

## THE EFFECT OF AFFECTIVE COMMITMENT ON THE TRUST OF KNOWLEDGE TRANSFER FOR FAMILY BUSINESSES IN UNIVERSITAS CIPUTRA

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**Abstract:** This study aims to explore the effect of commitment on the trust of knowledge transfer. The study is conducted using quantitative method on 50 the next generation of family businesses in Universitas Ciputra. The study result indicates that commitment and trust simultaneously but not partially affect knowledge transfer. This study suggests the role of knowledge transfer may determine the success of family business across generation.

**Keywords:** family business, commitment, trust

### INTRODUCTION

No less than 85% of companies in the world that controls 65% of the Gross Domestic Product in European countries and 50% of the GDP in America are family businesses. Anderson and Reeb (2013) conducted a study on a number of countries showed a large effect that family businesses have on the economy and employment. This is evidenced by other studies that showed the significant effect of the continuity of family business has on the economy (Donckles & Frohlich, 1991). Therefore, it is understandable that family businesses have a broad impact on the global economy, and their continuation is the attention of social academia that scientifically research family businesses.

Across the definitions of family business, this study implements the definition by Barroso et al. (2012) as the rationale, where family business is a business owned by a family with the goal to preserve it across generations, with

a long-term vision proclaimed by the founder and owner and to achieve the long-term vision, family involvement in determining policy related to ownership and business management cannot be separated. The involvement of family will ultimately affect each decision that stemmed on how the family business is inherited to the next generation (Ruiz et al., 2010).

In relation to that, experts view family business owning various issues in its continuity (Lansberg & Astrachan, 1994), one of the causes is the lack of attention, understanding and ability of the owner's family to conduct an effective knowledge transfer from their predecessors to the next generation, as pointed by Chirico (2008). Commonly, the knowledge transfer is viewed as process that happens naturally without structured planning, hence there is no better method to ensure a successful transfer. Research on knowledge showed the importance of knowledge transfer being planned because knowledge related to tacit, relation, social capi-

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tal, passion, entrepreneurship, and how the knowledge is passed to the next generation is the best competitive advantage of family business (Gonzalez – Loureiro & Figueroa, 2012).

Knowledge transfer has beneficial potential for individual or organisation, and this is fundamental to the success of the business (Suppiah & Sandhu, 2011). Therefore, more research explores this topic. To researcher, knowledge transfer can be observed from organisational or individual level and until now, research relating to knowledge transfer are mostly conducted at organisational level, whilst individual level, especially individuals across generations in the context of family business is scarce (Endres et al., 2007). Thus, to help the development of knowledge of family business, the focus of this research will be on the individual level of family business which is the predecessor who are the parents and the next generation who are the children within the organisation of the family business.

The next generation is the future of the family business hoped to innovate the family business. Innovation is needed in every business when faced with competition and the rapidly changing time (Nonaka et al., 2000). Family business needs the next generation to have the ability to value add and consistently find new business opportunities (Dyck et al., 2002). A number of research show the importance of innovating and show that the next generation is the opportunity for business to possess perpetuating strength of innovation (Litz & Kleysen, (2001). The innovative ability of the next generation is determined by the success of the previous knowledge transfer. The success of the knowledge transfer is affected by the factors of motivation, commitment, interaction, and trust between agents (Zapata et al., 2009). Bracci

(2008), Le Breton-Miller et al. (2004), and Sallan, (2006), highlighted that the commitment of the next generation and trust as the most important factor in determining the success of knowledge transfer.

Universitas Ciputra's foundation of Entrepreneurship Education has a program called Family Business Entrepreneurship. Students can enrol in this program with a prerequisite of owning family business. This program offers a learning facility for students who are the next generation of family business to learn from their parents or as such learn the knowledge transfer from the predecessor to the next generation. This learning program is a unique.

The learning instruction was designed especially for this program, students is conditioned to gain the momentum of knowledge transfer. As the students have experienced the purposeful knowledge transfer as part of the formal learning program, thus, this study can recruit students enrolled in the program as respondents, to explore the Affective commitment and trust on the success of knowledge transfer.

Zapata et al. (2009) explained that knowledge transfer is the knowledge communication process between the giver and the receiver of knowledge. Therefore, there are two parties, the giver, who is the owner of the knowledge and the receiver of knowledge. In the context of family business of the predecessor who are the parents who has the knowledge and the next generation who are their children who tries to receive the knowledge.

Often predecessors are the founder of the business that started the business from nothing and grew the business to be large. The experience of the predecessors in a rare source of knowledge not owned by others, therefore, this

knowledge is very valuable. The knowledge owned by the predecessor includes wisdom and skill (Chirico, 2008). Cabrera et al. (2001) added information that is contextual, trustworthy, valuable and specific expertise in list of knowledge possessed by the predecessors. A business will lose their knowledge if the predecessor retires without transferring the knowledge (Bracci, 2008). The role of the next generation as the receiver of knowledge is important for the business, therefore, the process of knowledge transfer is foundational in a successful family business handover (Higginson, 2009).

