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The impact of conservatism on innovation in family businesses: a state of the art

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Abstract: The aim of this paper is to explore the relationship between conservatism as an attitude and innovation in family businesses. To achieve this, we have opted for a dialectical approach combined with a narrative synthesis of previous work. On the one hand, conservatism is seen as a factor inhibiting innovation. Because of their emotional attachment to business and stability of ownership, family firms generally show a greater reduction in innovativeness and proactiveness than non-family firms. On the other hand, conservatism is seen as a neutral or sometimes stimulating factor for innovation. Particular importance is then attached to the complex social resources that are the product of relationships between family members, and which are able to ensure greater importance to innovation.

Keywords : Family business, family, ownership, conservatism, innovation

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1. Introduction

The literature on the cultural and institutional specificities of family businesses often emphasizes the family's conservative stance. This attitude is naturally reflected in the governance, strategy and organization of the company run by one of the family members. The family's fundamental beliefs and convictions are integrated into the company. The result is a certain family conservatism that can influence the company's commitment.

From this point of view, the family business displays a high degree of conservatism, especially when the strategy already in place is effective. A sense of stability and established profitability is an obstacle to innovation. A strategy that works or has worked well in the past is likely to become the company's strategic paradigm. Under these conditions, managers will be reluctant to look for other avenues, preferring to stick with the policy that has proved successful in the past (Jenseter and Malone, 1991).

The literature suggests that the family system attempts to create and maintain a certain cohesion that underpins the family paradigm. These are the family's central assumptions, beliefs and convictions about its environment (Gudmunson et al., 1999). Conservatism manifests itself as resistance to any information that does not conform to this paradigm, resulting in little change (Davis, 1983). Conservatism leads to stagnation and increases the risk of insularity. The company then adopts a defensive position, protecting its niche.

On a different note, for many family businesses, the condition for triggering an innovation process does exist. It is expressed by a desire for change, strategic renewal and adaptation to new environmental requirements.

Using a dialectical approach, we will examine the relationship between conservatism and innovation in family businesses. Firstly, we will seek to define conservatism and its dimensions. Secondly, we focus on the generalities of innovation and its characteristics. The remainder of the paper deals with the impact of conservatism on innovation in family businesses and how conservatism can be a factor inhibiting or stimulating innovation in a third point.

2. Conservatism: the key to the family business

Ideas of stability in values considered (rightly or wrongly) traditional are supported by conservative ideology, along with a certain cultural and religious stagnation. According to

Neilson (1958), conservatism refers to the will and tendency to maintain what is established, in opposition to change.

In family businesses, the family's fundamental beliefs and convictions are integrated into the business. This leads to a form of family conservatism, which can have an impact on decision-making. All stages of the strategic process are influenced by the family within the family business (Harris et al., 1994). According to Posa and Messer (2001), managers' wives play an important, often invisible role in most family-controlled companies. Ward (1988) also points out that family firms base their strategies on the family.

2.1.Definitions

Generally speaking, the term "conservatism" refers to an opinion or state of mind held by those who reject change and tend to maintain the established order and traditional values. At times, it resembles conformism or traditionalism, and is thus opposed to progress. According to Dearden, Ickes and Samuelson (1990), this notion is widely used in politics, where a distinction is often made between ex post conservatism and ex ante conservatism.

The former implies a certain prudence with regard to the decisions preferred and taken by a group. The latter is a reluctance to try out new ideas.

In a company, conservatism entails a cautious management approach, often based on the values of the past (Timur, 1988). Conservative societies place great importance on values such as moderation, social order, security, tradition and reciprocity of favors (Basly, 2007). In general, importance is attached to maintaining the status quo and fostering harmonious relations not only within the group, but also within society as a whole.

