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**INNOVATION IN FAMILY FIRMS**

**Case Study**

**Thesis**

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## ABSTRACT

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<p>This research has been done to examine the role of innovation in family firms. It has been done specifically for the UK firms. It is important to note that when it comes to innovations, family firms generally are at advantage and benefit more from innovations. For innovations to occur in the first place it is important that the social capital in the family is strong enough. This research has been completed with the help of collecting data from secondary sources. All the data has been analysed to know the possibilities and challenges of innovation in family firms.</p>		
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## **PREFACE**

First I would like to thank all the teachers of the Centria Univeristy of Applied Sciences who taught me for all these years. It has in fact been a very nice school to study my bachelor's degree. I would also like to mention all my fellow students who became friends to me during my studies.

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## **1 INTRODUCTION**

Family firm is a business where the members of a given family are joined together to work, make decisions, accomplish certain tasks and distribute the benefits fairly (Burns, & Whitehouse, 1996). It's good that the family stays together, as long as one of its members does not hinder the work of his competence within the company. According to Dawson, & Hjorth (2012), family firms have a greater chance of being successful and profitable than other forms of firms. However, to reach the top and stay in business is not a matter that can be left to luck and skills acquired empirically.

In a context of constant changes that occur at different speeds, innovation is not only an advantageous option but an imperative for survival. Innovation is transforming new ideas into results. This goes far beyond generating good ideas; it is a management process, unfortunately, largely ignored in business. The role of the family in the innovation and creativity of the family business is one that allows training the youth and young adults, to an activity of constant renewal, as Schumpeter would say, management of creative destruction (Storey, 2011). In short, family should be able to think about improving things constantly.

### **1.1 Aims and Objectives of the Study**

This research aims to examine family firms and innovations within them. In this study, possibilities and problems in innovations in UK family firms will be examined thoroughly. This study aims to discuss the importance of innovation in family firms along with the likelihood of success of innovation in UK family firms. Following are the main objectives of the study:

- To study family firms and their innovation.
- To observe the possibilities of innovations in UK family firms.
- Case studies

- To find out the problems and issues in the innovation of family firms.

## **1.2 Research Questions**

Following are the main research questions which are going to be answered with the help of this research study:

- Is innovation possible in family firms?
- What type of innovations can be found in family firms in UK?
- What are the possibilities of innovation in UK family firms?
- To what extent problems and issues limit innovation in UK family firms?

## **1.3 Rationale of the Study**

Some people prefer doing everything with family. In the business world, there is the possibility that members of a household can join through the creation of a company. It is estimated that 80 % of companies in the world are family businesses. Doing research regarding innovation in family firms will be very helpful for people and families who want to start their own businesses. This research study can help people in identifying the ways in which they make their family business innovative. Creativity is an aspect that is not innate: it can be worked and developed from techniques. The innovation should be a priority for family firms and the way to start the new ideas at the organizational level (Gedajlovic, & Carney, 2012).

## **1.4 Problem Statement**

Family firms usually start small and grow over the years. In UK, there are many very prominent family businesses. Many researches have been done on this topic, which has discovered that over 30 % of family firms continue to exist to the 2<sup>nd</sup> generation, and almost 13 % goes to the 3<sup>rd</sup> generation (Aldrich, & Cliff, 2003). By nature, family firms show definite challenges that are unique, and companies that do not present otherwise. Some of them are following: ways to disconnect the family relationship of the firm, way

to continue strong relationships in the 2<sup>nd</sup> and following generations, ways to plan succession and equity distribution.

Change and innovation are necessary for the success of any business organization. The market innovation requires a family firm to successfully compete and evolve in a rapidly changing economy driven by technological advances and global expansion opportunities (Storey, 2011). Recognizing how innovation is critical to business success and to fully understand how to implement and manage change are two very different proposals. The factors to be taken into account before implementing any change in family firms are: management and employee commitment to change, the tool a warranty period of trial and error needed to implement change, and for the evaluation and modifications (Gedajlovic, & Carney, 2012).

A creative and sustainable concept is usually the feature. The path of sustainable entrepreneurship is characterized by a directed motivation, differential in increasingly competitive markets. Innovation requires a group of people working collaboratively, a space where trust and allow fluidity in communication solutions that create value and improve performance (Habbershon, Williams, & MacMillan, 2003). Among other situations, the path of sustainable entrepreneurship is characterized by a directed motivation, which involves creating a motivating environment that fosters innovative effort within a company.

There are certain ways in which innovation can be encouraged within the family business:

Keep entrepreneurship: One of the typical problems of family businesses is the accommodation of the family and the loss of the spirit. An Entrepreneur, may be a barrier in managing technological innovation processes (Hult, Hurley & Knight, 2004). Because usually the pioneer and entrepreneur was the founder, and once this is removed, the company progress stop and its social value may damage. To avoid this, it is necessary to promote a strategic awareness, and create plans materializing in family governance instruments that allow entrepreneurship in generations (Aldrich, & Cliff, 2003).

Manage talent: Another of the most common problems in family company is the misuse of the talent that is often obscured by internal politics behind every day and chasing short-term objectives (Storey, 2011).

Formalizing the industry's inception, the time when all are serious about the project, is the allocation of a budget for Research & Development. When this happens, it is immediately necessary to carry out a program, to be organized under the supervision of a responsible person, with regular meetings. The idea is that there are no differences between this sector and others, and that taps into the needs of the company (Hult, Hurley & Knight, 2004).

## **2 FAMILY BUSINESS**

In the true sense of the term family firm, it refers to a business that is owned by an individual rather than the state, organizations or companies. This means that the person himself has around 20 percent voting power on the board of directors. In more traditional, specific terms, a family firm is a business that has one or more members of the same family on either the management team or as the owners. This condition, however, is not necessary for a business to be called a family business (Storey, 2011). People prefer family firms more since the management team consists of family members and this might be good in terms of business as family members are usually loyal to each other and thus, are more likely to work hard in the best interests of the company or business as compared to personal interests (Sirmon, & Hitt, 2003). Sometimes, however it can be seen that the needs of the business are not aligned with the personal interests of the family. This is where the problem occurs. And also, because of increased market competition, the fact has to be taken into account that these businesses require some form of innovations to help surge the business profitability (Burns, & Whitehouse, 1996).

Through the classic definition differences between family and non-family firms, it can be seen that family firms have their own unique purposes and have such a structure that helps them fulfill these purposes (Burkart, Panunzi, & Shleifer, 2003). Family firms achieve this through their own unique brand of resources and the capabilities involved. Research suggests that family firms are increasingly moving towards the trend where the owners are relatives. Classically, family firms maintain a defensive stance and practice conservatively, which according to research, has shown to increase productivity. According to Aldrich, & Cliff (2003), family firms are further oriented towards less risk taking which then in turn leads to some quick responses during crises.

