-Family Sources of Knowledge Diversity in Family Firms

Family firms rely on knowledge resources from both intra-family and extra-family sources, which may require different approaches to effectively manage. We argue that as family firms acquire greater knowledge diversity, family-centered effectuation processes become limited and they will increasingly rely on formal causation logics to coordinate these resources. However, we expect this relationship to differ when knowledge diversity is sourced from either family or non-family sources. Empirical analyses of 242 small- and medium-sized family firms indicate that knowledge diversity positively affects a firm’s reliance on causation logics, regardless of the source of that diversity. This suggests, the affinity of family firms to leverage effectuation logics may not be characteristic of family firms in general, but instead may be an artifact of firm reliance on knowledge capital concentrated in family owners.