Knowledge transfer is not a mechanistic process but an interactive process that is affected by the capability of both parties (Treviño-Rodríguez & Tapies, 2006). However, the capability of both parties is affected by a few factors, which are motivation, commitment, interaction, and trust between agents (Zapata et al., 2009).

Bracci (2008), Le Breton-Miller et al. (2004), and Sallan (2006) emphasised that the commitment of the next generation and trust are the most important factors determining the success of knowledge transfer. Commitment and trust are the foundation on which the next generation to have the motivation to learn from their parents. However, there is an advantage possessed by family business built on familial relation established by the older generation that is most of the members live under one roof.

Treviño-Rodríguez and Tàpies (2010) explained that knowledge transfer will be more effective when performed unconsciously, which can be established through informal connection; during meals, discussion before bed, holiday, and others.

The success of knowledge transfer in family business is measured by the success of the

next generation in innovating their family business. This is consistent with a study by Letonja and Duh (2016) titled, “Knowledge transfer in family business and its effects on the innovativeness of the next family generation”. The study was conducted with quality method, analysing 10 family business. The result indicated that there is a correlation between knowledge transfer on the ability of the next generation in innovating the family business. Although notably, knowledge beyond the parental knowledge is required to equip the next generation to innovate. Therefore, this study will measure the effectivity of the knowledge transfer based on the innovating ability of the next generation.

Meyer and Herscovitch (2001) explained that having commitment as a frame of mind or a psychological state pushes someone to pursue a goal. To explain commitment of the next generation for family business, Sharma and Irving (2005) separated commitment based on the history of how the commitment was formed, which are: 1) Affective, 2) Normative, 3) Calculative, and 4) Imperative, which will be simplified into two by Cabrera and Martín (2010): 1) Normative and 2) Affective.

Successors with normative commitment level have lower motivation compared to successors with affective commitment level. This is evidenced by the previous study whereby the effectivity of knowledge transfer will be significant if it involves successors with affective commitment level.

The history of affective commitment is based on the emotional connection, identifying with an object, and the involvement in an organisation (Meyer & Ellen, 1991). Based on this, a desire to follow relevant steps to reach a goal is created. A strong trust, acceptance, and interest toward the goal of a business will form naturally.

In family businesses, it is common that family member develops self-identity from their own family business (Rosenblatt et al., 1985). This forms the affective commitment for themselves, which ultimately pushes them to work above and beyond in their thinking and/or time to show their contribution toward their family business (e.g., Handler, 1989; Sharma, 1997). This is related to the success of the knowledge transfer, whereby the knowledge transfer will be of high value if conducted in informal setting (Trevinyo-Rodríguez & Tàpies, 2010) or outside of typical working hours, therefore, the hypothesis of this study is:

H1: Affective commitment significantly affects the success of the knowledge transfer of university students enrolled in the family business program at Universitas Ciputra.

According to Rotter (1967), trust is the expectation of a behaviour hoped by someone towards another. Trust will push someone to follow through with the action and advice given from a trusted individual (Davis et al., 1997). Often times trust develops when someone thinks or feel the same way due to shared norms and values (Fukuyama, 1995), this is built from familial relation or the shared history (Lane, 1998). Trust is a multi-levelled phenomenon where trust exists at individual (micro) to organi-

sational (macro) level (Lane, 1998; Rousseau et al., 1998). This study looks at the trust phenomenon at the micro level; between the predecessors and the successors of the family business, whereby trust given by the predecessors is felt by the successors.

The trust between the relationship of family members comes from the family relationship, shared character, and shared living over a long period of time (Carney, 2005; Kets de Vries, 1993; Lane & Bachmann, 1998; Steward, 2003). This is a unique element as well as strength of family businesses, as family business that has deep level of trust the developed through history, experience, identity, ritual, and reality and cultivation of trust between predecessors and the next generation (Gersick et al., 1997).

Knowledge transfer will only succeed if the successor wants to work together and this desire is highly affected by trust (Barachini, 2009), therefore, the second hypothesis of this study is:

H2: Trust is significantly affect knowledge transfer of university students enrolled in the family business program of Universitas Ciputra.

## METHOD

The data collection used in this study is primary data collection, with a self adminis-

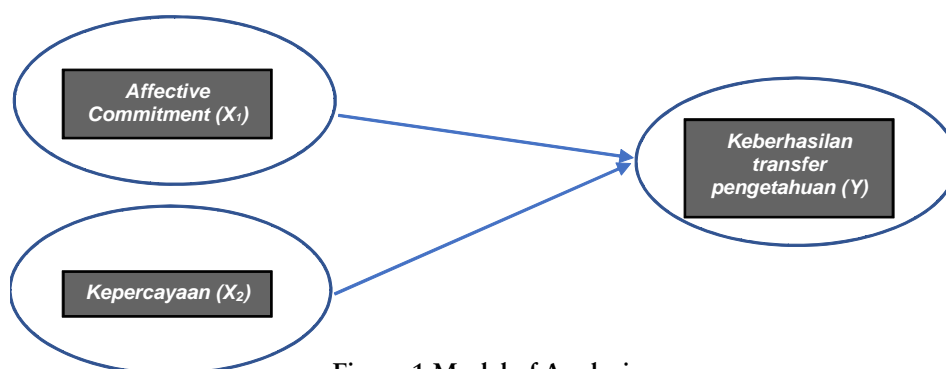


Figure 1 Model of Analysis  
Source: Data Processes (2022)