### **2.1 Key Aspects of Family Firms**

According to Sirmon, & Hitt (2003), family businesses enjoy a lot of strengths and other factors that most non-family businesses do not. One of these is the fact that when you try

to find a balance between family interests and business interests, you end up creating entirely new dynamics to satisfy both needs. This results in, ideally, a win-win situation. Added to this is a factor that clearly sets family businesses apart from other businesses is that in family businesses some members think more like owners of the firms while others think more like a family. This is where the conflict for family firms arises. Beck, L. Janssens. Beck, L., Janssens, W., Debruyne, M., & Lommelen, T. (2011) state that family firms also tend to outperform their non-family rivals in the market. This happens because they combine two aspects while selling to the market; thinking as a family member and thinking as a member of the firm. This results in them being more loyal and contributing towards overall success as compared to other businesses.

Family firms also have more committed firm members. Since they are part of a family, they tend to think their long term goals better and hence, they are willing to work harder for the business to grow and they also do not hesitate to spend their profits on investments that will help the firm grow in the future (Storey, 2011). Also, another interesting factor at family firms is that they pass on their knowledge and skills to the next generation and so, whatever special skills you need in that particular business, a family member knows them from the start since they get involved in business from a very early age and they also learn from authority figures first hand. Family members always have this advantage over non family firms.

If people are working in a successful family firm, chances are that the firm's name is associated with good quality and a set standard. A family member working in a family firm will be more likely to keep up the good quality and the good relationships that have been built up over the years with suppliers, consumers, workers, etc (Craig, J. & Moores, K. 2006). Thus, another redeeming quality of family firms is that they always maintain their standards and will go out of their way to make sure that their products are still being related to excellent quality.

On the other side, family firms have some aspects which are not so beneficial to their business, the first one lack of skilled professionals. Even though it was mentioned above that in family businesses, firm members are more likely to learn through firsthand experience but research shows that it is also true that most family members get in to the business as it being their only option and they are often not professionally trained or have degrees that are needed as a requirement. This can work badly for family

businesses and can cause them to lag behind the non-family businesses in which corporations are hiring top experts and skilled professionals for every department (Craig, J. & Moores, K. 2006).

Future generations can cause another problem for the current members of the firm; the problem of succession. The older members of the firm naturally want their younger generation to take over family businesses once they retire but it is not necessary that this generation wants to follow in their elders' footsteps. They may not look after the business with the same interest (Beck, L Janssens, 2011). The only way to solve this, meaning saving your firm, is to let your kin go pursue whatever they wish to. To handle the business, non-family members must be brought in and it should be ensured that they are trusted and skilled. Lastly, in family firms, especially if the founding members are still alive, there is no formal budgeting or any kind of financial planning (Salvato, 2004). This is because while starting a business, the founding members have a lot of wisdom and knowledge on how to handle a small business or a firm. But as it grows, financial matters become a lot more complex and budgeting needs to be planned out so that the right amount of money is spent in the right places. Family firms lack this use of formal budgeting and ultimately this contributes in them sustaining some losses.

## **2.2 Challenges of Family Firms in the UK - RJ Balson & Son**

Juliette Johnson, the Head of UK Family Business at Coutts & Co, says that the two biggest problems that firms across the United Kingdom face are managing the transition of the succession of the company from one generation to another and balancing the requirements and interests of a family with those of its business (Upton, Teal, & Felan, 2001). Juliette knows this because she advises firms across the UK and helps them set up and manage their businesses.

Taking the example of RJ Balson & Son, the oldest butchers in Britain, it can be seen that the family owned butcher chain has passed down from twenty-five generations of the same family. RJ Balson & Son is a relatively tightly-knit family business and it has survived since 1515, which amounts to an astonishing number of generations (Salvato, 2004). It has successfully survived all its market competition and one might wonder if it has been an easy journey or not. It is more than likely that the own interest of the

family's son's did not match the interests of the business. Some family members might think of working in the firm and acting more like family members as compared to acting like professionals that are running a business (Schulze, Lubatkin & Dino, 2002).

If some members of a firm hold family as their first priority, they might not be able to make such good decisions regarding financial status, budgeting, etc. It can be argued that family firms have family members that are more willing to invest in the business and plan for the future better, but still as research suggests family firms have the clash of interests as their biggest and most likely conflict. As the current owner of the family butchering business, Richard Balson, explained that they have always had had sons or brothers of the family in the business (Craig, J. & Moores, K. 2006). His own interests of pursuing a career in football had to be put aside for the business. From Balson's point of view, it can be seen that it is not necessary that the family member's interest has to match the requirements of the company.

An example of this is when a firm has conflicts in dealing with its monetary assets. From a family member's point of view, the profits may be for investing in retirement plans or for financing the family itself but maybe the business requires that the money be invested further in technology and machinery (Schulze, Lubatkin & Dino 2002). This then counts as a conflict of interests between the family and the business. Most family firms in the UK face this problem since families in business cannot properly plan or decide on how to align family and business interests together. RJ Balson & Son were able to overcome these issues because they have bred generations of the same family working on the same business and their goal has always been to align their business with pride and quality products (Hult, Hurley & Knight, 2004).

While dealing with succession issues, as mentioned before, it is important to note that the best for the business must be kept in mind. Most firms face this issue that their own kin, while growing up, decided to pursue other dreams and ignore the family business. In Balson's case, if founding members force their offspring to manage the family firm or business, they could actually end putting their own businesses to loss. If the succeeding member is not as interested in the business as the previous one was, then the business will be neglected and its best interests will not be looked after. Also, when the time for succession came, it was noticed that most members that were to succeed to managerial

or ownership positions did not have any formal education or professional skills to handle the business (Upton, Teal, & Felan, 2001).

Richard Balson himself admits that he did not pay much attention to education as he knew he would end up going in to the family business. This could have also meant bad news for the family firm, but luckily for RJ Balson, it has not been the case. To manage a firm or a business, good management and capital are not the only two requirements; good leadership makes a lot of difference as well. Hult, Hurley, Knight (2004) stated that when succession happens in family firms, sometimes people with average or no leadership skills are given top managerial positions. This again, is not so good for business and to solve these problems, it is important you can recognize and acknowledge the limitations or skills of everyone working at the firm. In this way, you should also be prepared to bring in outside help that is non-family members or professional experts to handle problematic business areas. One of the reasons that RJ Balson & Son is so successful is because they have kept their originality from the 16th century and innovated with meat and marketing as much as they could afford to (Habbershon, Williams, & MacMillan, 2003).

### **2.3 Innovation in Family Firms**

Innovation is the development of a new product or the adoption of a new product or the implementation of a creative idea. This can particularly help in solving problems that can affect the profits of the company, etc. Innovativeness has been linked to proactivity and risk taking. It essentially means to divert from the usual practices and try new ideas and experiment with these ideas. According to Gedajlovic & Carney (2012), innovation is the most important factor in the growth of small family firms. Normally it has been suggested that family firms do not experiment due to financial constraints and the different dynamics of family members. However, recent research has thrashed these assumptions, proving that family firms tend to act more boldly and more often they exhibit bold moves and entrepreneurial innovativeness, especially if they are smaller firms as compared to larger firms. Smaller firms tend to adopt new ideas and technology more quickly as compared to large, well established firms (Zahra, 2005). Smaller firms can do this by introducing new products that display this innovativeness in the market.

