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Collaborative innovation in family firms: Past research, current debates and agenda for future research

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ABSTRACT

Collaborative innovation can boost family firms' innovation performance by enabling them to tackle their resource constrains and tap into knowledge, financial capital, technology, and information from other organizations. Unfortunately, existing research on collaborative innovation in family firms is still in its infancy. We systematically review and organize fragmented findings and arguments from prior research along three perspectives: strategic, transactional, and relational. In doing so, we provide a summary of the current state-of-the-art in this literature, point to the importance of collaborative innovation to resolve the innovation dilemma in family firms and identify promising opportunities for future research.

1. Introduction

Collaborative innovation is becoming increasingly important because it enables firms to tackle their resource constraints and tap into the knowledge from other organizations in order to boost their innovation potential (Hitt, Dacin, Levitas, Arregle, & Borza, 2000). The importance of collaborative innovation can be seen from its positive effect on innovation performance both at collaboration level, measured by joint patent/invention (Hoang & Rothaermel, 2005; Kim & Song, 2007), and firm level, measured by items including new patents applied, new products developed, new/modified product/service/processes introduced, industry awards, and innovation radicalness (Fang, 2011; Kang & Park, 2012; Keil, Maula, Schildt, & Zahra, 2008; Lahiri & Narayanan, 2013; Mention, 2011; Sampson, 2005; Soh, 2010; Stuart, 2000; Tomlinson, 2010; Un, Cuervo-Cazurra, & Asakawa, 2010; Vasudeva, Zaheer, & Hernandez, 2013; Zeng, Xie, & Tam, 2010). The positive effect of collaborative innovation can also be found in financial performance at firm level, measured by items such as net income, profitability, sales, growth, and market share (Lahiri & Narayanan, 2013; Lavie & Miller, 2008; Lu & Beamish, 2001; Singh & Mitchell, 2005). Research on collaborative innovation has grown substantially over the last three decades, with more than 52,000 collaborations analyzed from 1990 to 2005 (Schilling, 2009). The growing importance of collaboration is also witnessed by the rapid diffusion of 'open innovation' paradigms among innovation practitioners, where firms leverage on external sources rather than relying entirely internally (Chesbrough, 2006).

This trend is particularly important for family firms, and researchers have called for more insights on how family firms embrace an "open" approach to collaborations in order to innovate (Kellermanns & Hoy, 2016). Due to the unwillingness of family members to lose control (e.g., Gómez-Mejía, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentas, 2007), resource constraints shaped by their governance structures and size (e.g., Carney, 2005), distinctive aspects of their social capital (e.g., Arregle, Hitt, Sirmon, & Very, 2007), and long-term orientation (Miller & Le Breton-Miller, 2005), collaborative innovation can be an effective means to overcoming innovation barriers and a major source of competitive advantage for innovation in family firms (De Mattos, Burgess, & Shaw, 2013; Hitt et al., 2000; Sirmon, Arregle, Hitt, & Webb, 2008). Family conglomerates are a good example where such form of family business diversifies into a wide variety of industries to have access to resources needed and yet retain family control. However, less is known on how family firms tackle the issue of the unwillingness to lose control when collaborating with external parties, such as the governance mechanisms used to prevent knowledge leakage. Also, how family firms can capitalize on the unique family firm characteristics like social capital and long-term orientation to build successful collaborative innovation is still far from being understood.

Existing research on innovation in family firms splits into two broad areas of inquiry, one focusing on innovation inputs (e.g., R & D investments) and the other on innovation outputs (e.g., new product introduction, patent registrations) (De Massis, Frattini, & Lichtenthaler, 2013). Studies focusing on innovation inputs have shown that family

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firms generally invest less in innovation than nonfamily firms (Chen & Hsu, 2009; Chrisman & Patel, 2012; Czarnitzki & Kraft, 2009; Kotlar, De Massis, Frattini, Bianchi, & Fang, 2013; Munari, Oriani, & Sobrero, 2010). However, research on innovation outputs has shown that family firms achieve higher innovation performance than nonfamily firms (e.g., Block, 2012; Czarnitzki & Kraft, 2009). This points to an apparent paradox named by some scholars as the "family innovation dilemma" (Duran, Kammerlander, Van Essen, & Zellweger, 2016). Therefore, family business scholars are highly interested in understanding why and how family firms can "do more with less" (e.g., De Massis, Audretsch, Uhlaner, & Kammerlander, 2017) and outperform nonfamily firms despite lower innovation inputs.

In this review article, we argue that external sources of innovation can be particularly important to address this dilemma, hence we focus on the critical role of collaboration in explaining the innovation performance of family firms. Drawing on the existing research on innovation collaborations (Das & Teng, 2000; Gulati, 1995; Kale & Singh, 2009; Un et al., 2010) and consistent with prior family business research on the topic (Block, 2012; Matzler, Veider, Hautz, & Stadler, 2015; Munoz-Bullon & Sanchez-Bueno, 2011), we define *collaborative innovation* as a form of inter-firm relationship that involves the exchange and sharing of resources such as financial capital, information, knowledge, and technology with external parties in order to achieve innovation. Collaborative innovation includes alliances, joint ventures, technology exchange, contractual agreements, licensing, and partnerships, and encompasses a broad spectrum of external parties such as customers, suppliers, competitors, universities and research institutes.

