The Impact of Storytelling on Innovation: a Multi Case Study

Abstract

The founder's values and beliefs are often determinant for family business' later organizational path and as such affect the organization's level of innovation. Building on recent research that has identified storytelling as an important means to imprint the founder's values and beliefs, we apply a multi-case research design to investigate how different foci of those stories affect a family firm's level of innovation. We suggest that founder-centered stories entail a focus on decisions that match with the founder's values, hierarchical decision-making, and destructive conflicts, which ultimately lead to low levels of innovation. To the contrary, family-centered stories free family members in their decision-making and entail a collaborative decision-making characterized by low levels of conflicts. As a result, those firms have higher levels of innovation as compared to firms with founder-centered stories. We summarize our findings in a model of path creation in family firms.

Keywords: innovation, storytelling, path creation, imprinting, wineries

"The personal history of a family business is very special, because it is the story of a family and its way of making its mark in the world." (Jaffe, 1988)

INTRODUCTION

Already Schumpeter (1934) argued that the essence of long-term success entails innovative activities such as bringing new products or services to the market (see also Autio, Kenney, Mustar, Siegel, & Wright, 2014; Kirzner, 1997). In the Schumpeterian view (1934), innovation is thus a necessary condition for a firm's long-term success and therefore a key ingredient to economic prosperity. By being perceptive to innovation, i.e. through the introduction of new products, services and processes to the firm (Schumpeter, 1934), companies ensure that they remain competitive in an increasingly boundless world (Autio et al., 2014). For family firms remaining innovative is a viable means for organizational success and thus increases the likelihood that these firms manage to sustain across generations (Ingram, Lewis, Barton, & Gartner, 2014; Jaskiewicz, Combs, & Rau, 2015; Zellweger, Nason, & Nordqvist, 2012).

However, while the founding generation is often very innovative, this innovative spirit may diminish over time as subsequent generations become inert and overly focused on the established structures and beliefs of the founder (Arregle, Hitt, Sirmon, & Very, 2007; De Massis, Chirico, Kotlar, & Naldi, 2014). Due to a rapidly changing environment, increased competition and technological changes , however, innovativeness of the subsequent generations is more than ever required as sticking to the founders' established structures may entail negative performance consequences for family firms (Jaskiewicz et al., 2015; Kellermanns & Eddleston, 2007; Zahra, 2005).

In the case of an overreliance and literally complying with the founder's established beliefs, subsequent generations may even become reluctant to change and therefore block innovation(Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). The founder is thereby known to be of central importance for firm innovation of later generations: Prior research claims that she/he imprints his/her values and beliefs on subsequent generations thereby substantially shaping the future of the firm (Bryant, 2014; Stinchcombe, 1965).

In this context, researchers studying a sample of highly innovative family firms have recently found that a shared family and firm history transmitted across generations ("storytelling") can positively influence family firm's level of innovation (Jaskiewicz et al., 2015). In particular those authors argue that entrepreneurial families reconstruct their entrepreneurial past through narratives and that narratives with a strong focus on past achievements and resilience are passed on to subsequent generations thereby nurturing transgenerational entrepreneurship (Jaskiewicz et al., 2015).

Despite these recent research advancements on the impact of storytelling on firm's innovative behavior (e.g., Byrom & Lehman, 2009; Jaskiewicz et al., 2015; Ogbonna & Harris, 2005), we still do not precisely know how stories told across generations influence the family firm's innovation level. In particular, we thus ask the following research questions: (1) What are the exact mechanisms of how stories transmitted from one generation to the next affect the firm's level of innovation? (2) What is the role of the founder and his/her values and beliefs in those stories? and (3) how can differences in storytelling explain variance in family firms' innovation level (i.e., in highly and scarcely innovative firms)?

To answer these research questions, we inductively study a sample of 41 Sardinian-based family wineries. By building on a comparative multiple-case study, we were able to study the effect of storytelling on innovation in a sample of family firms, characterized by varying levels of innovation. To theoretically explain our findings, we build on the theory of imprinting (Stinchcombe, 1965) and path creation (Garud & Karnoe, 2001) as a theoretical lens to build our grounded model of how stories transmitted across generations affect the firm's level of innovation. Imprinting theory has been identified as powerful theory to study the effect of the past on the present, and is thus particularly useful to understand how storytelling within the firm legitimizes certain actions.

Our findings suggest that storytelling plays an important role in all firms investigated. However, the content and focus of the stories told differed substantially between the firms investigated. In particular, the content of the stories legitimizes the modes of collaboration between the young and the older generation. We find that firms in which stories center around the person of the family firm's founder, the decision-making power rests in the hand of the older generation. Attempts of the younger generation to innovate are generally blocked by the older generation. However, innovation patterns are different in firms which center around the family and are rather fact-based. Firms with family-centered stories had an equal distribution of decision-making power between the generations involved thereby equipping the younger generation with a saying of how to create the future path of the firm and letting them introduce changes and innovation to the firm.

As such, the contribution of our paper is at least twofold: *First*, we advance the literature on family firm innovation by highlighting the important effect of the family itself (Aldrich & Cliff, 2003; Wiklund, Nordqvist, Hellerstedt, & Bird, 2013) , and in particular the stories shared among family members, on innovation behavior. We therefore contribute to explaining the heterogeneity (Chua, Chrisman, Steier, & Rau, 2012) among family firms' levels of innovation (rather than comparing family versus non-family firms). Most of the extant literature focuses on the comparison of family versus non-family firms (Chrisman & Patel, 2012; De Massis, Frattini, Pizzurno, & Cassia, 2015; König, Kammerlander, & Enders, 2013) with very few studies seeking to explain the variance in innovation among family firms (Cassia, De Massis, & Pizzurno, 2012; Craig & Dibrell, 2006; Kammerlander & Ganter, in press; Pittino & Visintin, 2009). This contribution recognizes the important influence of the *family side* on the business and therefore contributes to calls to better understanding how the family system influences outcomes on the business side (Jennings, Breitkreuz, & James, 2014).

Second, we contribute to family business literature in general as we advance the knowledge of how path creation and imprinting develops in family firms. We introduce the importance of shared stories that contribute to transmitting the founder's values and beliefs across generations and which have the potential to reinforce the path created by the founder. In particular, we show that the content of these stories act as *source of legitimacy* and also influences *the modes of authority* between the old and the young generation (Djelic & Quack, 2007). These forms of legitimacy and authority determine the level of innovation within family firms.

THEORETICAL BACKGROUND

While family firms exist all around the world across all industries and contribute substantially to economies worldwide (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1999; Villalonga & Amit, 2009), there is no overall accepted definition of family firms. In this paper, we will use the narrowest possible definition of family firms to select our cases. We focus on those firms that are fully owned and managed by descendants of the founder, whose owners have a clear intention to pass on the business to their offspring, and whose owners perceive their business as pervaded by family beliefs and values.

Innovation in Family Firms

Due to globalization, greater product diversity, and rising customer demands, the competitive pressure has become stronger, rendering innovation and adaptability more and more important (Abernathy & Clark, 1985; Fine, 1998; Kleinschmidt & Cooper, 1991). In their seminal work on technological cycles, Anderson and Tushman (1990) propose that all industries experience cycles of relative stability as well as cycles of tumult; however, the length of the cycle largely varies by industry (Fine, 1998). These mechanisms imply that firms need to re-organize themselves in regular intervals, making innovation necessary to survive in the long-run (Anderson & Tushman, 1990). In this paper, we use the broadest definition of innovation, that is "an idea, practice, or object perceived as new by an individual or other unit of adoption" (Rogers, 1995,p. 35). Following this definition, innovation incorporates product, process, and business model innovation (Utterback & Abernathy, 1975) of both an incremental and radical or disruptive type (e.g., Christensen, 1997). It is further important to note that this definition of innovation refers to introducing changes that are "new to the organization" (Hage, 1999:499) as opposed to the sometimes applied, more narrow interpretations of "new to the industry" or even "new to the world" (Johannessen, Olsen, & Lumpkin, 2001).

Research on innovative behavior within family firms has shown that various factors affect innovation in family firms in both positive and negative ways. For instance, emotional attachment to existing organizational assets (König et al., 2013) have been argued to impede family firm innovation, while perceived organizational support (Bammens, Notelaers, & Van Gils, forthcoming) and loyalty among employees (Miller & Le Breton-Miller, 2005), have been posited to foster innovation. Furthermore, factors, such as the competencies of successors (Litz & Kleysen, 2001), the flexibility of organizational structures (Craig, Dibrell, & Davis, 2008), and the use of strategic behavioral controls (Hsu & Chang, 2011), have been identified as determinants of innovation in family firms. It is noteworthy that most of these studies aim at understanding family firm's innovative behavior from the firm side (see also Jennings et al., 2014). Recently, researchers have shifted their focus from organizational to family-related determinants and have started to investigate factors related to the *family* side, such as how storytelling within the family influences family firms' innovative behavior. In particular, Jaskiewicz et al. (2015) studying 21 firms in the German wine industry found that sharing stories based on the firm's history across generations positively influences family firm's level of innovation.

