Title
Conflict, innovation and the moderating impact of family commitment in the South African wine industry

I want to submit an abstract for:
Conference Presentation

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Keywords
Conflict, family business, family goals, family harmony, innovation, long-term orientation, non economic family goals

Research Question
How does family commitment influence the relationship between conflict and innovation in the South African Wine industry

Methods
A questionnaire was developed by adopting existing scales, based on scholarly literature and input from a panel of experts. Subsequently, a large-scale survey served as the primary data.

Results
The study indicates that family commitment is a significant moderator of the relationship between task conflict and innovation.

Abstract
Family businesses have unique attributes that distinguish them from their non family counterparts. This also applies to conflict and innovation - two key aspects regarding the long-term sustainability of these businesses. This study investigated the impact of family influence in terms of conflict and innovation, by scrutinising the potential moderating effect of family influence on the relationship between conflict and innovation in the South African wine industry.
A research framework comprising multi-item measures of innovation, family influence and conflict was designed to investigate the potential moderating effect of family influence. This framework was applied in a quantitative study among members of the top management teams of family businesses in the South African wine industry. A questionnaire was developed by adopting existing scales, based on scholarly literature and input from a panel of experts. Subsequently, a large-scale survey served as the primary data source and yielded data that could be used to model the relationships under investigation. Moderator analyses and partial least square structural equation modelling were utilised to determine the moderating role of family influence. The correlations between the dimensions of family influence and conflict, as well as innovation were also evaluated.

The study’s meaningful findings indicate that family commitment is a significant moderator of the relationship between task conflict and innovation. Additional key findings suggest that relationship conflict and harmony as a non-economic family goal are both moderators of the relationship between task conflict and innovation. Practical implications of these findings regarding managing conflict in family businesses were discussed in terms of promoting a family business environment conducive to innovation. Relationship conflict was presented as a dimension of family influence.

The study makes a contribution to stewardship theory by providing new perspectives on the roles of family commitment, family harmony as non-economic goal and relationship conflict on decision comprehensiveness, participative governance and long-term orientation. Furthermore, the study provides a new perspective on the preservation of socio-emotional wealth by relating socio-emotional wealth priorities (family members identifying with the business, preserving binding social ties among family members, emotional attachment of family members and dynastic succession) to conflict and innovation.

The role of long-term commitment has specific, significant implications for the broader wine industry. A long-term view is noted to be an encouragement for innovation that does not necessarily yield short-term returns. Long-term goals are more specific and might involve achieving innovation leadership. The type of innovation may also be influenced by a long-term orientation, with innovation requiring long-term investment due to the long lead times associated with successful implementation. Long-term orientation also impacts radical innovations, which typically only come to fruition after significant periods of a decade or longer, but ultimately have a bigger industry impact. It can therefore be argued that the broader wine industry could benefit from family business innovation, with longer time horizons - spanning across generations.

Family businesses are advised to enhance the value of a long-term orientation, by emphasising the long-term value and broader industry impact of long-term innovation in family businesses to succeeding generations. The concept of planting vineyards for the next generation is broadly used in the wine industry, because older vineyards are known to produce the greatest wines. This concept can also be applied to innovative ideas, which are conceptualised or even implemented for the benefit of the next generation. The motivation of “planting” new vines, but also new processes and products for the next generation could also yield meaningful contributions and job creation for the next generation. This broader societal impact can also be utilised to instil a long-term orientation to succeeding generations.

The present study contributes to the understanding of the impact of a stewardship perspective in family businesses, by providing evidence of the moderating influence of family commitment on the relationship between task conflict and specifically, process innovation.

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