During the past few years, scholars have started looking at the collaborative aspects in the innovation strategy and operations of family firms, particularly focusing on how collaborations with external organizations lead to access of resources like capital, information, knowledge, and technology. For example, leaning on resource based view (RBV) and behavioral theory, Classen et al. (2012) have examined how family involvement influences the depth and breadth of search for external resources leading to innovation in family small medium enterprises (SMEs). Block and Spiegel (2013) have studied the role of family firms in promoting knowledge spillovers within a region, where the propensity of family firms to collaborate with other firms have possibly contributed to the regional innovation output by boosting successful patent applications. Others have examined the behavioral barriers that prevent family firms from acquiring external technology (Konig, Kammerlander, & Enders, 2013; Kotlar et al., 2013). However, although this body of research is rich in insights, existing literature remains highly fragmented in terms of theoretical perspectives, constructs and relationships, and empirical approaches. Fragmentation is a typical trait of research fields that undergo an initial "excitement" and growth phase, but the lack of a coherent framework can inhibit the accumulation of knowledge and hamper the maturation of the field (Hirsch & Levin, 1999). The purpose of this article is to assist the development of the field by systematically reviewing and organizing existing research on collaborative innovation in family firms and integrating findings and arguments from prior research. Our ultimate goal is to guide future academic work towards a more coherent and robust understanding of collaborative innovation in family firms. In order to achieve this goal, we organize the existing literature on collaborative innovation into categories based on emerging themes and patterns to identify research gaps and guide future research.

We do so in three major steps. First, we define and discuss key constructs and assumptions in prior research on collaborative innovation and outline a guiding framework for our subsequent analysis of collaborative innovation in family firms (Gulati, 1995; Kale & Singh, 2009). In doing so, we identify three streams of perspectives on collaborative innovation: strategic, transactional, and relational. We note that, while research on collaborative innovation from the general management field has picked up its pace back in the 1990′s, this vast literature has been developed without explicitly considering family firms, thereby overlooking the unique characteristics of family firms and their distinctive advantages and challenges in the context of collaborative innovation. Thus, in the second step, we synthesize prior research findings and arguments in relation to collaborative activities undertaken by family firms in achieving innovation and map them onto the three streams of perspectives on collaborations outlined earlier. Through this process, we develop a framework that integrates the different theoretical perspectives used in examining the topic of collaborative innovation in family firms. Finally, we draw from this framework to identify the research gaps and potential paths to guide future research. These gaps point to important but nonetheless little known antecedents and intervening factors that can possibly enable or constrain collaborative innovation in family firms. Overall, we thus contribute to an integrative and systematic understanding of collaborative innovation in family business, offer a framework of current thinking categorized by theoretical perspectives, and provide a coherent research agenda that we hope will assist the creation of cumulative knowledge in future work.

By systematically reviewing the past and present debates on collaborative innovation in family firms, and integrating the literature from the fields of family business and general management, we intend to contribute to existing literature in two main ways. First, we aim to offer a solid ground for opening up a new agenda for research that sparks and guides the conversation on collaborative innovation in family firms. Such guiding framework can help direct future research toward the maturation of the field, including the use of coherent theoretical perspectives, valid measurements, and an appreciation of different study contexts in addressing research questions and building cumulative knowledge (Hirsch & Levin, 1999). Second, we aim to address the "family innovation dilemma" (Duran et al., 2016), theorizing on the role of collaborations in reconciling the gap between innovation input and output in family firms, and between "what we know" and "what we need to know". In doing so, we will not only advance current understanding of how family firms use collaborations to innovate, but will also provide a new, integrative standpoint for studying family firm innovation from a broader and more coherent perspective.

2. Review scope and method

To provide an overview of existing research, we started searching for published articles on inter-firm collaborations in relation to innovation using the Scopus database in a systematic way. First, we determined the combinations of two sets of keywords: (1) alliance, collaboration, cooperation, coordination, partnership; and (2) R & D, innovation, internationalization, globalization. Second, we conducted the search with the above combination of keywords in titles, keywords, and/or abstract. Our review of the collaborative innovation literature from the general management field was intended to develop a guiding framework to be used for the subsequent review in the family business field, therefore we only included collaborative innovation articles with sound theoretical perspective(s) from the leading management journals.[1] As existing literature is vast, we limit the scope of review to inter-firm relationship with the intention to access resources in achieving innovation. Overall, we found 58 articles: 44 quantitative, 3 qualitative, 5 mixed methods, and 6 conceptual/review articles.

Next, the first author read each article in detail, constructed a table tabulating the type of study, research question(s), research gap(s), theoretical perspective(s), focus of collaborations, study context, sample(s) used (type of data, source of data, time span, country and industry), constructs, level of analysis, and key findings of each article. With this process, we noticed emerging themes and patterns, leading us

[1] An Appendix organizing selected studies on collaborative innovation as emerged from our review of the general management literature has been omitted from the manuscript for space reasons but is available from the authors upon request.

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