Imprinting, Path Creation and Innovation in Family Firms

The view that storytelling matters in family firms is at the core of imprinting and also path creation theory. Organizational imprinting theory states that founding entrepreneurs unconsciously incorporate elements of the economic, social and cultural structure and environment at the time of founding into the company (Stinchcombe, 1965).

However, imprinting is by no means merely a passive act. Instead, entrepreneurs can also actively create a path for their organization within the given structure that they are embedded in, a phenomenon known as path creation (Garud & Karnoe, 2001; Granovetter, 1985). In other words, organizations take on elements of the environmental context *through* the founder. This implies that it is the "entrepreneur who stamp new organizations with the distinctive signs of their founding times" (Johnson, 2007, p. 122). This implies that both the environmental context as well as the founder jointly influence the creation of the organizational path.

These imprinted beliefs and values become routinized in the form of procedures and may long outlast the founder's tenure (Marquis & Tilcsik, 2013). Kimberly and Bouchikhi (1995), p.16 studying a French computer firm find that "the definition of the core values early on, along with choice of domain, insistence by the CEO in maintaining a majority ownership position, and the nature of the early hires has set this organization on a particular trajectory", therewith creating an organizational path. These "imprinting effects" often imply that the past has a substantial effect on the present behavior and structure of the firm. In particular, it is argued that these initial imprinted values even influence decision-making processes within organizations (Tripsas & Gavetti, 2000). The founder's imprinting effects might be particularly enduring in family firms as the family is one of the strongest social institutions that individuals are exposed to (Aldrich & Cliff, 2003; Eddleston, 2008). Despite those advances of the literature, it remains unclear, how the path created by the founder is followed by subsequent generations and how the founder's values and beliefs are transmitted from generation to generation within family firms (Hannan, Baron, Hsu, & Kocak, 2006; Schein, 1983). In this context, it has been argued in the literature of path creation that narratives are "fundamental mechanisms for the dynamic patterning of actors" (Garud, Kumaraswamy, & Karnøe, 2010, p. 769), implying that narratives help actors or respectively subsequent generations to make sense of emerging situations (Weick, 1979) such as how to deal with environmental and technological change. In fact, narratives serve three main purposes: they make sense of the past, legitimize the present but also justify future actions and aspirations (Garud et al., 2010). The process whereby organizational members (i.e., not the founder or founding team), for instance later generation family members, transmit and reinforce the imprinted values to other organizational members is termed second hand imprinting (Tilcsik, 2010). This phenomenon must be especially strong in family firms as these firms have a vision that is "potentially sustainable across generations" (Chua, Chrisman, & Sharma, 1999, p. 25). Within family firm research, it has also been found that storytelling acts as an important one way to transmit such values and beliefs across generations (Jaskiewicz et al., 2015).

The subsequent transmitted values and beliefs within the family firm in turn affect the strategic decision-making within family firms in general (Davis & Henrekson, 1999; Hall, Melin, & Nordqvist, 2006; Kelly, Athanassiou, & Crittenden, 2000) and their adaptability to changing environments in particular. Summarized, even more than in non-family firms, the "founder's shadow" (Short, Payne, Brigham, Lumpkin, & Broberg, 2009:10) is strongly present in family firms.

METHODOLOGY

Research Design and Sample

To study the effect of the family system on how family firms balance tradition and innovation, we apply a qualitative research approach (Miles & Huberman, 1994; Patton, 1990; Yin, 1994), more specifically a series of comparative, inductive multiple-case studies (Eisenhardt, 1989). A qualitative research design is particularly appropriate for our research purpose, given the scarcity of extant theory to explain the relationship between the family system and family firm innovation and given our focus on "how" and "why" questions rather than "what" or "how many" questions (Yin, 1994). This approach is also in line with previous research that identified qualitative research designs as adequate to study linkages between the past and the present, particularly for studies linked to path dependence (Bryant, 2014; Garud et al., 2010). Moreover, to understand the influence of the family system on firm innovation, we pay specific attention to the narratives that family members tell (Dawson & Hjorth, 2012). Such information can hardly be obtained by any non-interview-based research design.

More precisely, we build on a sample of 41 Sardinian wineries, with the family firm and its owners as our units of analysis. Studying a large number of cases allows us to scrutinize our findings and to increase the external validity of our results (Yin, 1994). To build our sample, we proceeded as follows: Instead of using polar cases (Hatum & Pettigrew, 2004) or applying a snowball technique (Biernacki & Waldorf, 1981; Glover & Reay, forthcoming) for data sampling, we first aimed to obtain a complete list (Koiranen, 2002) of wineries in Sardinia. An industry association provided us with a list of 95 Sardinian-based wineries. Triangulation with other lists of Sardinian wineries (e.g., Lenzini, 2008) as well as several websites focused on Sardinian wineries support the assumption that this list covers the entity of Sardinian wineries. We then gathered information on ownership via company websites and phone calls and excluded any non-family wineries (i.e., businesses not fully owned and managed by a family of the second or later generation). Moreover, we excluded businesses without any employees (mostly "lifestyle businesses" that exist as the owner-manager enjoys operating the winery as a "hobby" in addition to his/her main job). After having removed those wineries out of focus, our list contained 60 Sardinian family wineries. In June and September 2012, we contacted the owner-managers of all those wineries via phone and members of 41 firms agreed to participate in our study.

All firms in our sample were small and medium-sized companies and employed, on average, 24 (full-time) employees each (three family members, six non-family members, and 15 seasonal workers, on average). As confirmed by the interviewees, their main intention to run the business was "income replacement" rather than lifestyle or high-growth purposes (Carland, Hoy, Boulton, & Carland, 1984; DeTienne, 2010). The wines offered by the sampled firms covered a broad range of quality, including wines with internationally recognized quality labels. Table 1 provides an overview of the characteristics of the 41 sampled firms.

Our focus on family firms in a narrowly defined geographical (Sardinia) and industrial (wineries) setting allowed us to study variance with a focus on tradition and innovation in a group of firms that have faced similar environmental and particularly competitive pressures over the past several decades. Such a setting allowed us to minimize the risk of alternative explanations for the observed heterogeneity. Moreover, "forced similarities" (Salvato & Corbetta, 2013) in terms of firm size and industry enabled us to focus on the differences within the family system instead of firm-level characteristics, which have been studied in previous research (De Massis, Frattini, & Lichtenthaler, 2013).

Insert Table 1 around here

Research Context

Our research context is the wine sector of Sardinia, an Italian island located in the Mediterranean Sea with approximately 1.7 million inhabitants. Sardinian wineries provide a unique setting in which to examine our above-outlined research questions for two reasons: First, this sector is characterized by a high level of family influence with all of the sampled firms having experienced one or more successions from one generation to the next. Thus, we expect those firms to show particularly strong family firm culture, emotional attachment to the region and the firm, as well as desire to keep the business in the family—peculiarities that enable us to study family-specific factors and their influence on firm behavior.

Second, the wine sector is a very traditional industry with its roots in ancient times that has experienced long decades of stability and low levels of change (Aylward, 2003). Over a long period of time, wine production had been characterized by traditional production methods without substantial technological support or the use of machinery, which particularly allowed for the pursuit of tradition. The tasks of employees working in the winery sector have remained largely stable over time and included, for instance, planting seeds, plowing, harvesting grapes by hand, using traditional grindstones for transforming grapes into must, manually pressing the grapes, and using vats and barrels to conserve the wine.

Only within the last few decades have new technologies been introduced to Sardinian wineries and have innovations started to become more and more important for firms to remain competitive. The need for innovation was mainly caused by increased globalization. International competitors, especially from California, Australia, and South Africa, started to enter the international and Italian markets and are often considered a particular threat to Italian and Sardinian wineries due to their, on average, higher level of innovation (Anderson, 2004). The pressure for innovation was further enhanced through the glycol scandal in 1985 in several

European countries, which entailed regulatory changes and in turn triggered a series of innovations in the previously stable sector.

