

The Impact of Shared Stories on Family Firm Innovation: A Multicase Study

Family Business Review
2015, Vol. 28(4) 332–354
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sagepub.com/journalsPermissions.nav
DOI: 10.1177/0894486515607777
fbr.sagepub.com



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Abstract

Innovation is a key determinant of long-term success for family firms. We apply a multiple case study research design to investigate the relationship between stories that are shared among family members across generations and the family firms' innovations. We derive a set of four propositions suggesting that founder focus in stories is negatively and family focus is positively associated with innovation. We further propose that these relationships are mediated by the scope of decision-making options, the distribution of decision-making power between generations, and the role of conflict in the families.

Keywords

innovation, shared stories, decision making, path dependence, second-hand imprinting

Introduction

Since Schumpeter's (1934) seminal work, innovation has been considered to be the essence of firms' long-term success (e.g., Kirzner, 1997). By being innovative throughout the life cycle, firms ensure that they remain competitive in an increasingly boundless world (Autio, Kenney, Mustar, Siegel, & Wright, 2014). For family firms, remaining innovative is particularly important because it increases their likelihood of flourishing across generations (Ingram, Lewis, Barton, & Gartner, 2014; Jaskiewicz, Combs, & Rau, 2015; Zellweger, Nason, & Nordqvist, 2012). However, innovation is also challenging for organizations (Dougherty, 1992; Utterback & Abernathy, 1975). One of the most prominent reasons why family firms shy away from innovation is an excessive reliance on the firms' past, particularly on the founders' decision making (Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). Such a focus on the past might entail inertia and is increasingly detrimental for family firm performance in today's rapidly changing and often harshly competitive environment (Jaskiewicz et al., 2015; Kellermanns & Eddleston, 2007; Zahra, 2005).

While prior research agrees that founders and their values and beliefs are generally of high importance for

firms and shape their innovation (Bryant, 2014; Schreyögg & Sydow, 2011; Stinchcombe, 1965; Sydow, Schreyögg, & Koch, 2009) little is known about what binds family firms to (or frees them from) the past and thus makes them resistant (or susceptible) to innovation. Only recently, researchers studying a sample of highly innovative family firms have revealed that a shared family and firm history transmitted across generations can positively influence a family firm's level of innovation as stories 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 advancements, there is still a considerable lack of knowledge about how stories told across generations influence family firms' innovation. In particular, we do not know how and why stories

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shared among family members in private settings affect family firms' innovation. Even more important, we still do not possess information about how variance in the content of stories shared among family members might influence the family firms' innovation. The above-mentioned study by Jaskiewicz et al. (2015) focused on stories shared among exceptionally entrepreneurial families, but what about less entrepreneurial families? Do they also transmit stories among generations, and if so, how do these stories differ from those of more innovative families? Gathering such detailed knowledge is important for building theory on shared stories and family firm innovation and thereby increasing our scholarly understanding of the drivers of family firm innovation. To contribute to filling this research gap, we pose the following research question: "How and why do different stories shared among family members affect the respective family firms' innovation?"

To answer this research question, we apply a qualitative multicase research design and investigate a sample of 41 Sardinian-based family wineries to build theory on shared stories and family firm innovation. Our findings suggest that sharing stories among family members plays an important role in all of the firms investigated. However, their content varied: Some focused on the person of the founder, while others centered on the family, its values, and its history. Building on the results of a cross-case analysis, we propose that the strength of founder focus is negatively and the strength of family focus is positively related to innovation, and that those relationships are mediated by the scope of decision-making options, the distribution of decision-making power between generations, and the role of conflict in the respective families.

The contribution of our article is at least twofold. First, we advance the literature on family firm innovation (e.g., De Massis, Frattini, & Lichtenthaler, 2013) by identifying how stories shared within the family are associated with innovation in family firms. Through our focus on stories shared among family members—often in private settings—our study also contributes to the emerging stream of literature highlighting the important effect of the family itself (Aldrich & Cliff, 2003; Wiklund, Nordqvist, Hellerstedt, & Bird, 2013) on innovation; it therefore contributes to calls for a better understanding of how the family influences outcomes on the business side (Jennings, Breitkreuz, & James, 2014).

