

Family-managed firms and Open Innovation. A firm- and regional-familiness approach

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Innovation is generally regarded as a highly interactive activity, where firms absorb, generate and apply knowledge by relying on both internal and external sources. While internal sources rely mostly on the knowledge developed within the boundaries of the firm, the external sources of information and knowledge are shared outside the organization. How firms contribute, manage, and materialize intentional (firm level) and unintentional (industrial, local, and regional level) external sources of knowledge is important for innovation behaviour. Even though abundant evidence shows the importance of some firm-specific characteristics in leveraging external knowledge, the family status of the firm has been neglected.

In terms of intentional knowledge spillover, we hypothesize that because of firm familiness specificities, family firms create a positive environment for R&D cooperation (intentional source of knowledge) increasing the probability to have process and product innovations. On the other hand, based on regional familiness arguments we hypothesize that firms, in general, increase their probability to have process or product innovation as result of being placed in context where family firms act as catalyst of knowledge and information at local, industrial and regional level.

We use a large panel dataset of Spanish manufacturing firms covering the period 2000-2015. Our results reveal that the probability of engage in both product and process innovations is higher for family-managed firms involved in technological collaboration. Hence, does emerge a particular ability of family firms to leverage external source of knowledge at the foundation of higher innovation propensity. Additionally, our findings provide support for the so called “regional familiness” arguments. As a result of their strong embeddedness in the social and economic structure, family firms contribute to the creation of a favourable regional environment for the innovation activity of all firms. In fact, our

estimations show the higher family firm density spending in R&D in a particular region, is associated with greater product and process innovation propensity for firms located in that region. Theoretical and policy implications are discussed.