In general, according to the industry experts we interviewed, there are two major streams of innovations that have recently been introduced into the (Sardinian) wine sector. The first one refers to product and process innovations that aim to improve the product quality of the wine. Typical innovations in this category include, for instance, offering new lines of wine or improving the tastes of the wine through new methods of fermentation (e.g., aging wines in an oak barrel, using oak chips), the use of gentle wine presses, or the application of gentler pesticide treatments. The second category of innovation aims to improve the operations of the wineries, thereby increasing the output of the winery or decreasing its operation costs (Priewe, 2010). Such process innovations include, for instance, the usage of new machines to harvest grapes. In addition to those two types, several innovations regarding marketing and sales started to pervade the market: For instance, the selling of unpackaged wine from house to house was replaced by sales of bottled wine starting in the 1980s. Moreover, several vintners started to build brands for their firms.

Adopting those innovations allows vintners to identify new markets and to compete against international competitors that aim to enter the local market. In particular, French, German, and Spanish wineries have started to sell bottled wine in Sardinia, whereas the USA and South Africa have emerged as competitors to those firms that sell unbottled wine (www.inumeridelvino.it). An Austrian wine expert summarized the situation for European and in particular Sardinian wineries as follows: “I do not see any perspective for those [European] wineries that completely stick to tradition, without implementing the required innovations and changes. […] However, moving by leaps and bounds, without scrutinizing what fits the vintner, his/her firm, the wines, the philosophy, is equally counterproductive." As this statement indicates, a balance of tradition and innovation is required for Sardinian wineries to survive on the market.

Data Collection

In the last quarter of 2012, we conducted 73 semi-structured interviews with family owners and managers of the 41 selected wineries (see Table 1). While the conversations with key decision makers (48 interviews) lasted between two and four hours, follow-up interviews with other family members active in the business (25) varied in length. The majority of the interviews were conducted in person (71 interviews in person, two by video conference) and followed an interview guideline that was iteratively adapted throughout the data collection process (see Appendix). In the interview, we first asked all interviewees to re-tell their firm's history from its beginning until today. Second, we encouraged the interviewees to share their thoughts on the family, its dynamics, and how it affected the business. In a final part of the interview, we asked the interviewees to elaborate in more detail on their firm's changes and innovations and to share their perception of the firm's future. Throughout the interviews, we paid particular attention to asking open-ended questions and encouraging the interviewees to share their thoughts to allow for flexibility within the interviews. Each conversation with key decision makers was recorded and transcribed verbatim shortly after the interview. This resulted in a total of 1,428 pages of interview transcripts.

To triangulate our findings (Jick, 1979; Jonsen & Jehn, 2009), particularly information on the innovations launched by each firm, we also drew on other data sources such as the websites of the respective wineries, internal documents, press articles, and specific reports (see Table 1 for details). Furthermore, information gained from those sources helped us to interpret the conversations, particularly regarding family firm innovation, and put the firm's activities in relation to those of peer companies. On average, we collected and analyzed eight additional documents per firm (a total of 328 documents). Whenever we missed information, for instance, on details related to firm size or quality of the wine offered, we engaged in follow-up phone calls, resulting in additional calls made for each of the 41 firms.

In addition to this firm-level data collection, we aimed to gather information on the (Sardinian) wine sector in general. We identified and analyzed a total of three books, three journal articles, five industry reports, and 15 Internet pages with specific, industry-level information on the global, Italian, and Sardinian wine sectors. This information helped us to evaluate the environmental pressures that the studied firms faced. Moreover, we conducted three additional interviews with (European) wine experts, which lasted from 30 to 45 minutes. All interviewed experts had a special education in viniculture (lasting several years; granting a diploma for the successful completion of the program) as well as several years of professional experience in the wine sector. Those experts shared their experience on innovation in the European and particularly in the Italian/Sardinian wine sector.

Data Analysis

To analyze our data, we applied a two-step process (Mayring, 2010). The first step of our data analysis was to analyze each of the single cases (within-case analysis). To do so, we created chronologically structured descriptions of each firm with all relevant information on the family and the firm. Those documents comprised 30 to 40 pages per firm. Two independent coders read through each of those single case studies, making notes about emergent themes that appeared to be key to answering our research question. This process step helped us to induce elements that appeared influential to how firms balanced tradition and innovation. In an iterative analysis, switching between single cases and theory (Denzin & Lincoln, 2000; Silverman, 2001), we developed a coding guide based on those initial insights (for an abbreviated version, see Table A.1). This coding scheme covered the main themes that emerged throughout the analysis of single cases (e.g., the focus of stories, intergenerational collaboration, number of conflicts, number and types of innovations, etc.) and included anchors for each coding node.

Second, we engaged in a cross-case analysis (Eisenhardt, 1989; Patton, 1990) to identify common patterns across the sample (Eisenhardt & Graebner, 2007). To do so, two coders independently hand-coded all interview protocols (Saldaña, 2013) according to the above-mentioned coding scheme. In rare cases of disagreement among coders, we tried to gather additional information (e.g., via publically available material on innovation activities) and discussed discrepancies until consensus was achieved. Moreover, we used the computer program Excel to manage and illustrate our preliminary findings. We triangulated and supplemented the interview information with data obtained from other sources such as press releases and website content. After coding all interviews, we compared the cases, aiming to identify patterns (Miles & Huberman, 1994; Yin, 1994). Our analysis resembled a replication design (Eisenhardt, 1989); when we finished coding our data, we were content that the inclusion of more cases or more information on the single cases would not provide any further relevant insights, indicating theoretical saturation (Guest, Bunce, & Johnson, 2006; Yin, 1994). This comparison of patterns allowed us to identify three distinctive clusters of family firms in our sample, which will be introduced and discussed in the next chapter.

RESULTS

With our study, we aimed to investigate how storytelling within the family precisely affects the family firm's level of innovation. The results of our within-case analyses reveal that storytelling within the family firm affects the focus of decisions within the family firm, who is involved in decisions within in the family firm and how conflicts are solved between generations, which ultimately impacts the level of innovation within family firms. The cross-case analysis reveals that differences in the storytelling's content, and in particular in the founder-focus, might explain why the studied family firms differ in the level of innovation.

In the following chapter, we will outline the findings of our analyses, along the process of how storytelling within the family ("family side") influences decision making ("from family to business side"), and finally affects innovation ("business side") (see also Figure 1). Tables 2 and 3 summarize the key characteristics of the sampled firms with regard to the focal constructs and provide an overview of the innovations launched by those companies.

Insert Figure 1 and Tables 2-3 around here

The Family Side I: The Importance of Storytelling

Our first observation was that storytelling played an important role for all family firms that we investigated. Stories were repeatedly told in all firms, and they were transmitted within the family primarily from the older generation to the younger generation:

> *My grandfather always said that his father, my great-grandfather, entertained him hour by hour telling him about the firm and his work […] My father repeated those stories to me when I was a child. […] Now, I do the same with my sons. I want them to know our family's story; [..]. I never tire of telling them about our life, our story, because I believe that it is important that our sons, born into a modern and technology-intense century, understand that progress doesn't give us permission to forget our story. (Grandniece of the founder, owner-manager, firm 7)*

Many times, it was already in the early childhood that family members first heard about the "family business story:"

> *My grandfather brought me to the plants during harvest season. I was still a little kid and I tried to help pick the grapes. But most of the time, I listened to the stories about the vineyard's history that my grandfather told me. (Niece of the founder, owner-manager, firm 30)*

As the interviewees noted, those shared stories were important for them, for instance because they coined their view of the family business and because they created an emotional attachment and solicitude for the family firm from early on:

> *At four o'clock every Saturday from March to October, I met my grandfather near the big tree, the olive tree near the family wine cellar. I was a happy child, interested in the family winery. […] My grandfather told me the history of the family firm, and I immediately fell in love with it. (Grandniece of the founder, owner-manager, firm 28)*

The Family Side II: Focus on Founder within the Shared Stories

While frequently telling stories about the family firm within the family is a characteristic observed for *all* family firms in our sample, the *content* of those stories differs substantially between the firms studied resulting in two very distinct content foci of the stories told within families. We find that in some of the firms (see Table 2) the person of the founder plays a central role in the stories told. Those stories center on the person of the family firm's founder, his values, and his achievements:

> *When I grew up, my father told me many stories about our vineyard. Most of them were about the work of my grandfather, so that when I was a child, I always perceived him as a "super-boss." Even later, I recognized him as a strong figure who had left his mark on the vineyard. (Niece of the founder, manager, firm 29)*

> *My father often told us that his grandfather was a hard worker […], and he perceived his vineyard almost as his child. His success strongly depend on his attachment to the land and on his love for grapes. I want to have the same feelings as he had; I regard him as a role model. (Grandniece of the founder, owner-manager, firm 12)*

The interviewees of the family firms with strong founder-focus in stories indicated that they felt proud to work in the family firm and that they still see the founder as a "role model," who is almost "sacrosanct." Very often, the stories told in those firms contain normative beliefs of the founder that are accepted without questioning, for instance "I know what this land needs" (firm 10) and "We prefer the traditional techniques" (firm 12).