Müller distinguishes four forms of conservatism: sociological conservatism, methodological conservatism, philosophical conservatism and aesthetic conservatism. Sociological conservatism represents the ideology of a particular social group, which seeks to preserve its interests (Müller, 2006). As for methodological conservatism, it embodies a kind of "prudential particularism" centered on the idea that in managing the process of change, conservatives will take account of "what's already there". And as for philosophical conservatism, it refers to a situation where the conservative pursues certain core values, notably those associated with social hierarchy, deemed central by the author. Finally, Müller describes aesthetic conservatism using Oakeshott's (1991) definition. The latter defines the conservative as one who prefers the familiar to the unfamiliar, who prefers what has already been used to what has never been used, who prefers the fact to the mystery, the true to the possible, the limited to the vague, what is close more than what is distant, the sufficient to the surplus, the suitable to the perfect (Oakeshott, 1991:408).

2.2. Dimensions of family conservatism

According to Pesqueux (2009), family conservatism in business can be seen as an approach in which family values and dynamics strongly influence management and strategy. He points out that family conservatism manifests itself in a priority given to the preservation of family interests and the long-term continuity of the company.

Primacy of family interests: Pesqueux emphasizes the importance of protecting family interests in family business decision-making. This primacy translates into prudent management, aimed at ensuring the company's longevity for future generations.

Distrust of outside influences: Pesqueux speaks of a reluctance to accept outside influences, whether through investors, external partners or non-family managers. This reflects a concern to maintain family autonomy and control over the business.

Reluctance to change: Family conservatism also translates into an aversion to change and radical innovation. Family businesses often prefer to stick to tried-and-tested methods, while avoiding taking risks that could threaten stability or family values.

Resource management: Resource management in family businesses, according to Pesqueux, is marked by prudence and an approach to minimizing financial risks. The emphasis is on long-term stability rather than short-term profits.

Intergenerational succession: Another aspect of family conservatism highlighted by Pesqueux is the importance attached to intergenerational succession. The aim is often to pass on the business smoothly to the next generation, while preserving the family heritage and traditions.

3. Innovation in general: definitions and characteristics

3.1. Definitions

Innovation continues to attract the interest of many researchers. Indeed, although the discipline of innovation has been widely addressed by scientific contributions, authors have been unable to agree on a single definition of the concept. This is mainly due to the disparity in scientists' perspectives, as well as to the various contexts in which the concept is applied.

In chronological order, we will attempt to examine the definitions most frequently mentioned in the literature by authors such as Rogers (1983), LeGolvan (1988), Kotler et al. (2000) and D'Astous et al. (2002).

Indeed, the concept's founding author, Schumpeter (1935), sees innovation as an essential element of capitalism, representing a method of economic transformation (Schumpeter, 1935). It is an economic activity that overturns the role of production. It is also an instrument of entrepreneurship and one of the entrepreneur's specific roles. Several years later, many authors integrated the notion of process into their definition of innovation. Innovation is thus described as a complex process that simultaneously takes into account all the strategic events and sequences that have an impact on the organization as a whole. According to Rogers and Shoemaker (1971), innovation involves the use of an innovative idea or practice.

In other words, it refers to activities that generate new products, also known as product innovation, or new production techniques, also known as process innovation (E. Rogers & Shoemaker, 1971). According to Larry and Michael (1978): "Innovation can be defined as the process of organizational change aimed primarily at improving the efficiency of the firm while introducing new products, technologies or organizational structures." According to Rogers (1983), innovation can be defined as an idea, practice or object that is deemed new by a person or other adopting entity. According to E. M. Rogers (1983), this object may be a new technology.

According to LeGolvan (1988), innovation is not only a technological phenomenon, but also a psychological and socio-cultural one, since the factors of success or failure are of this type (LeGolvan, 1988).

The Organization for Economic Cooperation and Development (OECD, 2005) defines innovation as "the transformation of an idea into a new or improved commercial product or service, operational manufacturing or distribution process, or new method of social service". According to D'Astous, Daghfous, Balloffet and Boulaire (2010), innovation is defined as the process of creating new ideas through research and development, while in marketing, it refers to the process of disseminating and adopting these novelties by a group of potential users. D'astous and colleagues, 2010.