One more interesting point to note is that family firms have a longer standing relationship between the family members and the firm itself. This has further proven that because of this long standing relationship, family firms plan more for their future and thus, they are more exposed and willing to accept innovation, since innovation always takes time to develop properly (Upton, Teal & Felan, 2001).

Innovation is also referred to as not only introducing new products, but also as adopting newer technological and business practices that are more market-oriented, creating newer skills and more competencies. A factor that contributes directly to innovativeness is knowledge of the members of the firm which can increase competitiveness in firms, meaning new ways to try to lower the overall costs of production and keeping all the labor satisfied as well. If a family firm's resources are more knowledge based, then it is more likely that the firm will move towards innovation because it will be able to apply this knowledge to recognize and utilize opportunities for innovativeness. In small family firms, people hire knowledge experts (Gedajlovi, & Carney, 2012). This now points us to an interesting factor that is that knowledge entrepreneurs and knowledge experts complement each other. This means that knowledge entrepreneurs recognize the opportunity to utilize knowledge by turning it in to monetary profits and those knowledge experts possess extra or special knowledge that the entrepreneurs do not possess. Hence, when small family firms try to be more innovative and take more risks by trying out new ideas, they also risk losing the 'family-ness' in their firm since the application of these new idea might change some principles (Dawson & Hjorth, 2012).

Radical innovation, as research suggests, has its roots submerged in the unique knowledge base of any firm, hence the application and acquiring of knowledge is the most crucial thing to consider when discussing innovativeness in firms. However, there is another belief that even though knowledge may help in new innovations, it is necessary that the synthesis and utilization processes occur, since innovation without any of these is not profitable (Craig, J. & Moores, K. 2006). It is also important to note that many researchers claim that mere exposure to knowledge is not adequate to create profits and innovations; it is necessary to create and apply your own knowledge in order to purely generate innovativeness.

It has been proven that family firms have better advantage when it comes to applying innovativeness and they are therefore, more exposed to the competing advantage in the

market. This was proven by measuring performance, looking at the long term outlook and the advantages that were gained through innovativeness. Although, technologically family firms might be less inclined to test their innovativeness since the idea of using capital does come in to play, it should be noted that according to research other innovativeness is more likely in family firms as they are more exposed to it (Craig, J. & Moores, K. 2006).

#### **2.4 Importance of Innovation in UK Family Firms - RJ Balson & Son**

The concept of innovation these days includes using commonly and abundantly available knowledge and using it for the right opportunities by creating new ideas and clever innovations. This is how firms these days seek to increase their client base and make lucrative profits. It is naturally important for family firms as well to remain competitive and successful in today's quickly changing and uncertain market (Zahra, 2005). They can do this by utilizing their resources in such a way that it is focused towards innovative products and entrepreneurial activities. RJ Balson & Son is no stranger to innovation. Even though they have kept their original, famous meat products the same, they have also tried to introduced some of the best new meat in the world again.

According to Dawson and Hjorth (2012), RJ Balson & Son needed to concentrate on developing innovative products because they have the kind of social capital that can generate value on products and in turn, foster better relationships between individuals that deal with the business. This is because family ties generally generate more social capital than non-family firms. RJ Balson & Son can put their social capital, which is their loyal clientele and their excellent dealing with customers, to good use by introducing even newer products. Their market already trusts them enough to try whatever they wish to present to them (Craig, J. & Moores, K. 2006).

It is also important to note that when it comes to innovations, family firms generally are at advantage and benefit more from innovations. For innovations to occur in the first place it is important that the social capital in the family is strong enough. This means that family members themselves are more committed to the business than non-family members and since their knowledge has been passed on from generations, their creative input has a lot perspectives and opinions that end up enriching the social capital further.

As a result of this, innovation occurs and occurs in even better forms. Hence, it can be seen how RJ Balson & Son built up on their social capital for centuries so that they could finally work on innovations in today's market (Zahra, 2005).

Product innovation is also seen as being central for the survival for any business in a cutthroat market like Asia. The base of product innovation lies in good entrepreneurial skills and that is something that firms need to focus on to achieve this level of creative victory. Innovation can also lead to developing the most important and key qualities of a firm and its members and this eventually leads to better performance by the firm and more profit generation. Once a firm starts generating more profits, it means that the firm itself is growing in terms of entrepreneurial success and business growth. Non-family firms have the capital to take multiple risks, introduce new technology and play with various innovations and this leads to creating a different zone for them in the market. Family firms like RJ Balson's can only survive today's market if they are willing to go to certain lengths to generate profits (Dawson & Hjorth, 2012).

If innovation is done properly by keeping an eye out for new market trends and rivals and if it is done consistently, family firms can also move ahead of the game in comparison with their rival non-family firms. But this will only happen in the situation where innovation is consistent and firms still believe in quality assurance; only then can you increase the gap between your firm and your rivals (Wang & Poutziouris, 2010).

Family firms also have the tradition of surviving throughout generations while facing some tough competition from rival non-family firms. This can be dealt with in various ways. What we will discuss in this report is how innovation can help family firms survive through generations. Innovation is sometimes described as the sole competitive advantage that firms can gain in the marketplace over their rivals (Kellermanns & Eddleston, 2006). When firms are going through uncertain times and the competition is tough, they come up with newer and newer innovations to survive against their competitors. Family firms need to introduce new innovative products every once in a while to renew their competition and ensure their survival. It should be noted that RJ Balson & Son opened up a shop in the U.S. in 2007 by doing so, they recognized a very important opportunity and grabbed it.

It should also be noted that only the generation of new ideas is not enough to achieve innovation. Innovation requires the application of these new ideas and achieving results from them. This also means that the management process needs to be as efficient as it can be. If done right, innovation can be the sole reason of survival for family firms. Since family businesses are more often caught up in scenarios where they potentially be shot down by their rivals, they are more eager to use innovation in to their business as compared to non-family firms (Craig, J. & Moores, K. 2006). It can be concluded that innovation is immensely important for family firms if they are to survive their competition and emerge as successful firms.

### **2.5 Problems of Innovation in UK Family Firms - RJ Balson & Son**

Family businesses are very conventional and traditional; they do not believe in being flexible with schedules, financial matters or their dealings with market. Innovation basically occurs as a result of various conditions with include flexibility with processes and decision making, informal decision making, decentralization, free communication between all members of the firm and a very loosely structured job descriptions. Even though, it has been mentioned earlier that family firms are slightly more informal than non-family firms, it is a well-known fact that family firms do tend to oppose change (Kellermanns & Eddleston, 2006). This is where the problem occurs; family firms are not that ready to accept changes like this and introduce such flexibility in to their measures. This is a problem that all family firms fight with when dealing with innovation.