In other family firms, it is less the founder but the family business itself, as well as core family values that are at the center of the shared stories (henceforth we will call those stories “family-centered”). Very often, those stories focus on (a) general (positive) emotions associated with the family business, (b) facts and figures, for instance year dates and sizes of vineyards, and (c) causal explanations of why someone (often: the founder) engaged in certain activities (e.g., the father became a successor because no other male relative was present, see firm 15). Again, those stories render the family members feeling proud about being part of this family business.

> *[In their stories about the family business,] my parents always emphasized the importance of doing good work, […]. We are a tight family, and I feel responsible for our vineyard. Even though my firm is small, I am proud of being the third generation involved that will continue the business. (Niece of the founder, owner-manager, firm 17)*

> *[My parents frequently told me the story of our family firm:] Our firm was founded in 1938, when my grandfather inherited three hectares of vineyards from his father, my great-grandfather. Being the only male family member, with three sisters and no mother, he immediately became the head of household, assuming complete control over his father's firm. (Niece of the founder, owner-manager, firm 15)*

As these quotes indicate, stories in family-centered firms concentrate on values, facts, and figures related to the family firm rather than on the person of the founder. Summarizing the family side, we can conclude that storytelling within the family played an important role among all studied Sardinian family wineries. However, the content focus, i.e. to which extent the founder was the focus of these stories, varied: The founder played a central role in the stories told for some firms (“founder-centered”), but a less pronounced role in other firms (“family-centered”).

From Family to Business Side I: Founder Focus in Decision-making within Family Firms

The content, in particular the founder versus family-focus, of the stories shared among the family members had important consequences on how decisions were taken in the respective firms. In family firms with founder-centered stories, the founder and his values and beliefs were considered to provide direction for strategic decisions and were followed in an almost literal way, even if the founder had long departed. The founder's ubiquity is reflected, for instance, in the following statement:

> *My father always told me that our founder had told his son that to produce a good wine, it is only necessary to have the land, the sun, and the men who care for the grapevines. This memory influenced our vision of the vineyard nowadays so that when we have, for example, to trim grapevines or harvest the grapes, we try to always employ the same people because we want to be sure that people care about the grapevines. […] In my office, I have an old grey picture of my great-grandfather on the wall, and every day when I start my work in the firm, I look at that picture. I think that my behavior is [...] influenced by him. Moreover, I often reflect on how the business was led in the past and what my great-grandfather would have done in this crisis period. (Grandniece of the founder, owner-manager, firm 10)*

Moreover, the stories shared among the family members affected the desired image of the family firm and its "core values" as perceived by family members. For instance, the following quote shows that, because the founder was known for his punctuality and honesty, those two "characteristics" are still adhered to in today's family firm:

> *Frequently, I have heard stories about my grand-grandfather and his way of leading the firm. He was an esteemed person, punctual in payments, and a man of his word. We are still known in the winery industry as an honest and trustworthy firm. (Grandnephew of the founder, owner-manager, firm 14).*

In contrast, in families were stories are less centered on founders, the founder is less central in decision-making processes, and strategic options are not evaluated based on what ancestors would have done.

> *The role [of the founder and ancestors] is very marginal. The last word, in fact, is ours [i.e., the one of the new generation]. (Niece of the founder, owner-manager, firm 30)*

In sum, we observe that stories in founder-centered firms served as an important means to reinforce the founder's values and beliefs on family members across generations (a mechanism called "second hand imprinting" by prior literature, (Tilcsik, 2010) thereby following the path created by the founder. Family firms with founder-centered stories oriented themselves strongly towards the values and beliefs imprinted by founder. The beliefs and values of the founder thus provide strategic directions for the firm, thereby limiting the decision-making scope of family members. In contrast to founder-centered firms, firms with family-centered stories rely less on the founder's beliefs and values thereby equipping subsequent generations with more decision-making freedom.

From Family to Business Side II: Intergenerational Collaboration and Conflict Resolution in Decision-making within family firms

The content of storytelling, and in particular the founder focus, not only influenced the range of strategic options considered by the family members, but it also affected how decision-making power was distributed among the family members active in firm management.

In family firms with founder-centered stories, the superiority of the older generation – imprinted through the stories, which highlighted the superiority of the founder, i.e. the eldest generation of the family firm – was mirrored in the firm's current management. Even in those firms with high levels of intergenerational involvement (i.e., more than one generation is active in the management of the firm, which was for instance the case for the founder-centered firms (1, 6, 12, 29, 36, and 41), members of the younger generations are largely excluded from decision-making within the family, as our interviews revealed. In other words, in founder-centered firms, all decision-making power is concentrated in the hands of the older generation. One member of the younger generation explained:

> *We experienced a great number of difficulties, especially in terms of making decisions. All power was concentrated in the hands of my father. (Nephew of the founder, owner-manager, firm 6)*

This power distribution within the family often entails high levels of dissatisfaction among the young generation and subsequent conflicts in the family within those founder-centered firms, particularly between the old and the young generation. Very often those conflicts center around questions of how to continue the family business: A common aspect of intensified conflicts between generations is that incumbents do not actually retire after the official succession event but keep their influence in the business and are reluctant to hand over the decision-making power to succeeding generations. This is illustrated, for instance, in the following quote

> *When my father retired (only on paper; he still works within the firm), a succession took place, but it was just a symbolic, a non-substantial event. I remember this period as being one of the worst periods for my brother and me in the business. My father felt ripped off, and I remember that the atmosphere was tense and characterized by conflicts, which were difficult to avoid. (Grandnephew of the founder, owner-manager, firm 14)*

Proactive attempts of younger-generation members to gain influence are typically blocked by the older generation, as the following quotation shows:

> *We are three sons, and when my brothers and I had grown up, we tried to have a more important role in the firm, but my father always remained reluctant to share his power and remained in his powerful position. I think that this is the main reason for our conflicts, and as long as he does not share his power with us, I am sure that the conflicts will remain. (Son of the founder, employee, firm 36)*

The interviews not only revealed the strong concentration of decision-making power within founder-centered firms but also the central role that conflicts, particularly task and process conflicts, played in those firms. These conflicts were described as destructive disruptions, which affected both the business and family life.

> *Since I was child, I remember that my father and my grandfather often argued about the vineyard. My grandfather was a strong personality and did not like any opposition, especially not by his sons. In order to avoid conflicts, my father often stopped arguing. In many cases, this was the wrong choice, for example, when they lost a part of the harvest because of a parasitic plague that was not taken seriously enough by my grandfather. (Niece of the founder, manager, firm 29)*

From the perspective of the older generation, these conflicts were rooted in the perceived inexperience of younger family members, as the following quote illustrates:

> *Conflicts happen when my son does not listen to me about what is right to do. He is too young to understand that experience is everything in this industry. (Founder, owner-manager, firm 41)*

In contrast, in those family-centered firms in which the stories do not transmit the omnipotence of the founder but rather focus on other family firm-specific elements, collaboration between the generations appears to be higher. In fact, decision-making power is often shared between generations with the younger generation having the "ultimate say."

> *When we make decisions, it is relevant for us that not only my brother and me but also my father, are present. We share decisions and operate in a mode of consensus; [in my opinion] that is the most important element of a family business. […]My brother and I are free to decide. (Grandniece of the founder, owner-manager, firm 7)*

> *Decisions are always made in consensus, and we discuss them until we find an agreement. We are used to doing it that way, all of us are equal. (Niece of the founder, owner-manager, firm 15)*

Relatedly, the role of conflicts in such firms differs from those of firms with founder-centered stories: Although some level of task and process conflicts is also present in firms with high level of collaboration between generations, they are fewer in number and are typically solved by finding a consensus-oriented solution among family members, as the following two quotations indicate:

> *It is not the case that there are no conflicts between us, but we always find a shared solution. (Niece of the founder, owner-manager, firm 15)*

> *We have experienced only few arguments within the family—maybe it is better to call them "discussions"—most of them related to decisions regarding the form of marketing. In the end, we always find a way to agree on a solution. (Son of the founder, owner-manager, firm 33)*

In sum, the stories told provide legitimation for how decision-making power is distributed between generations and how conflicts are solved. This means that in founder-centered firms, the decision-making power is concentrated in the hands of the older generation while in family-centered firms, decision-making power is equally distributed. The extent to which the younger generation is included in decision-making also affects how conflicts are solved. While conflicts between generations are treated rather destructively in founder-centered firms, conflicts in family-centered firms are solved constructively giving the younger generation a say.