Second, we contribute to the family business literature in general as we advance theory on how family firms'

organizational paths are shaped (Garud, Kumaraswamy, & Karnøe, 2010). We introduce shared stories (Byrom & Lehman, 2009; Jaskiewicz et al., 2015; Ogbonna & Harris, 2005) as a means for determining the organizational path of family firms across generations and suggest that these stories serve as what the literature has called "second-hand imprinting" (Tilcsik, 2010). In particular and referring to the literature on path dependence (Sydow et al., 2009), we show that these stories, particularly their specific content, act as a *source of legitimacy* for certain decisions; influence *the authority structure*, in particular, the sharing of decision-making power between the older and younger generations (Djelic & Quack, 2007); and also *provide value judgments* of how to collaborate, thereby ultimately affecting the level of innovation within family firms.

Theoretical Background

Innovation in Family Firms

Due to globalization, greater product diversity, and rising customer demands, the competitive pressure for organizations has become stronger over the last decades, rendering innovation increasingly important (Abernathy & Clark, 1985; Fine, 1998; Kleinschmidt & Cooper, 1991). The need for innovation thereby applies to firms in any sector because all industries experience cycles of relative stability as well as cycles of tumult (Anderson & Tushman, 1990).

In this article, we use the broadest available definition of innovation, which refers to the implementation of "an idea, practice, or object perceived as new by an individual or other unit of adoption" (Rogers, 1995, p. 35). As such, innovation captures the family firm's readiness to change time-honored procedures and products and to deviate from how activities have been conducted in the past. This "new-to-the-firm" definition of innovation (Hage, 1999) is particularly appropriate for family firms, as these firms are often known to adhere to tradition and to be unwilling to alter established procedures (Sharma & Manikuttu, 2005). In contrast to other, for instance "new-to-the-market," definitions (Johannessen, Olsen, & Lumpkin, 2001) of innovation, the definition applied here is more comprehensive and allows capturing the family's willingness (or unwillingness) to introduce changes to the family firm.

Extant research has shown that various factors affect innovation in family firms in both positive and negative

ways. For instance, research has argued that dedicating limited resources to innovation (Chrisman & Patel, 2012; König, Kammerlander, & Enders, 2013) impedes family firm innovation, while perceived organizational support (Bammens, Notelaers, & Van Gils, 2015) and loyalty among employees (Duran, Kammerlander, Van Essen, & Zellweger, 2015; Miller & Le Breton-Miller, 2005) have been posited to foster innovation. Furthermore, factors such as the competency 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 to mention that most of these studies aim at understanding family firms' innovative behavior from the firm side. Recently, however, researchers have shifted their focus from organizational to family-related determinants and have started to call for investigating factors related to the *family* side (see also Jennings et al., 2014).

Organizational Paths and Innovation in Family Firms

Innovation in family firms is likely affected by organizational path dependence (Garud et al., 2010; Wright & Kellermanns, 2011), particularly the founders' imprinting of organizational paths (Stinchcombe, 1965). This literature states, first, that founders create the path for their organization (Garud & Karnøe, 2001; Granovetter, 1985) and "stamp [their] new organizations with the distinctive signs of their founding times" (Johnson, 2007, p. 122). Second, the values and beliefs of the founder as well as the organizational structure that is established during the founding time are likely to become routinized in the form of procedures and may thus long outlast the founder's tenure (Marquis & Tilcsik, 2013). For instance, studying a French computer firm, Kimberly and Bouchikhi (1995, p. 16) found 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," thus creating an organizational path. These "imprinting effects" often imply that the past has a substantial effect on the present structure and behavior of the firm. In particular, it has been argued that these initial imprinted values influence decision making within organizations (Tripsas & Gavetti, 2000).

Founders' imprinting effects might be particularly enduring in family firms, as these firms have a vision

that is "potentially sustainable across generations" (Chua, Chrisman, & Sharma, 1999, p. 25) and aim for long-term continuity (Miller, Le Breton-Miller, & Scholnick, 2008), with their founders exerting a strong social influence on family members of the next generations (Aldrich & Cliff, 2003; Eddleston, 2008). These mechanisms imply that even more than in nonfamily firms, the "founder's shadow" (Short, Payne, Brigham, Lumpkin, & Broberg, 2009) is strongly present in family firms, leading to a strong linkage between past experiences and current firm decisions.