There are more problems that family firms face with innovation. These include some issues already discussed above in other sections. When succession happens and a kin takes over the business, it is likely that the new person that has taken over the business is not as motivated as the previous manager of the firm was. This could be due to conflicting personal interests or because it was forced on him/her to take over (Wang & Poutziouris, 2010). Also the person that does take over the firm is maybe not that well-suited for the respective position; good leadership skills, business competence and good interpersonal skills are necessary to handle any position in a business, much less a central position. As discussed earlier as well, it is not necessary that the person succeeding to the new position has enough experience or the specialized skills to take over the family business (Craig, J. & Moores, k. 2005). All of these factors can lead to

no innovation or a hindrance in innovation, since innovation is the successful implementation of creative ideas and getting results, combined with excellent managerial skills, competent communication skills and dedication. It requires that all the members of the firm be solely dedicated to the well-being and the survival of the firm and are thus, allowed thinking more freely and creatively (Craig, J. & Moores, k. 2005).

There is a reason for family businesses and their hindrance with reference to innovation. Family businesses expand and grow through generation. While it is necessary for free communication of ideas to take place for innovation to occur, it should be noted that for innovation to take place in family firms, free communication needs to occur between the two generations of family. Family firms also invest less in human capital when it comes to innovations (Craig, J. & Moores, k. 2005). They do not believe in hiring experts or skilled individuals that might help their business or innovations.

The system of hierarchy is also seen at most family firms. Now this interferes with innovation in the way that since there is going to be one older, founding member in the firm, all decisions are going to have to be approved by that firm member. If that firm member does not agree, that idea will not gain the required approval and will not be implemented (Craig, J. & Moores, K. 2006). For the idea to be freely accepted and objectively analyzed, it is important that all members of the firm can exchange their various ideas without the fear of being rejected or judged. Only then can they hope to achieve innovation that will distinguish them from the rest of their market competitors. This is what we mean when we say that ideas need to flow freely between two generations at a family firm for innovation to occur. This is not practiced so often and hence results in lack of innovation (Craig, J. & Moores, k. 2005).

While family firms have their roots settled in more strongly than other firms and they may also be financially secure, it does not necessarily mean that family firms have a lot of readily available capital to spend on innovations or pursuing new ideas. Since it is a family firm, it also means that there are conflicting interests present in terms of family and business and that leads us to the main problem of the capital not being readily or soundly invested in to newer ideas, technology or product innovation. This is why family firms are often labeled as being conservative and non-flexible in regards to changes (Wang & Poutziouris, 2010).

All the above mentioned problems, however, can be solved by using some simple methods that allow family firms to overcome the issues mentioned above.

### **3 METHODOLOGY**

A research methodology is an outline of the way that the entire research is conducted, the methods and designs used in order to find out the answers to our research queries or topics. Methodology can be described as the informational base on which the studies are performed and analysed and helps in achieving the goal of the research (Kothari, 2004). This includes commonly used theories of research, research approaches, data collection approaches and the tools used. This chapter will end on ethical issues of the research.

Since the idea that is being followed is interpretational, the research approach is therefore, inductive as opposed to deductive. This is because the research that is conducted is fairly preparatory and it involves an academic effort to critically analyse the innovation and its ways that are used in family firms, specifically UK family firms. In the inductive methodology, the aim is to establish the theory and hypothesis with reference to the data that was collected during the research. In the deductive approach, a pre-existing or a new theory is taken and then establish a method around it to test it (Kothari, 2004).

#### **3.1 Data Collection**

Data is collected from primary or secondary resources. The primary source of information is the information gathered from directly talking to people through observing, interviewing or using questionnaires. Secondary data is collected by documents and other written works (Gomm, 2004). In this research, researcher has used secondary sources (case studies) so that all the elements and aspects of innovation in UK family firms can be assessed and analysed.

Case study is a method in which an in-depth analysis of a person or a situation is conducted by both the collection of qualitative and quantitative data. Such a study is richly detailed and helps view and analyse a situation much better than just conducting one kind of a research. Case studies can take up to months and even years to study as they mostly focus on change or development (Gomm, 2004).

In this research, RJ Balson and Son case study has been used to define family firms, their problems and the innovations that can be considered. Various methods have been used in this research to study the firm which included some form of quantitative data and other things like looking at interviews, histories, etc.

### **3.2 Data Analysis**

The collected data was analysed by keeping in mind the aim of the research and their basis. To complete the secondary part of the research, notable points and results of the studies that were reviewed were analysed by the researcher to establish a deeper understanding of the topic. To assess the literature material, the correlational methodology has been used. This was because this research was exploratory in nature and it is a widely known fact that qualitative methods should be used for inductive and exploratory researches as they help researchers build a hypothesis or basic explanations (Scandura & Williams, 2000).

### **3.3 Reliability and Validity**

To guarantee reliability, it is ensured that the data collected and used was collected from reliable and accurate sources and that it was collected with integrity. Validity was also ensured by collecting data in such a way that in turn ensured that all the questions addressed in the aim of the research were answered properly. The inquiry reflected the theory and research questions, and the conclusions being drawn from the research were conducted based on triangulation. Validity was also achieved by combining all personal experiences related to the phenomena so that emphasis was placed on the information provided by the participants of the study (Kumar & Phrommathed, 2005).

### **3.4 Ethical Issues**

During the course of this research, ethical conditions were taken very seriously and were considerably noted as well. It is the primary responsibility of the researchers to take in to consideration all the ethical issues and the processes related to them. This research was carried out in such a way all things which can hinder the purpose of the study, like ethical conditions being violated, are carefully and meticulously avoided so that there is no failure and the reliability is maintained (Kumar & Phrommathed, 2005). Whatever information is being used or collected in the course of the research is protected by a confidentiality clause and will not be available to accessible to the public or agencies; objectivity and integrity are the top-most priorities. This means that the research has to be conducted very carefully and the researchers themselves should be responsible enough to respect confidentiality and intellectual property. Other issues like legality, responsible mentoring, respect of colleagues, etc. have all been considered, too.

#### **4 PRESENTATION OF ITTEFAQ TRADING COMPANY**

Family business is leading business all over the world including the USA. Family firms have dominated the creation of small and medium-sized enterprise (SME) in many Asian countries especially in Pakistan and India; this is because of British rule on the region before 1947. An interesting point noted from the research that many Asian family businesses are less than two decades old. Most Asian family businesses are first-generation firms, in contrast with many family businesses in Europe and the USA, which are already in their fourth or even fifth generation. Where 85 percent of all businesses are family owned. Family firms have a prominent place in Asia. At large, Asian businesses are established and headed by male members of the family who are the major decision-makers. That is why typical Asian hierarchical and patriarchal values also become an integral part of Asian family firms where the father or eldest male member of the family endeavours on behalf of the family, and he enjoys unquestionable authority (Song, Y.-J., Hale, C. L. & Rao, N., 2005).