The Business Side: Effect on Innovation in Family Firms

The combination of strategic focus on what the founder would have done, decision-making within the hands of the older generation, and a lack of possibilities for the young generation to implement their own ideas in discussions overall leads to myopia and low levels of innovation with family firms focusing on founder-centered stories.

Given the literal interpretation of the founder's values and beliefs, innovations are not only labeled as irrelevant by the family members of founder-centered firms but are even interpreted as a serious offense to the traditional way of wine production and are thus rejected because the wine was perceived as a cultural good rather than a mere product to sell.

> *[As my father repeatedly emphasized] widening the boundaries of our business could be dangerous and would be equivalent to a person overreaching him- or herself. (Son of the founder, employee, firm 41)*

In terms of innovation, the empirical evidence suggests that the narrow focus on the founder limits the firm's options in introducing changes to the firms. In other words, families with a focus on the founder and the path created by him—an emphasis that was reinforced through passing on stories across generations—used the founder's values and beliefs as criterion for any firm decision. As a consequence, innovations were only introduced to those firms when absolutely required. As one interviewee stated:

> *Our father is dead, but we are sure that he would be very proud of our efforts. We are continuing the production in the same way as in the past. Technologies could support our activities, but we prefer using the traditional techniques learned from the past. (Grandniece of the founder, owner-manager, firm 10)*

Because ideas for change are often brought up by members of the younger generation, decision-making distributions that are biased towards the older generation likely result in inertia in founder-centered firms, entailing low levels of innovation. The following quotes from both an older-generation family member (firm 12, first quote) and a younger-generation family member (firm 6, second quote) illustrate this observation:

Why change the way of producing wine? I have been working for this winery since I was a child and I know this land better than my sons do. I know what this land needs and what is right to do to produce a good wine. My sons often do not agree with me but I am sure that in the future, they will thank me for this, as I did my father. (Nephew of the founder, owner-manager, firm 12)

I remember when [I started working in the firm] I proposed to my father to modify the production by introducing new machinery to harvest the grapes. He was staggered and told me that I did not understand the essentials of producing wine. He said: "Your grandfather would turn in his grave if he heard this request!" […] Consequently, our way of production has remained the same since the beginning of the firm. (Nephew, owner-manager, firm 6)

The first quote also reveals that the pattern of conflicts does not only apply to the last succession but has been replicated in the past: Even if the younger generations in those founder-centered firms initially disagree with their ancestors (such as the interviewee from firm 12 cited above), they typically later assume similar roles as their fathers. This pattern was confirmed by other interviewees from founder-centered firms.

In contrast to these observations, innovation levels in family firms with a focus on family- instead of founder-related stories are rather high. While those firms still valued the past and build on the family firm's tradition, particularly to preserve the family values, they were mindful of the present and alert to current technological changes, as they do not felt the need to literally adhere to the founder's beliefs and values. For instance, the founder's grandniece of firm 7, now working as an owner-manager in the family winery, described the firm's motto as "*an ancient tradition—a modern present*." In the same vein, another interviewee described:

Dad always told me that his family had a motto: "making wine requires three ingredients: the grapes, the passion, and the will." This knowledge has been passed on from generation to generation. However, nowadays, grapes, passion, and will are a good basis but are no longer sufficient. Today, it requires entrepreneurial spirit, studying, analysis, and innovation. What my grandfather told us is like a wonderful vintage novel that needs to be adjusted to modern times. What happened is our history [and we are proud of it], but the present is different from the past, and [the story of our family firm] needs to be written over and re-invented. (Nephew of the founder, owner-manager, firm 23)

Another quote illustrates that in family-centered firms, subsequent generations are mindful of the past, however, recognize the importance to innovate.

We sell our products in Europe and America and our wine is well known. […] I have introduced many innovations. First, I decided to create a label for our wine. In addition, I paid more attention toward the quality and thus acquired specific boxes to preserve and stabilize the product. Through this innovation process, a number of new wines was born. […] I consider the past as the base for the present firm, but I know that if we want the firm to grow, it is necessary to radically change some of the past anchors. This does not mean that I neglect what we did [in the past], but I learn from the past without sticking to it. Future is now, for my father, for me, and for my family (CEO, firm 28)

Moreover, the high levels of intergenerational collaboration leads to increased levels of innovation, since in such family-centered firms each family member is allowed and even encouraged to share his or her perspective and ideas in family-internal discussions. Often, initial disagreements among family members ultimately result in innovation, when conflicts are solved in a constructive way. This is reflected in the following quotation:

In the past, I did not always agree with the ideas and suggestions of my son. Although we often argued, I frequently supported him [despite my own disagreement], such as when he proposed to acquire new blends of grapes or to engage in radically different marketing activities. While I disagreed in the beginning, I was happy in the end because his decisions turned out to be correct. (Founder, owner-manager, firm 40)

An overview of innovation activities, as provided in Table 3, shows that family-centered firms engage in a variety of changes, including process, product, and marketing innovation. Those innovations include, for example, new quality control systems of the bottling or acquiring new machinery to press, distill and store the grapes, new equipment to conserve the wine, new grape varieties, new processes to ensure environmental sustainability, launching of new laboratories, new tastes or new lines of wine. Moreover, marketing activities may be extended through participation in dedicated fairs or through different forms of promoting the products (e.g., specialized publication, road posters, and television). Those innovations can be interpreted as a sign of broad organizational paths in family-centered firms that allow for a variety of different strategic moves.

DISCUSSION

Summary and Contribution to Theory

In our exploratory study of Sardinian family wineries, we aimed to shed light on precisely storytelling within the family affects innovation and how variance in storytelling can explain heterogeneous levels of innovation of family firms. We found sharing stories about the family firm history across generations was important for all studied families, however, the content, and in particular the focus on the founder, differed. We discussed the two extreme cases and focus on founder and family-centered aspects in our manuscript. Specifically, we find that in firms with founder-focused stories, decisions were constrained to activities in line with the founder's beliefs, decision-making was concentrated in the hand of the older generation, and due to destructive conflict resolutions, attempts and initiatives of the younger generation to innovate and introduce were generally blocked by the older generation, finally resulting in low levels of innovation. In contrast in family firms with family-centered stories, there was no such refrainment of decisions to beliefs and values of the founders, decision-making was shared among generations, and the few available conflicts were solved in a constructive way, resulting in overall high levels of innovation.

The findings of this study show that stories can serve as means to imprint the founder's values and beliefs across generations. The founder is known to either consciously or unconsciously create the path of the family (De Massis et al., 2014). In this regard, all studied family wineries started out as innovative, entrepreneurial firms, as founding of a business, per definition, requires the identification and exploitation of new opportunities. The role of stories in this imprinting (and second-term imprinting) process can be viewed in the light of current path dependence and path creation research. In particular, stories affect current firm behavior by providing *legitimacy* and *authority* to certain practices within the family firm (Djelic & Quack, 2007; Schreyögg & Sydow, 2011). First, by emphasizing the beliefs and values of the founder, the stories lend legitimacy to certain decisions. For instance, in firms with founder-centered stories only those decisions are seen as legitimate, in which the founder's values and beliefs are adhered to in an almost literal way. In family firms with family-centered stories, to the contrary, a broader range of decision options appears as legitimate due to a lack of constraints imposed by the stories. Indeed, the family-centered stories make family firm decision makers aware of the family's and the firm's values, but do not them steer into a certain direction. Second, the shared stories also imprint a specific authority structure. For instance, emphasizing the superior role of the founder propagates the authority of decision making but also conflict solution to be concentrated in the hands of the older generation. To the contrary, a focus on family-aspects in stories paves the way for intergenerational collaboration in decision-making and equality of old and young generation when solving conflicts. By highlighting those two mechanisms, our paper contributes to understanding imprinting in family firms (Stinchcombe, 1965) and to integrating path creation (Garud & Karnoe, 2001) literature into research on family firms.

We further extend prior knowledge on family firm innovation, by not focusing on firm-level factors, such as employee loyalty (Miller & Le Breton-Miller, 2005), prior firm performance (Chrisman & Patel, 2012), or political resistance across hierarchical layers (König et al., 2013), but by studying the effects of *family*-internal factors. This contribution responds to recent calls by Jennings et al. (2014) to pay closer attention to the family side to explain firm-level outcomes.