Despite these advances in the literature (see Simsek, Fox, & Heavey, 2015, for a summary), it remains unclear how and why subsequent generations follow the path created by the founder and how the founder's spirit is conserved and transmitted from generation to generation within family firms (Hannan, Baron, Hsu, & Koçak, 2006; Schein, 1983). In other words, it remains unclear how *second-hand imprinting* (Tilcsik, 2014), defined as the "phenomenon of social transmission [that] describes the process whereby an agent follows an imprinted path created by a previous agent" (Botto, 2014, p. 15), works in practice. By engaging in second-hand imprinting, family members are likely to conserve and even reinforce the path created by the founder over time because the founder's imprinted values and beliefs are transferred from one generation to the next even when the founder has long passed away (Tilcsik, 2014).

One factor that has been identified as important in both streams of literature—namely, in the organizational path (Garud et al., 2010) and family business (Jaskiewicz et al., 2015) literature—is sharing stories that aim to give sense (Gioia & Chittipeddi, 1991) to the hearers. In particular, it has been argued in the organizational path literature that stories are "fundamental mechanisms for the dynamic patterning of actors" (Garud et al., 2010, p. 769), implying that stories help actors (in our case, subsequent generations) make sense of emerging situations (Weick, 1979), such as how to address environmental and technological change. In fact, stories serve three main purposes: they make sense of the past, legitimize the present, and justify future actions and aspirations (Garud et al., 2010).

In family business research, authors have emphasized the importance of shared stories in transferring values across generations (Rothstein, 1992) and building up commitment and feelings of belonging (Huisman, 2014). Recently, Jaskiewicz et al. (2015) investigated 21 German wineries and illustrated that sharing stories

across generations could positively influence the family firm's level of entrepreneurship. However, despite such advances, a detailed understanding of how stories shared among family members, often in private settings, affect firms' innovation and remain unknown, and, at least equally important, we lack an understanding of the potential impact of these stories' content on family firm innovation.

Methodology

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 particularly suitable setting in which to examine our above-outlined research question for two reasons. First, this sector consists of many family firms with a high level of family influence; that is, the wineries are not only fully owned and managed by descendants of founders but are also characterized by a particularly strong family firm culture (Miller & Le Breton-Miller, 2005). Second, the wine sector has long been a very traditional industry, but it has recently experienced an increasing necessity to innovate. With its roots in ancient times, it has experienced long decades of stability and low levels of change (Aylward, 2003). Wine production has long been characterized by traditional production methods without substantial technological support or the use of machinery, which particularly allows for the pursuit of tradition. Only within the last few decades have new technologies been introduced to Sardinian wineries and have innovations started to become increasingly important for firms to remain competitive. The need for innovation was mainly caused by increased competition due to 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 higher average 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 this previously stable sector.

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 refers to product and process innovations

that aim to improve the product quality of the wine. Typical innovations in this category highlighted by the interviewed experts and family members include, for instance, offering new lines of wine or improving the taste of the wine through new fermentation methods (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 winery operations, thereby increasing the output of the winery or decreasing its operational costs (Priewe, 2010). Such process innovations include, for instance, the use of new machines to harvest grapes. In addition to these two types of innovations, several marketing and sales innovations have started to pervade the market, and also Sardinian vintners decided to introduce these kinds of innovation. For instance, selling unpackaged wine from house to house was replaced by sales of bottled wine starting in the 1980s. In addition, several vintners started to build brands for their firms.

Adopting these innovations has enabled vintners to identify new markets and to compete against international competitors that aim to enter the local market. An Austrian wine expert summarized the situation for European, particularly Sardinian, wineries as follows: "I do not see any perspective for those [Sardinian] wineries that completely stick to tradition without implementing the required innovations and changes."

