

Family firms, political connections and R&D activities: what influences an open innovation strategy in Eastern European Countries?

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Although R&D activities can be effective means for firms to develop their innovation capacity, the current understanding of which informal institutions affect firms' propensity to invest in R&D remains limited, especially in emerging and less-developed countries. Using a large sample of transition countries, this work investigates whether family ownership and political connections influence the firm's propensity to invest in R&D, as well as in a specific type of open innovation (OI) strategy (i.e. performing simultaneously internal and external R&D activities). According to our evidence, both informal institutions seem encouraging firms to invest in R&D. Moreover, family and political connections appear increasing the engagement in the aforementioned OI strategy. Finally, the two kinds of networks seem to substitute each other in boosting the probability of investing in internal and external R&D activities.