In the Indian-Pakistani business context social capital are the two commonly used networks that augment and facilitate business transactions.

Ittefaq trading company also follows the same Asian family business rules and use their personal contact and social capital within country and outside country to establish and increase business. Ittefaq Trading Company to Ittefaq group of companies is a long journey which contains hard work, innovation and different strategies to establish good trading business. The success of the company is based on innovation which further divided to innovation in products, innovation business market and news strategies and young generation make company worth in trading business.

Globalization and non-family business firms are putting high pressure on family firms in Pakistan to enhance and outperform competitors. But achieving world class performance requires more focus, hard work and good leadership quality. Management should be clear about their goals and focus path of success, in case of Ittefaq Trading Company top management is under control of family members which are clear about what they have to achieve and how to achieve, their dedication to work and continues struggle makes Ittefaq Trading company a leading trading company in Pakistan. Motivation from elder and family owner force top management to brings innovation on every field of business.

However Ittefaq Trading Company faces many difficulties due to lack of appreciation for branding, long term capital investment, R&D, staff training and IT can adversely affect innovation in family businesses.

Ittefaq Trading Company brings innovation into many fields of business, they started their business with one product Metal Scrap and target market was only Saudi Arabia, then later they reinvested their profit and started new markets and introduced new products and strategies in Metal Scrap business today Ittefaq Trading Company is trading in Metal Scrap all over the Gulf countries, EU and the USA.

The young generation enters into business and at the same time the founder of Ittefaq Trading Company starts new business of Salt Crystal handy crafts which generate huge profit for the company in the beginning because this was a quite new kind of business in Pakistan. They started exports of salt crystal products to Germany and now they are successfully exporting salt and salt products all over the Europe, the USA, Canada, Asia and rest of the world. They hire agents to introduce their products in new markets and participate in product exhibitions which help them to generate new markets.

The main role for innovation in Ittefaq Trading Company is played by the co-founder Mr Bhatti, which focuses more on introducing new products rather than introducing new strategies to enhance financial figures of company. Nowadays Ittefaq Trading Company is dealing in food, salt and salt products, metal scrap, rice and chemicals. Mr. Bhatti always introduced new product when he realized that now the current running product is doing well and no more need of such as attention and potential so he focused on innovation and his innovation brought new products or even new business. In Asian market trading businesses are very famous and have high scope, so Ittefaq Trading Company utilizes this scope by introducing new products after almost every 3 years. In neighbour country India big family businesses also follow the same rule. They run multiple businesses at the same time because. Asian people always reinvest their profit to get more. Many family firms in India also have multiple businesses which they start because of needs on family basis and welcome new ideas of young generation. This kind of innovation is very common in Asian countries but it's depends on the company how they introduce their product at correct time, with full energy that is really done in a great way by Ittefaq Trading Company. Asian family business culture depends more on innovation, informal, flexible, creative, adaptable, common, language and efficient

communications. In Ittefaq Trading Company effective communication is missing between Mr. Bhatti and the other part of family members because of elder respect which is negative for innovation, In case of Ittefaq Trading Company the young generation was shy to express its opinion and ideas in front of Mr. Bhatti always follows Mr. Bhatti it might be better if they brought new ideas. When new blood comes in family firms it always comes with changes and innovation.

Ittefaq Trading Company co-founder realized that he had to reduce his interference in business, and he gave more control to his elder son Mr. Javed Bhatti how opened a sub-branch of his company in Dubai, and Saudi Arabia to control metal scarp, rice and food business as a result they got a big share from Gulf market. This kind of ideas were not so warmly welcome by Mr. Bhatti and later he closed the office after getting good market. Mr. Bhatti's views on this was that he needs someone to help him to run the business in Pakistan. This is also a lacking thing in innovation that family members do not pay more on labour capital instead of hiring competence. They trust is on his own family members which is negative for innovation in family firms. Mostly the family firms in Pakistan is centralized and influenced by tradition instead of good management practices which is common in SHE's in India and Pakistan which limite the thinking and innovation.

In case of Ittefaq Trading Company the co-founder of the business controls more money and the young generation also believes in reinvestment of profit, which helps them to introduce new businesses and products. Ittefaq Trading Company realized that innovation need investment and which they manage by good financial control.

Mostly the control of family firms is centralized and influenced by tradition instead of good management practices which is negative for innovation, because by hiring family members who are not qualified or lack the skills and abilities for the organization are obstacles in path of innovation. Ittefaq Trading Company must hire more managerial and educated staff to help them in run business on new technologies. Ittefaq Trading Company innovation focuses on new products and new markets but they are not so much innovated toward core strategies of business which related to production, marketing, planning and forecasting which can manage by investing on R&D which will help their new generation to introduce innovation. Ittefaq Trading Company is a medium size family business and still growing every day they are also facing lack of social capital in

the market because they focus more on introducing new products and somehow pay less attention on quality and brand advertisement. Social capital is good when entering new markets as discussed in the other case studies RJ Balson & sons they use their social capital and not introduce any new field of business. RJ Balson & sons can easily use their social capital and introduce it in new market with new products and business. In case Ittefaq Trading Company social capital is not play much role in business because it's trading company and social capital is less important.

Beside of these good points of Ittefaq Trading Company they have less focus on relationship between leadership and worker, here we find less trust and lack of educational and skilled working force in Ittefaq Trading Company. Skilled labour effects directly and indirectly on innovation in any family firms. Quality of products and employee dedication can improve company finance and market. What Ittefaq Trading Company needs at the moment, is good planning for the future and investment on skilled working force to manage success. Ittefaq Trading Company must focus on training of their generation, skilled work force, employee management, supplier and process management and continuous improvement. In case Ittefaq Trading Company the generation focuses less on training and university education which is also a main problem in Pakistan, family businesses focus more on experience rather than university education. Ittefaq Trading Company also prefers to gain basic studies and then join family business and get working experience and learn from top family members instead of any institution. In Pakistan family firm's generation always pay less attention on studies because they have in mind that they have to run their family business and education does not matter. The main problem is bringing strategic innovation, and hiring skilled leadership to resolve this problem and also focus on education.

Innovation, the constant renewal of products, processes, and business models, is crucial for the long-term success of any company. Joseph Schumpeter, one of the pioneers of modern management and strategy, spoke in the early 20th century about "creative destruction" as an on-going trend in any industry. In Ittefaq Trading they have to learn and realize that innovation does not only mean launching a large number of new products. Innovation is comprised of tapping into more efficient ways of processing materials, using new technologies for development and production, convincing potential

customers to use the offered goods in a different setting and/or coming up with creative and sophisticated distribution channels and business models.

Success comes with discipline and good structure something that is easier to create but much harder to sustain. The coming years will show how the new generation of family owners will embrace this change, and lead their companies to rise or fall. In Asia it's difficult to sustain family business over long period of time because of lack of education and interest of new generation. The new generation priority may differ from their leader to overcome this issue good training and timely involvement of new generation is necessary.