Research Design and Sample

To study how different stories shared among family members affect family firms, we applied an exploratory qualitative research approach (Miles & Huberman, 1994; Patton, 1990; Yin, 1994). More specifically, we based our study on a series of comparative 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 shared stories 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 being adequate to study linkages between the past and the present, particularly for studies on organizational paths (Bryant, 2014; Garud et al., 2010).

More precisely, we built on a sample of 41 Sardinian wineries, with the family firm and its owners as our units of analysis. To build our sample, we proceeded as

follows. 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 with several websites focused on Sardinian wineries supported our assumption that this list covered the entirety of Sardinian wineries. We then gathered information on ownership via company websites and phone calls and excluded any nonfamily wineries. In this study, we considered wineries to be family firms when they were fully owned and managed by members of the founding family, had owners with a clear intention to pass on the business to their offspring, and had owners who perceived their business to be pervaded by family beliefs and values (Aronoff & Ward, 2001). Moreover, we excluded businesses without any employees (mostly “lifestyle businesses” that existed because the owner-manager enjoys operating the winery as a hobby in addition to his or her primary job). After removing these wineries, our list contained 60 Sardinian family wineries. In June and September of 2012, we contacted the owner-managers of these 60 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 employees each (3 family members, 6 nonfamily members, and 15 seasonal workers, on average). As confirmed by the interviewees, their main intention to run the business was for “income replacement” rather than for 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.¹ Our focus on family wineries in Sardinia allows us to study a sample that is homogeneous with respect to two theoretically relevant variables (Salvato & Corbetta, 2013). First, we avoid having industry-level contingencies, such as competitive intensity and necessity to innovate, distort our findings, and second, we prevent any distortion by cultural factors.

Data Collection

In the last quarter of 2012, we conducted 73 semistructured interviews with family owners and managers of the 41 selected wineries. While the conversations with key decision makers (48 interviews) lasted between 2 and 4 hours, follow-up interviews with other family members

active in the business (25 interviews) varied in length. The majority of the interviews were conducted in person (71 interviews in person, 2 by videoconference) and followed an interview guideline² that was iteratively adapted throughout the data collection process. In the interview, after an introduction, we first asked all interviewees to provide an overview of their firm’s history from its beginning until today. Second, we encouraged the interviewees to share their thoughts on the family and its effects on the business. In this part, we put particular emphasis on the stories shared among family members. Finally, before ending the interview, we asked the interviewees to elaborate in more detail on their firm’s 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 respective wineries’ websites, internal documents, press articles, and specific reports. Furthermore, information gained from these sources provided us with important background information on the respective firms and thus helped us interpret the conversations and to compare each firm’s (innovation) activities 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 to 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 3 books, 3 journal articles, 5 industry reports, and 15 Internet pages with specific industry-level information on the global, Italian, and Sardinian wine sectors. This information helped us evaluate the environmental pressures confronting the studied firms. Moreover, we conducted three additional interviews with (European) wine experts, each of which lasted from 30 to 45 minutes. All interviewed experts had a special education in viticulture (having studied the topic for several years and received a

diploma for successfully completing the program) as well as several years of professional experience in the wine sector. These experts shared their experience with innovation in the European wine sector, particularly in the Italian/Sardinian wine sector.

Data Analysis

To analyze our data, we applied a two-step process (Mayring, 2008). The first step of our data analysis was to analyze the single cases. To do so, we created chronologically structured descriptions of each of the 41 firms with all relevant information on the family, its shared stories, the firm, and family firm innovation. These documents comprised 30 to 40 pages per firm and served the goal of providing a neatly arranged overview of each case. Moreover, in this step, two independent coders first read through the interviews and further material of a subsample of five of the single case studies (Firms 1-5) and scanned them for emergent themes that appeared to be important in explaining family firm innovation (see Reay, 2014). For instance, during this analysis step, the coders identified “scope of decision making,” “emergence and resolution of conflicts (among family members),” and “distribution of decision-making power” as constructs that appeared to be important in linking shared stories and family firm innovation. Moreover, during this step, the two coders coded any statements referring to sharing stories among family members and family firm innovation. This construct was iteratively adapted throughout the entire data analysis process.