Looking at the different definitions mentioned above, it is important to note that several concepts have contributed to innovation, such as invention, a new product, a new practice, a process, an organizational change... According to Perrin (2001), this diversity of perspectives is partly due to a confusion between innovation, invention, scientific development and technical progress, as well as to the fact that the term "innovation" designates either the process, its outcome or both (Perrin, 2001). Some authors, including Schumpeter, have drawn a distinction between invention and innovation. The former concerns the exploration of an idea and the creation of new knowledge, or the creation of a new product or process.

According to Schumpeter (1935), the second (innovation) is a process of realizing this new idea. According to Le Nagard-Assayag and Manceau (2005), novelty refers to a result that is destined to be commercialized.

In the light of all that has been said, then, it seems that innovation is represented as the passage from invention to market: it is a means that leads to the transformation of a concept into a marketed good (Bachawaty, 2015). Indeed, there are two main definitions of innovation: the first concerns the concept of process and the second the concept of result.

Consequently, authors who have opted for a connection between innovation and process encourage the highlighting of the different stages of adoption: starting with the identification of the problem through to the adoption of the innovation (J. R. Cooper, 1998). While authors who have defined innovation as an outcome tend to compare the differences between adopting and non-adopting structures (J. R. Cooper, 1998).

3.2. Innovation characteristics

Authors have tried to differentiate innovations according to several characteristics and criteria. Downs and Mohr (1976), for example, proposed classifying innovations solely on the basis of their primary attributes, i.e. criteria perceived in the same way by all the organizations that consider them (Downs & Mohr, 1976).

Rogers (1995), for his part, defined five essential determinants, cited in the largest number of studies, namely :

- Relative advantage: corresponds to the degree to which an innovation is perceived as being better than what it replaces. This degree can be expressed in terms of economic profitability, social prestige or other types of benefit. The higher the perceived relative advantage, the more likely it is that the innovation will be adopted more quickly (Agarwal & Prasad, 1997) and (E. M. Rogers, 1995).

- Compatibility: refers to the perceived degree of compatibility of the innovation with the values and norms of a social system, the past experiences, needs and current practices of that adopter (E. M. Rogers, 1995).

- Complexity: or ease of use, defined by the authors as the perceived difficulty of understanding the principles, operation and use of the innovation. According to Rogers, innovations perceived as less complex are more likely to be adopted (E. M. Rogers, 1995).

- Trialability: refers to the ease with which the innovation can be used on a small scale or in a small area before it has to be fully adopted.

- Observability: refers to the possibility of observing the effects of the innovation by potential adopters. Generally speaking, innovations with easily observable and communicable effects are the most likely to be diffused most rapidly (E. M. Rogers, 1995).

4. Innovation in the family business

The study of innovation in family businesses has been the subject of much research in recent decades. This literature explores the specific features of these businesses, particularly in terms of their governance structure, resource management and the dynamics of family relationships, which influence their ability to innovate. Innovation is a key process for business survival and growth, and there are inherent peculiarities in family businesses that distinguish them from other types of business in their approach to innovation.

4.1. Specific features of family businesses

Family businesses are defined by family ownership and control, and by the active participation of family members in management (Chua, Chrisman & Sharma, 1999). They are often characterized by a long-term vision, an emotional attachment to the business, and a concern for transmission to future generations (Miller & Le Breton-Miller, 2005). This long-term orientation and prudence can have a significant impact on their ability to innovate.

4.2. Risk aversion and incremental innovation

A great deal of research has shown that family businesses tend to adopt a more cautious and conservative approach to innovation. This is explained by their aversion to risk, a common trait of family businesses, which prefer stability to high risk-taking (Basly, 2007). This caution may translate into a preference for incremental innovation, i.e. incremental improvements to existing products, services or processes, rather than radical innovations (De Massis, Frattini, & Lichtenthaler, 2013).

The advantage of this approach is that incremental innovation is often perceived as less risky, while enabling the company to remain competitive over the long term (Craig & Moores, 2006). However, it can also limit the ability of family businesses to explore new markets or adopt disruptive technologies.

4.3. The role of succession in innovation

Succession dynamics are a key factor influencing innovation in family businesses. The literature shows that generational change within the company can be a critical moment for innovation. Younger generations are often more open to new technologies and innovative practices than their predecessors (Zahra, Hayton & Salvato, 2004). In addition, successors may be trained in academic or professional environments outside the family business, giving them access to new ideas and perspectives on innovation (Eddleston, Kellermanns, & Zellweger, 2012).