Ittefaq Trading Company from my personal experience and Mr. Javed Ahmed Bhatti experience

and help. [www.ittefaqgroup.com](http://www.ittefaqgroup.com), [www.ittefaqco.com](http://www.ittefaqco.com)

## 5 RESULTS AND DISCUSSION

The analysis will provide a number of sound deductions are observed as part of current study. From the study, the overall importance of social capital is determined as part of the innovations within the family owned firms. Also, the very same topic of importance of social capital is being under the microscope for couple of years which makes the results even more promising in determining new paths for research within the very same field. Just as the social capital theory has argued that the core elements of internal as well as external social relationships facilitates better learning based resources which are quite essential for providing grounds for any innovation necessary in the very same field (Adler & Kwon, 2002).

These aspects play quite an important role in the development of innovative ideas and somehow provide a ground for deployment of innovative frameworks. The core concept of capital is quite commonly applied for the wide range of various organizational studies in the light of both intra- and inter-organizational considerations. Hence, as Nahapiet and Ghoshal (1998) have described it as the social capital is nothing but the core considerations of what is possessed by the firm based on virtues of possessing the very durability of networks as part of inter-firm relationships.

It has also been found that the social capital is nothing but the ability of firm to secure as much benefit from the networks as possible. Apart from that, these benefits will also include the very sense of harnessing the benefits from the technologies, resources, markets and most importantly business opportunities (Inkpen & Tsang, 2005). Apart from that the social capital can also be considered a crude part of either an individual (Bourdieu, 1983), or even a firm (Tsai & Ghoshal, 1998; Subramaniam & Youndt, 2005). Apart from that a social agent can be considered as a potential link between organization as well as it external agents this makes the social capital to be divided into two main subdivisions including internal and external agents (Kim & Cannella, 2008).

In this condition, the external social systems belongs to the internal as well as external agents respectively and on the other hand, the internal social capital comprises of trust

and common values which are considered internalized and systematized by the very same organization. By the firm-internalized socialized capital, we can indicate the very perspective of quality as well as extent of relationships between each and every individual as they unite different individuals and/or active units within the firm.

Moreover, most of the scholars have proved that the distinctive knowledge base results in better social capital thereby leading to the foundation of organizational change creation (Helena Yli-Renko et al. 2002). However, social capital covers the aspects of various norms and most importantly trust, and sometimes also includes the element of social networks comprising of formal as well as informal channels. This makes the social relations among various employees to have quite an importance in developing innovation in product and process innovations. Hsieh and Tsai (2007) have also suggested that the social capital should have to be included within the launch strategy of the newly developed products.

Apart from that the social confidence and relations among different employees are also a foundation of position relationships coupled with the product innovation (Tsai & Huang, 2008). Nevertheless, higher level of trusts is quite likely to lead its way towards innovations (Knack & Keefer, 1997). Apart from that it can also be deduced that the knowledge backed up with interchange of ideas also facilitates better grounds for enhancing product innovations (Subramaniam & Youndt, 2005). However, a much richer family environment of the firm lead to better startup of new technological knowledge too (Kogut & Zander, 1992). As part of networks they stem out as actors in the form of networks for developing efficient and reliable communication channels all across the communication boundaries of organization (Bas et al., 1998). In the very same context, it also leads to better communication on behalf of common language thereby enhancing facilitation of information (Nahapiet & Ghoshal, 1998).

Family based businesses like RJ Balson & Son look much forward to creating a number of uniquely blended resources, together with the very interactions of the business with that of family. Also, this very interaction between the family and that of business also determines the pathway towards the deployment as well as management of resources within the family based firms (Sirmon & Hitt, 2003). Apart from that, the family based firms have capabilities as well as resources which are not that easily available in other non-family based firms and/or organizations.

Apart from that this unique characteristic are formed by the merger of the family as well as the firm and as Habbershon and Williams (1999) have described it as familiness within the firm. Familiness is an experience caused by the family's foundations of experience, power, and most importantly the difference in the existing culture prevailing within the family as well as the culture in the very business (Klein, S. B., Astracha., 2005). During the last few years, a number of researchers have also provided the much-awaited evidence regarding the family based firms that make choice based on the core dependency of the very reference point of dominant principles of the very same firm (Gomez-Mejia, L. R., Haynes., 2000, Gomez-Mejia, L. R., Haynes, 2007, Berrone, P., Cruz, C. & Gómez-Mejía, L. R., 2012).

Despite this, these decisions are mostly based on the core decisions relating the preservation of the core socio-emotional wealth present within the family based firm. Moreover, it also supports the common affective endowment presented by the family owners in order to exercise their due authority over there too. Also, it includes the joy in practicing family influence together with the supporting actions of family membership plans as well as recruitment of most favorable and trusted family members to the higher official positions (Gomez-Mejia et al., 2007). hence, it deduces that the formulation of strong but sustainable competitive advantage will prove to be an advantage in the family business as well as concept of familiness. It also involves the foundation of core resources including the innovation capacity as well as social capital. The very same happens to RJ Balson's and Sons which has allowed the company to gain substantial competitive edge in numerous markets. Social capital inclusion propped by firm family structure of RJ Balson's has allowed the company to attain quite a competitive edge.

In RJ Balson & Son, concerning the direct impacts on the involvement of families on determining technological innovation is surely one of the most crucial considerations. Also, the significance of R&D expenditures on the family owned firm is also considered during analysis. Apart from that there is also a negative relationship between the investment in R&D domain and most importantly the family involvement. Block (2012) has made use of an agency theoretical framework along with a panel dataset comprising of public and large US based firms having researching backbone.

It has been found that the ownership of these very personnel have proved themselves negatively related to any R&D activities within the organization. Also, family based

organizations also suffer from the internal family based conflicts which give rise to new agency costs included with the Research and Development expenditures thereby leading to substantially low R&D expenditures within the firms as compared to other firms which are not owned by family. Considering the very same implications, Chen and Hsu (2009) has made use of 369 firms residing in Taiwan comprising of electronic markets. The results were also the same that indicates that the family incorporation within firms is negatively correlated with that of R&D related investments. Apart from that these findings also lead to the fact that almost every family based company discourage the sense of uncertainty and hence do not look their way towards investing in long-term based Research and Developments within organization. On the other hand, it has also been observed that the family-owned companies have quite a higher Research and Development productivity and hence do not require much Research and Development as compared to those having non-family structure.

Another study of Munari, F., Oriani, R., & Sobrero, M. (2010) have asserted have made use of a sample of 1000 public trading firm residing in various parts of Europe. However, they have found that the family ownership is quite negatively associated with the Research and Development investments within the organization due to the reason of restricted risk inclination based on their controlling shareholders. A similar study conducted by Muñoz-Bullón and Sanchez-Bueno (2011) have showed that the Canadian trading firms have also showcased lower amount of Research and Development in their organization as compared to that of non-family based organizations.