With regard to innovation, interviewees’ responses were the most important source for understanding the number and types of innovation introduced by the family firm. More specifically, two researchers independently read and coded the interview transcripts with respect to statements indicating innovative activities. Inspired by innovation literature and the expert interviews, we thereby distinguished between three main categories of innovation: “process,” “product,” and “marketing” innovations, which were further classified as radical or not to the firm (see Table 2). This information obtained from coding the interviews was subsequently mirrored by information obtained from other data sources, such as press releases, brochures, and website content. Based on the two coders’ assessment of both, innovation activities indicated in the interviews as well as innovation activities indicated in other sources, each firm was classified with regard to its innovation

level (“high level of innovation,” “no/few innovations,” “medium level of innovation”).

In the second step, we engaged in a cross-case analysis. The cross-case analysis enabled us to study how the stories’ content was associated with family firm innovation and to identify patterns among our studied firms. To do so, we first hand-coded the interviews of all firms (Saldaña, 2013) with respect to the above mentioned constructs, yet at the same time remaining open to include any further emergent themes or to adapt the codings. Table 1 provides several exemplary quotes generated in this step of data analysis. We then categorized and recategorized our firms (Reay, 2014) to identify meaningful patterns (Miles & Huberman, 1994; Yin, 1994). In particular, we grouped firms according to the content of their shared stories. To do so, we focused on those stories that were transferred across generations and analyzed their content. We identified two extreme groups: those in which the content of shared stories centered (mostly) on the founder (i.e., the person of the founder, his/her values, beliefs, activities, and merits) and those in which the content of shared stories centered (mostly) on the family, in particular, on the values of the family and emotions of family members (see Table 2). The remaining family firms were categorized in between the extremes, as they showed elements of both types of content. Categorizing the firms in this way revealed that the shared stories’ content was indeed associated with the respective firm’s innovation.

Throughout the analysis, we iteratively switched between the qualitative evidence and extant theory (Denzin & Lincoln, 2000; Silverman, 2001). This allowed us to use extant insights (e.g., the mechanisms to establish organizational paths as identified by Djelic & Quack, 2007) to extend theory on how shared stories affect family firm innovation. To manage the complexity associated with our large sample, we used Excel to organize our findings. In rare cases of coder disagreement as well as to triangulate our findings, we used additional information (e.g., press releases, website content). In the following section, we describe the outcome of this data analysis process.

Findings

With our study, we aimed to investigate how stories shared within the family affect a family firm’s innovation. Table 2 provides an overview of the main characteristics and its innovation activities of each firm investigated in this study. Based on the patterns identified in our analyses, we suggest a set of four propositions, which emerged from our

Table 1. Exemplary Quotes.

