Are family firms more innovative than non-family ones? Culture and history matter: mixed answers in a cross-country analysis.

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In this paper we analyse if family firms are more or less innovative than non-family firms. We use a large set of firms (EFIGE) in six countries (Italy, France, Spain, UK, Germany and Austria).

We distinguish between family firms with the manager belonging to the owner family (the “pure” family firms) and family firms with the manager coming from outside the family (the “mixed” family firms). Considering several measures of innovative capacity (introduction of a product innovation, percentage of innovative turnover, application for a patent, introduction of a process innovation) and a large set of control variables, we find different results in two groups of countries, different in culture and history: in the Latin countries (Italy, France, Spain) both kinds of family firms are more innovative than non-family ones; this difference holds even controlling for several variables (mainly firm size). In the Anglo-German countries (UK, Germany, Austria) the “pure” family firms are less innovative than non-family ones and, in two output innovations on four, the “mixed” family firms are more innovative than non-family firms; however, in these countries the differences are mainly due to different endowments of control variables: in fact, they tend to disappear when control variables are introduced.