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

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A B S T R A C T

Collaborative innovation can boost family firms’ innovation performance by enabling them to tackle their resource constraints 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, Muala, 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, Takácš Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 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, & Lichtenhaller, 2013). Studies focusing on innovation inputs have shown that family