	Strong focus on founder	Strong focus on family
The importance of shared stories	<p>“I remember his tearjerkers and nowadays I’m sure that those stories [shared by my grandfather] have marked my life and my way to manage the firm, and I hope the same for the next generations.” (Male owner-manager, third generation, Firm 6)</p> <p>“If I have to describe our firm, I could use only one word: our story. (. . .) Yes, our firm is the story of our founder and his deeds and it survives because we transmit this story across generations.” (Female manager, third generation, Firm 29)</p> <p>“Sharing our stories with members of the younger generations is very important for us.” (Female owner-manager, third generation, Firm 27)</p>	<p>“My Grandfather told me about our family, our ancestors. A “family story” that is very important for the actual firm life.” (Female owner-manager, fourth generation, Firm 7)</p> <p>“Our firm is a very old family firm. In our final product, there is the story of our family. That story transmitted across generations represents the core of our firm.” (Male owner-manager, fifth generation, Firm 3)</p> <p>“I think that the heart of our family lies in the shared stories. As such, I believe that it is very important to re-narrate the stories across generations.” (Female owner-manager, second generation, Firm 35)</p>
Strength of founder/family focus in shared stories	<p>“[The focus of those shared stories is] the most important person, the founder. He is our icon and although he is dead, we preserve his name.” (Male owner-manager, third generation, Firm 6)</p> <p>“Our emblem and the focus of the shared stories is the founder. He transmitted to us very important values: the love for the family, the hard work, the respect and the ability. He taught us the basis for this difficult work and we continue to consider his suggestions. We produce wine as in the past, in the respect of the tradition and as our great grandfather told us.” (Female owner-manager, fourth generation, Firm 10)</p>	<p>“Our family firm is based on family values, which are at the core of the transmitted stories. Those values are passed across generations, through storytelling, from the past to the present. I’m proud of my family and my firm.” (Female owner-manager, fourth generation, Firm 3)</p> <p>“I love my family and when I remember the stories that my grandfather, my grandmother, my mother and my father have told me, I’m excited because they have transmitted to me the really important values. My family is my core value.” (Female owner-manager, third generation, Firm 30)</p> <p>“I remember that each afternoon [during my childhood], I met my grandfather and I spent the rest of the day with him. He shared with me his memories and told me a number of emotional anecdotes based on the relevance of hard work, respect for the family, values and ethical behavior. For me, those moments represent important lessons for life.” (Male owner-manager, third generation, Firm 20)</p>
Scope of decision making	<p>“I get inspiration from my great-grandfather. When I don’t know what decision to make I always think what he would have done.” (Female manager, fourth generation, Firm 6).</p> <p>“Even if times are different from the past, I think that previous decisions made by my father are a guideline for me. Indeed, my sons often tell me that my decisions resemble my father’s decisions.” (Female manager, third generation, Firm 29)</p>	<p>“Me and my brother make decisions without being inspired by past generations. Thinking about the founder [when making decisions] is not relevant for us.” (Female owner-manager, fourth generation, Firm 3)</p> <p>“For us the famous ‘founder’s shadow’ does not exist. We decide on our own, only based on our thoughts and conviction.” (Male owner-manager, second generation, Firm 33)</p>

(continued)

Table I. (continued)

	Strong focus on founder	Strong focus on family
Distribution of decision-making power	<p>"I've always known, since when I was a child, that I would be a winemaker like my grand grandfather and his ancestors. There was no doubt that I would continue the work started by my ancestors. The founder is like an important myth. I've never thought of doing any other job in my life and all decisions I made in my life were inspired by this path. It is more than a question of respect, I think." (Female owner-manager, sixth generation, Firm 1)</p> <p>"I'm 52 and my father is 70. However, I have not a well-defined role inside the firm. My father decides, and I and my brothers execute." (Female owner-manager, fifth generation, Firm 1)</p> <p>"I prefer to make decisions without interference: they [my sons] would like to change some things, but for me, it is not the right moment." (Male owner-manager, third generation, Firm 6)</p>	<p>"The role of our founder? Not decisive for my decisions. I'm free from any moral debts. I'm not influenced by his legacy." (Female owner-manager, fourth generation, Firm 7)</p> <p>"I have the experience, skills, and freedom to make decisions. [. . .]. Why should I consider the founder and his actions? His [presumed] suggestions would not be useful for me." (Female manager, third generation, Firm 23)</p> <p>"We are peers. The young and old generation work together. We are all involved in the decision-making process." (Female owner-manager, fourth generation, Firm 7)</p> <p>"We [the younger generation family members] are free to express our opinions; we are also involved in the decision making processes inside the firm." (Female owner-manager, third generation, Firm 8)</p> <p>"Each of us has diverse skills and abilities and can actively participate in decision-making. Strategic decisions, for example, need to be made together in order to consider and identify as many alternatives as possible." (Female owner-manager, third generation, Firm 15)</p>
Conflicts	<p>"Sometimes conflicts are very dangerous for our firm. The young generation has a different vision and they would like to create a new firm. But this is a great mistake." (Male owner-manager, third generation, Firm 6)</p> <p>"When my father dislikes something, he becomes terribly angry and sees obstacles for each idea. In those cases, it is impossible to communicate with him." (Female owner-manager, fourth generation, Firm 10)</p>	<p>"We and our sons discuss the main decisions and aim at mutual consensus. We rarely have a conflict." (Female owner-manager, fourth generation, Firm 7)</p> <p>"We have a meeting each week to assess the situation and discuss possible future strategies. Then the old and new generation share their points of view, opinions, concerns, and so on. At the end of this meeting, we drink a good glass of wine and we enjoy being together." (Male owner-manager, second generation, Firm 15)</p>
Innovation	<p>"Our success factor is based on tradition: we engage in traditional ways to produce, emphasize old tastes, and believe in word-of-mouth marketing. We do not invest in other marketing activities." (Female owner-manager, fourth generation, Firm 10)</p> <p>"Innovation? No, we prefer sticking to our traditions." (Female owner-manager, fifth generation, Firm 1)</p> <p>"Innovation is not a good thing. Traditions need to be respected. So, we do not change our way of how to produce and sell wine." (Male owner-manager, third generation, Firm 11)</p>	<p>"We are involved in many innovation projects in order to radically change our production ways and products." (Female owner-manager, third generation, Firm 15)</p> <p>"We constantly study new tastes and new ways to produce wine." (Female owner-manager, third generation, Firm 30)</p> <p>"Innovating means improving our business model; it is fundamental for our business." (Male owner-employee, second generation, Firm 40)</p>