A similar debate was also offered from James Chrisman & Sharma Patel (2012) for enhanced understanding of the Research and Development in the family-owned companies. They have also found that the companies owned by families also look for investing much lesser than that of nonfamily based firms having performance quite lesser than that of their aspiration level. The other way around is that the performance levels higher than that of aspiration levels, the core R&D investments will surely increase; however, the variability will decrease as compared to non-family based firms. Another core consideration is that of relationships between the Research and Development related investment and family involvement as depicted in the study of Sirmon, D. G., Arregle, J. L., Hitt, M. A., & Webb, J. W. (2008). It was based on the study of family influence and its role in corresponding to the threats of imitations. Also,

it has been found that the companies having family structure does not decrease their Research and Development investments as compared to nonfamily based firms when they are confronted with threats of imitation.

Another quite recurrent topic which is quite commonly found is related to the family involvements and its influence of the outcomes of family based firms. Considering this, Chin, C. L., Chen, Y. J., Kleinman, G., & Lee (2009) have made some useful deductions based on the tight control characterizing the family firm ownership status and its responsiveness in inhibiting the innovations. Also, the study has deduced that the family's involvement in the company is negatively related with the quality as well as the quantity of patents they have received. A similar study of Czarnitzki & Kraft (2009) having a German manufacturing firm as samples have showed that the company should have to look for broadly dispersed capital share which means that they are being more innovative which means more amount of patents registered as compared to other firms having family structure.

Gudmundson, D., Tower, C. B., & Hartman, E. A. (2003) has also carried out on research on questionnaire basis, having 4262 individuals belonging to a group of 89 different but small businesses. The research has showed the company has found the family-owned companies seek to have positive attitude towards introducing new lines of products as well as services. Furthermore, a similar research from Llach & Nordqvist (2010) have conducted their study on 151 Spanish manufacturing firms and came to know that the family owned firms are more innovative as compared to those of nonfamily based firms thereby relying on enhancing the characteristics of social, human as well as marketing capital. In this context Westhead (1997) has studied around 427 UK based organizations for understanding the relationship in innovation within family based companies. They have also found the companies that are owned by families provide exquisite variety of products and services that they offer thereby giving them ample competitive edge against any company.

Craig & Dibrell (2006) have also examined a similar sample space of Australian companies and have found that the family based firms having flexible decision making procedures and structure offer much better successful environment in inducing changes in innovation throughputs and family involvement. It also implies in the case of RJ Balson's and Son which was mentioned in the literature review and the ifrm surely face

a risk of getting financially insecure due to conflict of interests. However, Block (2012) has argued that the family has quite an impact on innovativeness rather than that of management in enhancing Research and Development's productivity. This means that a total of three theories provide us with ample focus on technological advances of innovation process showcasing innovation as part of utmost social profits (Wagner, M. 2010) along with its impact of various types of innovational practices having product and process on the very structure of organization's competitive advantage (Pittino, D. and Visintin, F. 2009) and most importantly, the progressive and radical innovations as a mean of diversification of the firm's strategic orientation in order to secure the future (Bergfeld & Weber, 2011). It also implies in the case of RJ Balson's and Son which was mentioned in the literature review and the firm surely face a risk of getting financially unsecured due to conflict of interests.

Aside from that family involvement also have significant impact on the technologically based innovation activities. However, a limited amount of literature is available on this aspect which addresses the direct implications of the family based firms on the organizational orientation in terms of Research and Development expenditures as well as innovative outcomes, RJ Balson & Son. Cassia, L., De Massis, A., & Pizzurno, E. (2012) have made use of the very same assertions for enhancing the overall perspectives of the situation by going through a total of 10 Italian companies having Italian family's ownership and nonfamily based organizations.

Nevertheless, it has deduced that the introduction of family has invoked a great deal of confidence in new product development process in RJ Balson & Son, such that the family involvement is quite commonly tied with the long-term based thrust for development of new products along with the presence of a strong leadership figurine

propped with adequate resource availability. Moreover, Kuang-Chung Hsu (2011) have made a study of around 124 individuals whose responses were then recorded based on 76 Taiwanese firms. It has showed that the companies having family ownership are positively associated with different strategically based behavioural controls and this

leads to the core cause of product development all under a single rooftop. Following the very same perspective the RJ Balson's and Son have allowed the foundation of new lines of products and services for innovative grounds.

Similarly Classen, N., Van Gils, A., Bammens, Y., & Carree, M (2012) have also made use of substantial data concerning 167 Dutch and Belgian SMEs for showing that the firm having family backbone are more prone to have diminished search breadth which means that the number of various external sources and/or partner types for relying on in order to acquire adequate resource for innovation to take place at ease. De Massis, A., Frattini, F., & Lichtenthaler, U. (2013) has also made use of superfluous empirical evidence which are collected as part of multiple case study of around 10 smaller Italian groups working. It also shows that the family based firms are quite different from those of nonfamily based firms in more than one way for making innovative change to take place. Moreover, Craig & Dibrell (2006) have also suggested that the family inclusion within business somehow lead to the formation of more structured decision-making hierarchy as compared to that which is witnessed in nonfamily based organization.

In RJ Balson & Son, research is also made in accordance with the role of innovation based activities for superior innovation outputs within the family controlled firms. Craig & Moores (2006) have also made use of a large sample space comprising of Australian family based companies. Nevertheless, they have found that the Australian based family information acquisition is made as part of the breadth of information along with the speed with which the very information is attained and hence it can be quite positively related to the innovativeness within the firm. Cassia, L., De Massis, A., & Pizzurno, E (2011) have presented a case study comprising of four Italian SMEs controlled by families and have found the they have quite a shared family values having quite a strong desire for raising the name of family and subsequently reputations of it also. Apart from that a good level of communication among the family members along with the very agency are quite likely to be quite successful in new product development.

Additionally, the McCann III, J. E., Leon-Guerrero, A. Y., & Haley Jr, J. D. (2001) have also made use of around 271 US families firms as part of self-reported answers. It had

showed that the family based firms. It has showed that eth family based firms pay much attention towards the formulation of product and process strategy in order to get competitive edge. However, the study has not tested the perceptual based measures accounting for much more investment on higher levels of Research and Development regimes. However, Lichtenthaler & Muethel (2012) has made use of around 110 German manufacturers firms having family based ownerships. It has been deduced that the family involvement is quite positively related to the chosen dynamic innovation capabilities of the very same firm thereby affecting the innovation outputs.

From the overall review of literature discussed in previous chapter along with the core considerations of analysis from other secondary resources a number of core deduction have been presented. It had been shown that the existing research on the very technological advances and most importantly the innovation has enabled the family based firms to have core considerations on the direct impacts of the family related involvements on various innovative inputs including the R&D expenditures. It has also included the sense of innovation related outputs concerning the breadth and depth of the products and services. Also, there is quite a determined fact that the family involvement is quite negatively associated with the core considerations of the level of Research and Development related expenditures. The reason behind this is that it reduces the risk propensity of firm. Another reason which lies in this domain are the potential inner family related complexities as well as complexes which might create hurdles in the decision-making process. Also it increases the agency cost tied with the Research and Development related spending. Moreover, there are more severe implications which contribute towards the innovative output involvement. However, collectively their core findings appear themselves to be mixed in numerous aspects. However, some of the scholars have also pointed out the development of positive relationship between the innovation outcomes and that of family involvements in this domain rather than documenting a negative relationship within it.