Studying the effect of shared stories appears as particularly important because passing stories from one generation to the next has been shown to be common in family firms (Hamilton, 2006) and to be important for the continuity of the family business (Boje, 1995; McCollom, 1992) as well as its entrepreneurial innovation (Jaskiewicz et al., 2015). Due the multi-case character of our study which allows comparison across cases, our study also contributes to literature explaining variance in family firm innovation (e.g., Cassia et al., 2012; Kammerlander & Ganter, in press; Pittino & Visintin, 2009).

A key finding of our study thereby is that a strong focus on founders in the stories shared among generations might be detrimental for family firm innovation, as it can lead to reduced flexibility and willingness to adopt to change (Kellermanns & Eddleston, 2007; Zahra, 2005). While accenting the firm's history brings along various positive implications (Miller & Le Breton-Miller, 2005), such reliability as perceived by customers and suppliers, it might also narrow the organization's path (Sydow et al., 2009) and prevent the family firm from innovating. Focusing on family-aspects as opposed to the person of the founder when sharing the family business story might serve as effective means to create emotional attachment of family members to the firm, while at the same time avoiding that the organizational path narrows.

Another interesting finding of our study is that even family firms with more than one generation active in the firm were not necessarily innovative. Prior research argued for a positive effect of generational involvement on the firm's corporate entrepreneurship, but could not confirm this hypothesis empirically (Kellermanns & Eddleston, 2006). Our findings might shed additional light on this issue. In 75% of our studied firms (31 out of 41 companies, thereof several firms with founder-centered firms), two or more generations were simultaneously active in management, thus, by definition, showing high levels of generational involvement; however, the level of innovation in those firms varied. We argue that while many firms with founder-centered stories had high levels of generational involvement with two or more generations active in the firm *on paper*, the informal power distribution within the family centered all power in one individual who was a member of the senior generation. A destructive handling of conflicts further excluded younger family members from contributing valuable suggestions for the firm's development, leading to reluctance to innovate. To be able to harvest the advantages that stem from generational involvement, families need to have an inclusive decision-making culture that involves members of all active generations and is characterized by rare conflicts that are solved in a constructive way, as the examples of the firms with family-centered stories show.

Limitations and Further Research

As in any empirical research, our study comes along with some shortcomings, most of which open up fruitful areas for further research. First, for most of our cases, we relied on interview data gathered from few respondents per firm, who might be biased in their assessments. This restriction was mainly caused by our desire to interview family members involved in business operations as opposed to non-involved family members or non-family employees. Although we tried to interview several family members per firm (see Table 1), this was not always possible. We aimed to mitigate any biases introduced through this limitation by triangulating the information with archival material as well as webpages, which we intensively searched for information on the family firms' innovations. Moreover, our research design, which relies on replication further enhances the reliability of our findings.

Second, as with any qualitative work, we cannot fully mitigate the possibility of alternative explanations. By applying a multiple-case design and by focusing on a specific industry in a specific region, we are confident that variance in innovation of the studied firms cannot be fully explained by other factors, such institutional factors or firm characteristics, e.g., industry (due to our narrowly chosen sample) or firm size and generation. However, future studies should also pay attention to other family-level and individual-level factors that might potentially affect path dependence and innovation, such as aspects of key decision-makers' personalities, e.g., CEO narcissism (Chatterjee & Hambrick, 2007), which has been found to be influential for firm innovation (Gerstner, König, Enders, & Hambrick, 2013).

A third limitation refers to the lack of information about firm performance in our model. Collecting reliable information on the performance of small and medium-sized privately owned firms is difficult if not impossible, particularly in the chosen sector and geographical setting. However, our research question clearly focuses on the impact of storytelling on the family firms' innovation rather than on the association with performance. However, one could assume that in the future, innovation might become even more relevant for Sardinian wineries due to the increasing complexity and globalization of the market. Including financial performance is thus a possible and important step for further research.

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Figure 1: Overview of the Research Model

