Capabilities of the Business Manager in a Family Business —Research on the Capabilities of Managers Responsible for Innovation—

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There is a limit as to how much a company can grow. Some researchers view this limit from three perspectives, namely, management capabilities, product or factor markets, and uncertainty and risks. This study conducts an analysis by specifically focusing on management capabilities.

Considering the dynamic environment, a company's management must constantly make correct assessments of changes in the external environment and deal with them flexibly. Even though the management plays an extremely important role, existing management studies are not adequate to term the philosophy of management capabilities as a logical and systematical science.

Incidentally, management capabilities reflect directly on the company, especially in family businesses, where the founder's will is likely to be passed down. This study focuses on how management capabilities affect innovations in family businesses. Specifically, the study involved an analysis of companies that successfully innovated food containers and packaging, and quantitatively demonstrated the scale of the contribution made by family businesses. Further, after conducting case studies of several companies, management behaviors were analyzed in detail (to follow the innovation process) and eight management capabilities were identified. The eight capabilities include 1) the ability to consider the consumer's viewpoint, 2) the ability to envision the business, 3) the ability to specify potential demand, 4) the ability to create a new product or service category (category innovation), 5) impactful management skills, 6) unyielding entrepreneurial skills, 7), unconventional thinking, and 8) the ability to take advantage of economies of scope. Among those Japanese companies that no longer attempt to take on the challenge of risky innovation, owners of family business are ideal leaders to initiate innovations.