However, quite low emphasis has been put on family involvement related activities in RJ Balson & Son. However, during couple of few years, it has been observed that only a small amount of work has been done in this very domain. However, development of better understanding of this topic surely serves to provide us with a brief overview of prior researching considerations. Nevertheless, it has also enabled us to serve it as a

ground for future research and development in the very same field. From the basic information obtained from the analysis, it can be found that the social implications as well as innovative implications both are present within the same domain.

## **6 CONCLUSION AND RECOMMENDATIONS**

The study has provided with an in-depth analysis of all the core aspects of family based business along with its comparison with the non-family based businesses. The significance of family based business in the today's world economies is quite paramount (Rafael La Porta 1999; Villalonga, Belen and Amit, Raphael H, 2009). Moreover, there are quite strong theoretical reasons for leading us to believe that technological innovation within the family based firms is quite different from that found in nonfamily based firms. Additionally, it has been found that the family based firms ever-increasingly making use of numerous technological innovations in order to nurture their very own competitive advantage and also to overcome the core economic downturns (e.g., Gudmundson, D., Tower, C. B., & Hartman, E. A. 1999). This somehow leads to a strong need for further research into this specific area. The main purpose of this study was to take into account the core stock of prior work on various technological innovations within family business and also to develop a more detailed research related agenda.

To succeed in the global innovation economy, the family firms must strengthen its ability to accelerate the commercialisation of developing technologies, and to capture the value chains linked to these. Family firms and private sector is always going to be central to innovation. But the government and himself family business can play a key role in ensuring entrepreneurs, inanciers and innovators have the best possible environment in which to operate, through funding research and development, discoveries and inventions, improving in interface between education institutions and business level academies, delivering a better environment for commercialising research and planning. However, there is an important need for research exploring the governance structure of family-owned firms on institutional level.

Altogether, a number of important contributions are also emerged from this presented study. First one is as per the best of our knowledge; it is one of the academic studies for integrating previous researches on various technological innovations which are taken place within family based firms. However, a more detailed analysis of the literature has allowed us to look into the previous researches which were primarily investigated,

mainly through quantitative methods. All the core impacts of these aspects were on the direct impact of family inclusion on various innovation based inputs and innovation based outputs.

On the contrary, the impact of family inclusion and involvement in business on technological innovation activity based grounds has been subjected to ever-growing concentration during the recent few years, and an all-inclusive perception of this topic is still yet to be obtained. The very same assumption also holds for the role of family and its involvement in the overall relationship between various innovation inputs along with numerous activities and propped by the core relationship among the innovation activities as well as outputs, whereby current research is fundamentally quite silent.

Furthermore, previous research regarding the impact of family involvement on innovation throughputs may collectively provides somewhat different but mixed outcomes, and there also exists a lack of qualitative and conceptual studies that may account for contextual factors and help theoretically provide a more integrative understanding of the findings in the existing literature. Second, building on our review and systematization of prior literature, we identified various research gaps raising opportunities for future research. At one end of the discussion, we had provided various methodological suggestions in order to guide future researching grounds thereby paving a way towards reconciliation of the impact of numerous family related association on innovation outputs. However, on the other hand, the study has subsequently relied on some of the famous theories quite commonly used in family business research in order to formulate new conceptually sound arguments that challenge some well-established frameworks in technological innovation and identify several research questions for future research at the intersection of technological innovation and family business.

Hence, the study has elaborated a potential future research agenda that promotes the core innovation as well as family business scholars with subsequent directions to excel the study related to the technological innovation in numerous family based firms. It also advances the very understanding of how family involvement concentrated in ownership, along with management, and subsequently governance may quite affect the very foundations of technological innovation. Interestingly, there are a number of recent unpublished and un-referred conference studies that somehow appeared to take on the very research agenda thereby supporting our very claims depending on the core needs

for future research along the directions previously outlined. However, it has been seen that De Massis, Frattini, Kotlar, Nordqvist, & Chrisman (2012) have focused their studies on the very moderating effect related to family involvements on the very relationships among core innovation based activities along with their outputs.

Based on minute detailed evidence which is collected via exploratory research on RJ Balson & Son family firm of UK, a number of case studies of six Italian family firms, along with their preliminary results showcased that some of the most critical success factors concerning product innovation which are reported literature related to the product innovation somehow are not applicable for to family firms. Moreover, famous scholars like De Massis, A., Frattini, F., & Lichtenthaler, U, (2013) have indicated their core focus on the effect of family related involvement on numerous innovation activities, along with their study on around 1,537 Spanish manufacturing firms. Moreover, they had reported that technology sourcing related decisions in most of the family firms is quite primarily driven by their very concerns related to the likelihood and prospects to lose control over the substantial technology trajectory for development of new products. Furthermore, Classen, N., Van Gils, A., Bammens, Y., & Carree, M. (2012) has also investigated how the divergent long-term orientation and most importantly, risk aversion of family-owned businesses may have implications on their very technological innovation activities. Having the analysis of a sample space of around 2,085 German SMEs, it has been found that family based SMEs have a substantially higher propensity to invest in the domain of innovation. However, they think conditional on investing in numerous innovations based techniques; they undertake innovation activities substantially less intensive.

Finally, Classen, N., Van Gils, A., Bammens, Y., & Carree, M, (2012) has studied the core effect of the involvement of family within firms on technological innovation throughputs. Using the data from a number of manufacturing SMEs stationed within the Dutch-speaking region of the Benelux, they think the core generation of family control as a feasible variable in order to interpret the different but mixed findings provided in previous literature. Also, it shows that early generation based family firms, as a outcome of their firmer innovation-supportive stewardship based culture, are quite much innovative than that of late generation as well as nonfamily firms. By pursuing its objectives, the study has also promoted the core authority of the most significant

predictive and interpretative theories in numerous grounds of technological innovation via the incorporation of the family involvement related variable and has also discussed how some of these theories are used in most of the family business research that can be used to clarify dissimilarities between nonfamily and family firms on grounds of technological innovation.

However, for RJ Balson's, it is highly required to facilitate better understanding of potential threats and weaknesses within the organization considering a number of perspectives regarding operations, activities and innovative research design and development within the very same firm for gaining better opportunities to compete in today's tough but accessible markets.

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Ittefaq Trading Company from my personal experience and Mr. Javed Ahmed Bhatti experience and help. [www.ittefaqgroup.com](http://www.ittefaqgroup.com), [www.ittefaqco.com](http://www.ittefaqco.com)

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