Table 1 The Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig
	B	Str. Error	Beta		
(Constant)	18.813	2.847		6.609	.000
KA (X1)	.345	.172	.341	2.002	.051
K(X2)	.030	.119	.044	.256	.799

tered questionnaire as a measuring instrument. The questionnaire was made using measuring indicators from the preceding study to ensure the validity and reliability of the instrument. Each indicators is measured using a 5-point Likert Scale.

This study uses two independent variables (X) and one dependent variable (Y); affective commitment (X<sub>1</sub>), trust (X<sub>2</sub>), and knowledge transfer (Y).

The study population in this study is the university students of the 10<sup>th</sup> cohort of the family business program at Universitas Ciputra, with a total of 50 students whom all participated in this study as the study sample. This cohort is chosen because they were completing the semester 6 of the education program, therefore knowledge transfer has occurred over the last 3 semesters

## RESULTS

### Multiple Regression

The multiple regression test resulted in the following equation  $Y = 18,813 + 0.345 X_1 +$

$0.03 X_2$ . This test indicates that the X<sub>1</sub> variable (affective commitment has a predictive value of 0.345 and X<sub>2</sub> (trust) has a lower predictive value at 0.03. Therefore, it can be understood that commitment variable has a stronger effect compared to trust variable.

### ANOVA

The results shows a significant result,  $F(df,n)$ ,  $p = .032$ , there for H1 is accepted. Variable affective commitment and trust simultaneously affects the success of knowledge transfer.

### T-test

As shown below, X1 variable is not significant,  $t()=value$ ,  $p = .05$ , therefore, affective commitment does not partially affect the succession of knowledge transfer. Similarly, X2 variable is not significant,  $t()=value$ ,  $p = .79$ , thus trust variable does not partially affect the succession of knowledge transfer.

Table 2 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	49.697	2	24.849	3.710	.032 <sup>b</sup>
Residual	314.803	47	6.698		
Total	364.500	49			

a. Dependent Variable: TP (Y)

b. Predictors: (Constant), K(X<sub>2</sub>), KA(X<sub>1</sub>)

Table 3 *t*-test Analysis

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig
	B	Str. Error	Beta		
(Constant)	18.813	2.847		6.609	.000
KA (X1)	.345	.172	.341	2.002	.051
K(X2)	.030	.119	.044	.256	.799

### R-square

The *R*-square test indicate an  $R^2 = 0.136$ , which suggests that 13.6% of the success of the knowledge transfer can be explained by the relationship between the affective commitment and trust can be explained.

### DISCUSSION

Based on the data analysis result, affective commitment and trust simultaneously affects the success of the knowledge transfer, however, partially does not affect the success of knowledge transfer. This result is coherent with Barachini's (2009) findings in the study called, "Cultural and social issues for knowledge sharing". In the beginning of the paragraph of the study, Barachini states "Individual don't offer knowledge for free." Which can be interpreted that there must be a meaning behind giving away knowledge on purpose to other parties. In the context of family business, the successors must commit to the business and set trust on their predecessors before the transfer of knowledge. The commitment of the successors is highly dependent on the knowledge transfer

and has to be evident to the predecessors through a number of ways, before trust is developed and cultivate an effective knowledge transfer. The commitment shown is affective commitment according to sharma, Irving (2005), is commitment that is owned by the successors and most impactful toward the success of the generational handover. Affective commitment will push the next generation work beyond the formal work hours and go through learning during the informal work hours. Consistently, Trevinyo-Rodríguez and Tàpies (2010) suggest that knowledge transfer will be more effective if unconsciously performed, which happens only during informal working hours, such as during meals, discussions before bed, holidays, and others.

Affective commitment by the next generation will not be successful without the trust between the predecessors and successors, or worst, commitment may never develop when the successors fail to earn the trust of their predecessors. This is a factor to consider for future researcher, to explore deeper the commitment relationship and trust in knowledge transfer in the context of family business, considering additional independent variables may also be beneficial.

Table 4 The R Square - Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.369a	.136	.100	2.588

a. Predictors: (Constant), K(X<sub>2</sub>), KA(X<sub>1</sub>)



In conclusion, this study shows the importance of knowledge transfer in knowledge transfer and how the impact of affective commitment and shared trust on the success of knowledge transfer that will produce the ability for succes-

sors to create innovation that is needed, even though no effect is observed when they are only partial. A suggestion for future researchers is to consider the normative commitment which is often experienced by many family business.

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