However, the integration of new generations can also be hampered by the conservative values and attachment of previous generations to established traditions and practices (Le Breton-Miller, Miller, & Steier, 2004). This can create tensions between the generations in terms of innovation management, making the transition more complex.

4.4. The influence of family values on innovation

Family values and emotional attachment to the company also influence the ability of family businesses to innovate. These values can reinforce family cohesion and offer strong psychological support to the business, creating an environment conducive to innovation (Chrisman, Chua, & Sharma, 2005). However, these same values can hinder innovation when they are strongly linked to the preservation of tradition, continuity and resistance to change (Hirigoyen, 1982).

Some studies show that family businesses that successfully reconcile their family values with innovation adopt specific strategies, such as involving non-family members in corporate governance or opening up to external partnerships to stimulate innovation (Duran et al., 2016).

4.5. Innovation and performance in family businesses

The relationship between innovation and performance in family businesses has also been widely studied. The literature shows that innovation can play a crucial role in the competitive advantage of family businesses, but that this advantage depends on several factors, including governance structure, strategic orientation and generation in power (Cruz & Nordqvist, 2012). Family businesses that manage to integrate innovation into their business model without compromising their core values are often those that succeed in maintaining sustained performance over the long term (Chrisman et al., 2015).

4.6. The role of family resources in innovation

One of the specific strengths of family businesses lies in their family resources, such as social capital, family networks, and trust between family members (Sirmon & Hitt, 2003). These resources can be mobilized to support innovation efforts, for example by facilitating access to family financing or establishing strategic partnerships based on trust (Zahra et al., 2004).

However, the use of these resources for innovation can be limited if the family business is too inward-looking and does not seek to open up to external resources, such as outside talent or ideas (König et al., 2013). This can lead to innovation stagnation and, ultimately, affect the company's competitiveness.

5. Family conservatism: a factor inhibiting or stimulating innovation?

Innovation plays a crucial role in the survival and competitiveness of companies, including family businesses. However, the latter are often perceived as more conservative due to the presence of unique family dynamics. Family conservatism is defined by a tendency to maintain traditional practices, avoid radical change and favor generational continuity and business stability (Ward, 1987). This conservatism can have ambivalent effects on innovation: in some circumstances, it acts as a brake on innovation, while in others, it can stimulate it. This analysis explores these two aspects of family conservatism.

5.1. Family conservatism as a factor inhibiting innovation

5.1.1. Resistance to change and risk aversion

The conservatism of family businesses can often be seen in their resistance to change and aversion to risk, both of which inhibit innovation (Basly, 2007). Family owners tend to favour short-term stability and economic security, which leads them to avoid risky investments in new technologies or uncertain markets (Allouche & Amann, 2000). Attachment to traditional practices also makes it difficult to adopt new ideas or processes, especially in a context where the transmission of family heritage takes precedence over rapid business transformation.

The literature indicates that this excessive caution leads to a preference for incremental innovation, i.e. small improvements or adjustments to existing products, rather than radical innovations that could profoundly alter the way the company operates (De Massis et al., 2013). Consequently, this conservative approach may limit the company's competitiveness in the long term, particularly in highly competitive sectors where disruptive innovations are often necessary to remain competitive.

5.1.2. The role of previous generations

The founding generation, or the generation in charge of the family business, can exert excessive influence on strategic decisions, which hampers innovation. Their visions, although based on years of experience, can often be oriented towards protecting what has already been achieved rather than expanding into new horizons (Miller & Le Breton-Miller, 2005). This intergenerational dynamic generates strategic misalignment, as younger generations, who are often more willing to embrace innovation, come up against the more cautious decisions of their elders (Zahra, Hayton, & Salvato, 2004).

In family businesses, this brake on innovation is particularly visible during the succession phase, when younger generations attempt to modernize and innovate, while older managers prefer to preserve the status quo (Gersick et al., 1997). This generational conservatism can delay or prevent the introduction of new ideas, technologies or management practices.

