

Family Firms Performance: Examining the Impact of Digital and Technological Capabilities using Partial Least Squares Structural Equation Modeling and Necessary Condition Analysis

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Abstract : This study comprehensively evaluates the repercussions of innovation, digital advancements, and technological capabilities on the operational performance of companies across fifteen European Union countries following the initial wave of the COVID-19 pandemic. Drawing insights from longitudinal data sourced from the 2019 World Bank business surveys and subsequent 2020 World Bank COVID-19 follow-up business surveys, our extensive examination involves a diverse sample of 5763 family businesses. In exploring the relationships between these variables, we adopt a nuanced approach to assess the impact of innovation and digital and technological capabilities on performance. This analysis unfolds along two distinct perspectives: one rooted in necessity and the other insufficiency. The methodological framework employed integrates partial least squares structural equation modeling (PLS-SEM) with condition analysis (NCA), providing a robust foundation for drawing meaningful conclusions. The findings of the study underscore a positive influence on the performance of family firms stemming from both technological capabilities and digital advancements. Furthermore, it is pertinent to highlight the indirect contribution of innovation to enhanced performance, operating through its impact on digital capabilities. This research contributes valuable insights to the broader understanding of how innovation, coupled with digital and technological capabilities, can serve as pivotal factors in shaping the post-COVID-19 landscape for businesses across the European Union. The intricate analysis of family businesses, in particular adds depth to the comprehension of the dynamics at play in diverse economic contexts within the European Union.

Keywords : digital capabilities, technological capabilities, family firms performance, innovation, NCA, PLS-SEM

Conference Title : ICBS 2024 : International Conference on Business Strategies

Conference Location : Chisinau, Moldova

Conference Dates : June 20-21, 2024