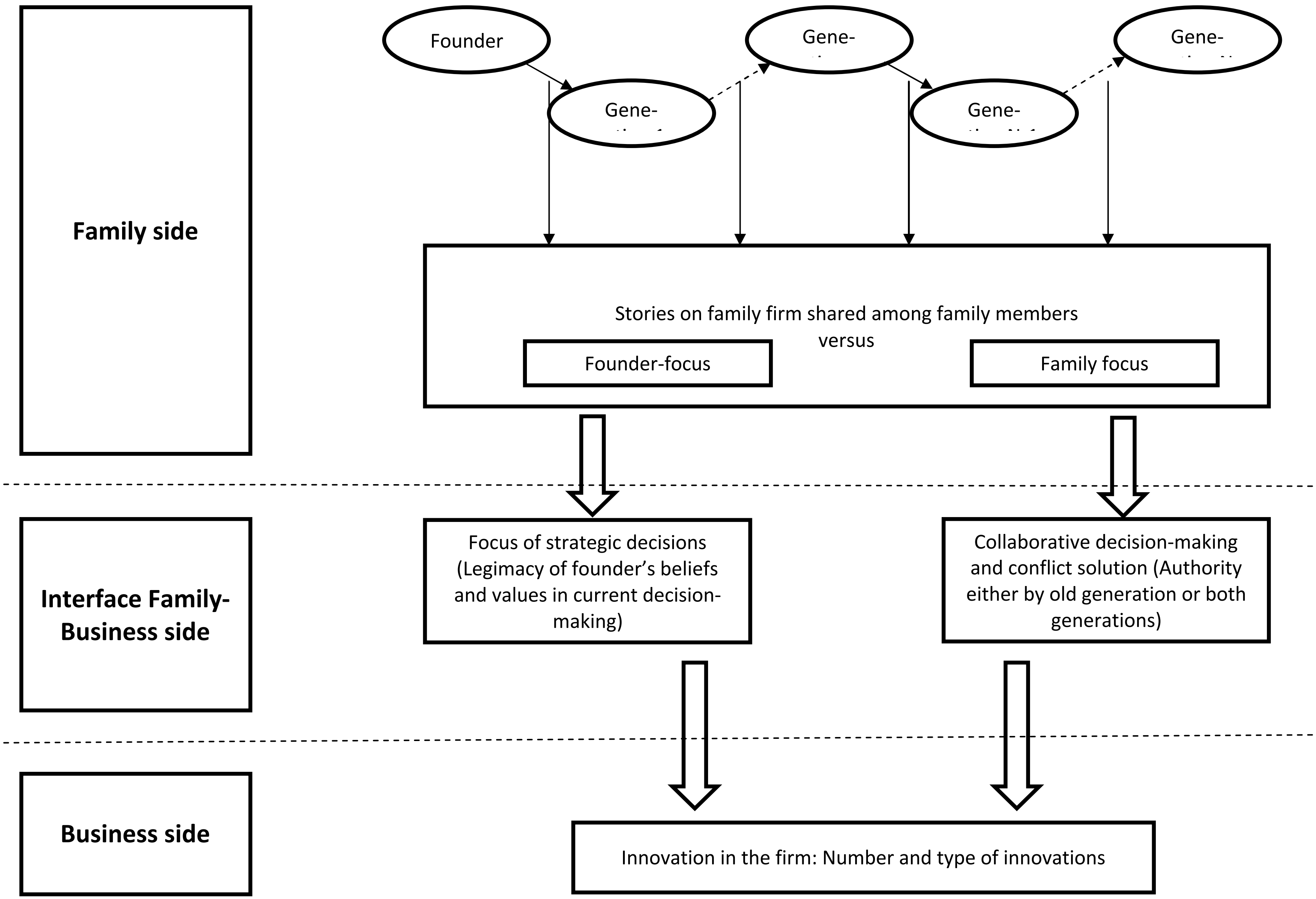

TABLE 1: Sample—Overview of Sampled Firms and Data Sources

Information on Firm							*Data used for this Study*		
Firm	***Foundation range***	***Active Generation***	***# active family memb.***	***Firm's size (# employees) ****	***Market****	***Category of wine producted*****	***# inter-views***	***Interview respondents (ordered from young to old) in brackets: relation to founder, role***	***Additional material***
1	1810-1830	Sixth	3	7 FT; 15 SW	L	DOC IGP	2	Great-grandniece (6th gen., owner-manager), grandniece (5th gen., owner-manager)	4 brochures and 5 internal reports
2	1890-1910	Fifth	2	3 FT; 8 SW	L N	DOC IGP	2	Grandniece (5th gen-, owner-manager), grandnephew (5th gen., owner-manager)	Internet page; 5 press articles; 2 brochures, 6 internal documents/reports, and 5 tables
3	1830-1850	Fifth	6	15 FT; 40 SW	L N I	DOC DOCG IGP	3	Grandnephew (5th gen., owner-manager), grandniece (4th gen., owner-manager), nephew (3rd gen., manager)	Internet page; 3 press articles
4	1850-1870	Fifth	6	13 FT; 30 SW	L N I	DOC DOCG IGP	2	Grandnephew (5th gen., owner-manager), grandniece (4th gen., owner-manager)	Internet page; 4 press articles; 3 brochures, 7 internal documents/reports, and 7 tables
5	1790-1810	Fourth	2	2 FT; 6 SW	L	DOC	1	Grandniece (4th gen., manager)	2 press articles; Internet page; 5 press articles; 1 brochure; 1 internal report.
6	1890-1910	Fourth	2	2 FT; 4 SW	L	--	2	Grandniece (4th gen., manager), nephew (3rd gen., owner-manager)	4 brochures, 3 reports and 4 tables
7	1870-1890	Fourth	4	14 FT; 16 SW	L N	DOC IGP	1	Grandniece (4th gen., owner-manager)	Internet page; 4 press articles
8	1910-1930	Fourth	3	5 FT; 10 SW	L	DOC IGP	2	Grandniece (4th gen., manager), niece (3rd gen., owner-manager)	Internet page; 3 tables and 5 inte[i]rnal documents
9	1910-1930	Fourth	7	5 FT; 23 SW	L	DOC IGP	2	Grandniece (4th gen., manager), nephew (3rd gen., owner-manager)	3 internal reports and 4 brochures
10	1890-1910	Fourth	4	6 FT; 12 SW	L	DOC IGP	1	Grandniece (4th gen., owner-manager)	4 internal reports and 10 internal documents
11	1910-1930	Fourth	5	15 FT; 30 SW	L N I	DOC IGP	3	Grandnephew (4th gen., manager), nephew (3rd gen., owner-manager), niece (3rd gen., owner-manager)	Internet page; 3 press articles
12	1910-1930	Fourth	3	5 FT; 12 SW	L	DOCG	2	Grandniece (4th gen., owner-manager), nephew (3rd gen., owner-manager)	Internet page; 3 tables and 5 internal documents
13	1910-1930	Fourth	3	6 FT; 10 SW	L	--	2	Grandniece (4th gen., manager), nephew (3rd gen., owner-manager)	7 reports and 4 internal documents
14	1910-1930	Fourth	3	5 FT; 10 SW	L	--	1	Grandnephew (4th gen., owner-manager)	4 brochures, 5 reports and 3 tables
15	1930-1950	Third	3	27 FT; 54 SW	L N I	DOC IGP	2	Niece (3rd gen., owner-manager) and son (2nd gen., owner-manager)	Internet page; 6 press articles; 3 brochures, 9 internal documents/reports, and 3 tables
16	1890-1910	Third	3	3 FT; 12 SW	L	DOC	2	Niece (3rd gen., owner-manager), son (2nd gen., owner-manager)	4 reports and 6 internal documents
17	1910-1930	Third	1	3 FT; 10 SW	L	--	1	Niece (3rd gen., owner-manager)	4 tables and 3 reports
18	1910-1930	Third	3	5 FT; 10 SW	L	DOC IGP	2	Nephew (3rd gen., owner-manager), son (2nd gen., owner-manager)	Internet page; 3 brochures, 5 internal reports

19	1910-1930	Third	4	2 FT; 4 SW	L	--	2	Niece (3rd gen., owner-manager), son (2nd gen., owner-manager)	1 business plan and 6 internal documents
20	1910-1930	Third	5	9 FT; 15 SW	L N	DOC IGP	2	Nephew (3rd gen., owner-manager), son (2nd gen., owner-manager)	Internet page; 4 press articles; 3 brochures, 9 internal documents/ reports, and 3 tables
21	1930-1950	Third	1	3 FT; 9 SW	L	IGP	1	Niece (3rd gen., owner-manager)	3 internal reports and 2 documents
22	1890-1910	Third	1	4 FT; 8 SW	L N I	DOC IGP	1	Niece (3rd gen., owner-manager)	Internet page; 4 press articles
23	1950-1970	Third	3	18 FT; 25 SW	L N I	DOC IGP	2	Nephew (3rd gen., owner-manager), niece (3rd gen., manager)	Internet page; 3 press articles
24	1930-1950	Third	2	3 FT; 9 SW	L	--	1	Son (2nd gen., owner-manager)	2 internal documents and 3 tables
25	1950-1970	Third	2	4 FT; 11 SW	L	--	2	Niece (3rd gen., manager), son (2nd gen., owner-manager)	3 internal documents and 3 tables
26	1890-1910	Third	2	4 FT; 12 SW	L N	DOC	2	Niece (3rd gen., manager), son (2nd gen., owner-manager)	Internet page; 3 brochures and 2 internal reports
27	1930-1950	Third	3	10 FT; 20 SW	L N I	DOC	3	Nephew (3rd gen., owner-manager), niece (3rd gen., owner-manager), son (2nd gen., owner-manager),	Internet page; 2 press articles; 3 brochures, 2 internal reports, and 4 internal documents
28	1930-1950	Third	2	4 FT; 12 SW	L N	DOC IGP	2	Niece (3rd gen., owner-manager), son (2nd gen., owner-manager)	3 press articles; 2 brochures
29	1930-1950	Third	4	4 FT; 10 SW	L	DOC DOCG IGP	2	Niece (3rd gen., manager), son (2nd gen., owner-manager)	Internet page; 2 internal reports and 3 documents
30	1930-1950	Third	2	3 FT; 10 SW	L N	DOC IGP	1	Niece (3rd gen., owner-manager)	Internet page; 3 press articles
31	1950-1970	Third	5	2 FT; 12 SW	L N I	--	3	Niece (3rd gen.), nephew (3rd gen.), son (2nd gen., owner-manager),	Internet page; 2 press articles
32	1970-1990	Second	2	3 FT; 11 SW	L N	DOC	1	Founder (owner and manager)	Internet page; 2 press articles
33	1950-1970	Second	5	20 FT;- 30 SW	L N I	DOC DOCG IGP	2	Son (2nd gen., owner-manager), son (2nd gen., owner-manager)	Internet page; 3 press articles
34	1970-1990	Second	4	3 FT; 12 SW	L N	IGP	2	Son (2nd gen., manager), founder (owner-manager),	2 press articles; 3 brochures and 1 business plan
35	1970-1990	Second	2	4 FT; 8 SW	L N	--	1	Daughter (2nd gen., owner-manager)	3 press articles
36	1950-1970	Second	4	3 FT; 9 SW	L N I	DOC IGP	2	Son (2nd gen., employee), founder (owner and manager)	Internet page; 2 internal reports and 3 documents
37	1970-1990	Second	2	3 FT; 8 SW	L N	DOC	2	Founder (owner-manager) and daughter (2nd gen., owner-manager)	Internet page; 3 press articles
38	1970-1990	Second	2	3 FT; 6 SW	L N	DOC DOCG IGP	1	Daughter (2nd gen., manager)	Internet page; 2 brochures, 2 internal reports
39	1950-1970	Second	3	3 FT; 4 SW	L	DOC IGP	2	Son (2nd gen., owner-manager), founder (owner-manager)	2 internal documents and 3 tables
40	1950-1970	Second	3	2 FT; 8 SW	L N	IGP	2	Son (2nd gen., owner-employee), founder (owner-manager)	Internet page; 2 press articles
41	1950-1970	Second	2	5 FT; 50 SW	L	DOC IGP	2	Son (2nd gen., employee), founder (owner-manager)	2 internal documents and 3 tables
Total							**73**		**326**

* Number of employees excluding family members. FT full time employees (working for firm all year), SW seasonal worker (working for company only during grape harvest) **L: local, N: national, I: international. *** Quality classifications. DOC: Controlled Designation of Origin; IGP: Protected Geographical Indication; DOCG: Controlled and Guaranteed Designation of Origin.