5.2. Family conservatism as a factor stimulating innovation

Despite the obstacles described, some research shows that family conservatism can, in certain situations, be a stimulating factor for innovation. An analysis of the resources, values and long-term objectives of the family business shows that this aversion to risk and attachment to tradition can, under certain conditions, encourage innovation, particularly sustainable and responsible innovation.

5.2.1. Long-term vision and stability

Family conservatism is often associated with a long-term vision, in which innovation is seen not as a means of making short-term profits, but as a lever for ensuring the company's sustainability for future generations (Miller & Le Breton-Miller, 2005). This approach encourages families to invest prudently in innovative projects that may not be immediately profitable, but which ensure long-term stability and resilience.

What's more, unlike non-family businesses, which may be subject to pressure from external investors to maximize short-term profits, family businesses are often more independent and have more latitude to invest in sustainable innovations that respect the environment and local communities (Chrisman, Chua & Sharma, 2005). This type of innovation is aligned with family values and strengthens family members' attachment to their company.

5.2.2. Mobilizing family resources

The conservatism of family businesses does not necessarily mean a lack of creativity or innovation. Family owners often have the ability to mobilize unique family resources, such as social capital or networks of relationships that can facilitate innovation (Sirmon & Hitt, 2003). These resources enable access to ideas and innovation opportunities through trusted relationships with external partners, suppliers or even customers.

In addition, family businesses are known for their concern for quality and their patient approach to innovation. They can invest in innovation projects on an ongoing basis, taking advantage of their strategic flexibility and ability to use internal financing, without the need to report to external shareholders. This long-term approach to innovation, less focused on immediate returns, often enables family businesses to succeed in sectors where innovation requires time and constant investment.

5.2.3. The role of the younger generation

Finally, innovation can be strongly stimulated in family businesses by the integration of the new generation (Eddleston, Kellermanns, & Zellweger, 2012). Younger family members, often more open to new technologies and market trends, bring fresh ideas and strategic renewal. They are generally more inclined to adopt digital technologies or engage in more agile management practices.

However, generational transition should not be seen solely as a rupture; it is also essential to combine the experience of older generations with the creativity and flexibility of younger family members to generate innovations that are sustainable and well rooted in family values.

Family conservatism can therefore either inhibit or stimulate innovation, depending on how it is managed. If it is too rigid, it hinders innovation by accentuating risk aversion, favoring stability over creativity, and promoting a conservative approach to management. On the other hand, if it is well balanced with a long-term vision, the mobilization of family resources and intergenerational openness, this same conservatism can be a catalyst for innovation. In fact, it aligns family objectives and innovation strategies to ensure the company's sustainability and resilience in a competitive environment.

Conclusion

Throughout this paper, we have endeavored to highlight some theoretical considerations relating to conservatism and its impact on innovation in family businesses.

In the first instance, our analysis focuses on conservatism in family firms, and the literature review mobilized in this reflection has enabled us to emphasize the definitions and dimensions of family conservatism in this type of firm.

Secondly, we focused on innovation in family businesses, addressing the specific characteristics of family businesses, risk aversion, the role of succession, the influence of family values and the role of family resources.

With their emphasis on tradition, emotional attachment to business and stability of ownership, family firms show a greater reduction in innovativeness and proactiveness than non-family firms. These are the essential characteristics of conservative organizations.

On the other hand, and despite the conservative cultural configurations of the family and the non-negligible weight of older generations, some family businesses still manage to innovate. In this sense, theoretical contributions are based on various dimensions highlighting the numerous routines possessed by family businesses, which are the creators of advantages relating essentially to their social capital. These include the decision-making process, the shared vision of objectives, and the commitment and involvement of the entire family network. These are complex social resources which are the product of relationships between family members, and which are likely to ensure the innovation process of this type of company.

Finally, the ambition of this reflection was to shed light on the notion of conservatism through its different dimensions, trying to shed light on its impact, both positive and negative, linked to the strategic aspect of family businesses. The aim was also to pave the way for possible answers to the perception of the conservative posture of the family business.

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