



Can Family-Owned Firms Innovate Alone? The Case of the French Agri-food Sector

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Context

“For the European agri-food sector, innovation is essential to success and is a major contributor to ensuring long-term food security and sustainability” (European Commission, 2016).

“In the family firms context, due to limitations in their scale and capital, they often cannot afford to internally develop and build up the knowledge they need to innovate in-house” (Batterink et al., 2010).

“Moreover, the scope of their existing knowledge base, their proprietary technologies and the firm-specific capabilities for knowledge creation and development may limit the quality and innovativeness of internally generated knowledge” (Materia et al., 2017) .

Family Firms

Scholars in the agri-food domain provide evidence that FFs have a different way of operating when compared to non-family firms

(Diéguez-Soto et al. 2015).

What makes FFs different from other firms in the sector is that the boundaries between the family and the firm are blurred to the point that family issues and firm issues are deeply interconnected

(Felicio and Villardon, 2015).

The FFs represents in fact the place where economic considerations and social preoccupations of the family are blended (Uhlener et al. 2004); **a FF is a coalition controlled by the members of the same family or by members of a small number of families, and as such it is sustainable across families' generations**

(Chua et al. (1999).

Family Firms and Innovation

Since FFs need to fulfil different needs, from an “innovation system” perspective, it is required that public institutions, the private sector and the different organizations involved collaborate and interact in order to improve the capacity of family firms to innovate and to provide them with incentives to innovate (FAO, 2014).

A participatory approach to innovation has in fact emerged: **Innovation processes in the agri-food industry are becoming more complex than in other sectors** (Rama, 2008; Enzing et al., 2011) and this complexity has led to a greater dependency on interactions for innovation and collaboration within networks.

Motivation

Family firms' innovation strategies is still a promising area of research. Although FFs have received a great deal of attention, many questions related to their innovation strategies are still unanswered.

The FFs case is worth to be studied for many reasons. First, besides their contribution to the economy by offering quality services and products (Kleiman et al., 1995), family firms bring stability due to their long term business strategy towards stakeholder interests (Breton-Miller and Miller, 2006), they generate high level of employment and bring social responsibility due to the importance of family value transfer to future generations (Felicio and Villardon, 2015).

Main Goal

The paper intends to investigate the conditions underpinning family firms' strategic decisions about how to innovate in the agri-food sector in Europe and South America.

Particularly, we investigate the relationship between family firms features and their innovation choices. We focus on the **impact of the family ownership, the generation involved** in the management, the **size, the degree of openness** and the **socioemotional wealth** (Gomez-Mejia et al., 2007; 2011), on **the type of innovation FFs conduct the most** and **the decision of innovating by means of in-house or outsourcing strategies.**

Expected outcome

A blurred issue about FFs is that they are reported by scholars as being conservative (McConaughy et al., 2001), introverted, inflexible, burdened with old traditions and resistant to change (De Vries, 1993), while others consider them as a system closed around the family, instead of a system looking outward (Cohen and Lindberg, 1974).

For these reasons, it is argued that FFs prefer to grow internally rather than to adopt external growing strategies. For example, about diversification, Gomez-Mejia et al. (2010) propose that FFs prefer not to diversify their activities and, at the opposite, to concentrate their effort on a few business.

Expected outcome

A bright point of view about FFs: Some authors consider FFs as having positive features which make them more innovative than non-family owned firms (Kellermanns et al. 2012; Gallo et al. 2004).

According to this view, family firms need to innovate constantly in order to avoid losing control of the ownership (Gallo et al., 2004), in order to grow and, specifically, “promote the strategic and organizational development of the company on a permanent basis” (Palacios et al. 2013, p :60).

In the same vein, Carrasco-Hernández, (2013) suggests that the relationships among the members of family firms can foster the development of innovations, although this relationship could be conditioned by the family owning the firm.

Side questions

What kind of innovation do family firms currently develop?

What are the antecedents for a family firms to innovate in-house (i.e. using the own resources) or to innovate through outsourcing (e.g. collaborating with other actors?)

When innovation activities are conducted within a network, what external actors (e.g. Universities, competitors, consultants, etc.) represent sources of knowledge?

Next steps

- To answer these questions, we developed an instrument to perform a quantitative research with family firms from **France, Brazil and Netherlands**. Data collection is organized by means of a survey. To start, a questionnaire is being send by e-mail to 300 family firms in the agri-food sector based in France.