TABLE 2—Characterization of the 41 Firms

	Storytelling in family		***Collaboration in family***		***Innovation & Tradition***	
Firm	***Focus of stories***	***Founder in stories***	***Involvement in decisions***	***Conflicts in family***	***Innovation***	***Focus on Tradition***
1	Founder	Fundamental	Hierarchical	Destructive	Low	Very high
2	Emotions/ founder	Fundamental	Shared	Constructive/rare	Middle	Very high
3	Facts	Important	Inclusive	Constructive/rare	High	Moderate
4	Emotions	Important	Shared	Constructive/frequent	Middle	High
5	Emotions	Important	Shared	Constructive/frequent	Middle	High
6	Founder	Fundamental	Hierarchical	Destructive	Low	Very high
7	Facts	Marginal	Inclusive	Constructive/rare	High	Moderate
8	Facts	Important	Hierarchical	Constructive/rare	Middle	High
9	Emotions	Important	Shared	Constructive/frequent	Middle	High
10	Founder	Fundamental	Hierarchical	Destructive	Low	Very high
11	Emotions/ founder	Fundamental	Shared	Constructve/frequent	Middle	High
12	Emotions/ founder	Fundamental	Hierarchical	Constructive/frequent	Low	Very high
13	Emotions	Important	Shared	Constructive/frequent	Middle	High
14	Founder	Fundamental	Hierarchical	Destructive	Low	Very high
15	Facts	Marginal	Inclusive	Constructive/rare	High	Moderate
16	Emotions	Important	Shared	Constructive/frequent	Middle	High
17	Facts	Marginal	Inclusive	Constructive/rare	High	Moderate
18	Emotions	Fundamental	Shared	Constructive/rare	Middle	Very high
19	Emotions	Important	Shared	Constructive/frequent	Middle	High
20	Facts/ emotions	Important	Inclusive	Constructive/frequent	High	Moderate
21	Emotions	Important	Shared	Constructive/frequent	Middle	High
22	Emotions	Important	Shared	Constructive/frequent	Middle	High
23	Facts	Marginal	Shared	Constructive/rare	High	Moderate
24	Emotions	Important	Shared	Constructive/frequent	Middle	High
25	Emotions	Important	Shared	Constructive/frequent	Middle	High
26	Emotions	Important	Shared	Constructve/frequent	Middle	High
27	Founder	Fundamental	Shared	Constructive/rare	Middle	High
28	Emotions	Fundamental	Shared	Constructive/frequent	Middle	Very high
29	Founder	Important	Hierarchical	Destructive	Low	High
30	Facts	Marginal	Inclusive	Constructive/rare	High	Moderate
31	Emotions	Important	Shared	Constructive/frequent	Middle	High
32	Facts	Marginal	Inclusive	Constructive/rare	High	Moderate
33	Facts	Marginal	Inclusive	Constructive/rare	High	Moderate
34	Facts/ emotions	Marginal	Shared	Constructive/frequent	Middle	High
35	Facts	Marginal	Inclusive	Constructive/rare	High	Moderate
36	Founder	Fundamental	Hierarchical	Destructive	Low	Very high
37	Facts/ emotions	Important	Inclusive	Constructive/frequent	High	Moderate
38	Emotions	Important	Shared	Constructive/frequent	Middle	High
39	Emotions	Important	Shared	Constructive/frequent	Middle	High
40	Facts	Marginal	Inclusive	Constructive/rare	High	Moderate
41	Founder	Fundamental	Hierarchical	Destructive	Low	Very high

TABLE 3—Description of the introduction of innovation in the 41 Firms

Firm	*Innovations and Change*	*Process*	*Product*	*Marketing*	*Radical?*	*Description of radical features*	*Time*
1	From unbottled to bottled wine (with no brand creation)		X				1990s
2	New marketing activities			X			Since 1980s
3	New quality control system for bottling, new marketing activities, new line of wine	X	X	X			Late 1990
4	From unbottled to bottled wine (with new brand creation)		X	X			1990s
5	New line of wine		X				1990s
6	Improvement of production process through the introduction of a new press and new distillation activities, from unbottled to bottled wine (with no brand creation)	X	X				1990s
7	New marketing activities (eighties), constant activities to improve product quality (since eighties), new line of wine (nineties; through acquisition)	X	X	X			Since 1980s
8	New marketing activities (eighties), Improvement of production process through the introduction of a new press (nineties)	X		X			Since 1980s
9	New lines of wine (through acquisition in the 1980s), Improvement of the production process through the introduction of machines to reduce the press time while preserving the quality (nineties)	X	X				Since 1980s
10	None						N/A
11	Improvement of production process through the introduction of a new press (nineties), new line of wines, new grape variety (2000)	X	X				Since 1990s
12	From unbottled to bottled wine (no brand creation) (nineties)		X				1990s
13	New containers to store the grapes	X					Late 1990s
14	None						N/A
15	New way to condense the wine (nineties), new grape variety stemming from own laboratory (late nineties), new marketing activities (late nineties), launch of own laboratory	X	X	X	Yes	Innovations in own laboratory to produce new grape variety	Since 1990s
16	New line of wine (nineties; through acquisition); Improvement of production process through the introduction of a new press (2000)	X	X				Since 1990s
17	New tastes of wine (nineties), Improvement of production process through new distillation activities (eighties), new grape variety (eighties), new processes to ensure environmental sustainability (2000)	X	X		Yes	New production process with less environmental pollution	Since 1980s
18	New quality control system for bottling (nineties), improvement of the delivery system (2000)	X		X			Since 1990s
19	New marketing activities (eighties), new grape variety stemming from other areas of Sardinia, and South of Italy (nineties)		X	X			Since 1980s
20	New tastes of wine (late nineties), improvement of production process through the introduction of new press and new activities to distill and store (nineties), constant research to reduce environmental impact (2000)	X	X		Yes	New production process with sophisticated tools to monitor and reduce environmental impact	Since 1990s
21	New grape variety stemming from other areas of Sardinia (2000), new line of wines (nineties; through acquisition)		X				Since 1990s
22	Improvement of production process through the introduction of new machines to distill the wine (eighties), new lines of wine (nineties; through acquisition)	X	X				Since 1980s
23	Launch of own laboratory (2000), new tastes of wine (late nineties), new marketing activities, Improvement of production process through the introduction new machines to distill (nineties)	X	X	X	Yes	Innovations in own laboratory to produce new tastes of wine	Since 1990s
24	Improvement of production process through the introduction of new machines to press and preserve (nineties), new line of wine (late nineties)	X	X				Since 1990
25	New grape variety stemming from other areas of Sardinia (late nineties)		X				Late 1990s
26	New marketing activities (nineties), new grape variety stemming from other areas of Sardinia (eighties)		X	X			Since 1980

27	New grape varieties stemming from other areas of Sardinia; new lines of wine (2000s, through acquisitions)		X				Since 1990s
28	New marketing activities (nineties), Improvement of production process through the introduction of new machines to distill (late nineties), new lines of wine (end of 1990s, through acquisition)	X	X	X			Since 1990s
29	From unbottled to bottled wine (with no brand creation) (nineties)		X				Since 1990s
30	New tastes of wine (seventies), new line of wine (eighties), launch of own laboratory (late nineties), attention to environmental sustainability (late nineties)	X	X		Yes	Innovations in own laboratory to produce new tastes of wine	Since 1970s
31	New grape variety stemming from other areas of Sardinia (late nineties), new tastes of wine (2000)		X				Late 1990s
32	New line of wine (2000), new equipment to conserve the wine (2000)	X	X		Yes	Introduction of new grape variety for producing a specific wine	Since 2000
33	New quality control system for bottling (late nineties), new grape variety stemming from other areas of Italy (late nineties), marketing innovation (2000)	X	X	X	Yes	Quality control system to monitor the entire process (from production until bottling) with fully automated system	Late 1980s
34	From unbottled to bottled wine (with brand creation) (2000), new lines of wine (2000, through acquisition), Improvement of production process through the introduction of new machines to distill (2000)	X	X	X			Since 2000
35	New lines of wine (through acquisition; 2000), new grape variety stemming from other areas of Sardinia (2000), new marketing activities (2000)		X	X			Since 2000
36	None						N/A
37	New tastes of wine (2000), new way to produce using less sulphites (2000), research to reduce environmental impact (2010)	X	X		Yes	New production process with new machines that substantially reduce usage of sulphites	Since 2000
38	New grape variety stemming from the North of Italy, new lines of wine (through acquisition)		X				Since 2000
39	Improvement of marketing activities (2000), new grape variety stemming from other areas of Sardinia (late nineties)		X	X			Late 1990s
40	New quality control system for bottling (late nineties), new grape variety stemming from other areas of Italy (late nineties), marketing innovation (2000)	X	X	X	Yes	Entirely new marketing (e.g., fairs, TV)	Late 1990s
41	New marketing activities		X				Late 1990s

Clustering of innovations according to http://www.oecd.org/site/innovationstrategy/defininginnovation.htm; organizational innovations were not observed in our sample

i