Table 2. Shared Stories and Innovation in the 41 Firms.

Firm	Focus of stories	Scope of decision making	Power distribution	Conflicts in family	Innovations and change	Process	Product	Marketing	Radical?	Time
1	Founder	Constrained	Hierarchical	Destructive	From unbottled to bottled wine (with no brand creation)		X		No	1990s
6	Founder	Constrained	Hierarchical	Destructive	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		No	1990s
10	Founder	Constrained	Hierarchical	Destructive	None				No	N/A
14	Founder	Constrained	Hierarchical	Destructive	None				No	N/A
27	Founder	Constrained	Shared	Constructive/ rare	New grape varieties stemming from other areas of Sardinia and new lines of wine (2000s; through acquisitions)		X		No	Since 1990s
29	Founder	Somewhat constrained	Hierarchical	Destructive	From unbottled to bottled wine (with no brand creation) (1990s)		X		No	Since 1990s
36	Founder	Constrained	Hierarchical	Destructive	None				No	N/A
41	Founder	Constrained	Hierarchical	Destructive	Few new marketing activities			X	No	Late 1990s
2	Mostly founder	Constrained	Shared	Constructive/ rare	Few new marketing activities			X	No	Since 1980s
11	Mostly founder	Constrained	Shared	Constructive/ frequent	Improvement of production process through the introduction of a new press (1990s), new line of wines, and new grape variety (2000s)	X	X		No	Since 1990s
12	Mostly founder	Constrained	Hierarchical	Constructive/ frequent	From unbottled to bottled wine (no brand creation; 1990s)		X		No	1990s
4	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	From unbottled to bottled wine (with new brand creation)		X	X	No	1990s
5	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New line of wine		X		No	1990s
9	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New lines of wine (1980s; through acquisition) and improvement of the production process through the introduction of machines to reduce press time while preserving quality (1990s)	X	X		No	Since 1980s
13	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New containers to store grapes	X			No	Late 1990s

(continued)

Table 2. (continued)

Firm	Focus of stories	Scope of decision making	Power distribution	Conflicts in family	Innovations and change	Process	Product	Marketing	Radical?	Time
16	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New line of wine (1990s; through acquisition) and improvement of production process through the introduction of a new press (2000s)	X	X		No	Since 1990s
18	Founder/ family	Constrained	Shared	Constructive/ rare	New quality control system for bottling (1990s) and improvement of the delivery system (2000s)	X		X	No	Since 1990s
19	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New marketing activities (1980s) and new grape variety stemming from other areas of Sardinia and the South of Italy (1990s)		X	X	No	Since 1980s
21	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New grape variety stemming from other areas of Sardinia (2000s) and new line of wines (1990s; through acquisition)		X		No	Since 1990s
22	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	Improvement of production process through the introduction of new machines to distill wine (1980s) and new lines of wine (1990s; through acquisition)	X	X		No	Since 1980s
24	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	Improvement of production process through the introduction of new machines to press grapes and preserve wine (1990s) and new line of wine (late 1990s)	X	X		No	Since 1990s
25	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New grape variety stemming from other areas of Sardinia (late 1990s)		X		No	Late 1990s
26	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New marketing activities (1990s) and new grape variety stemming from other areas of Sardinia (1980s)		X	X	No	Since 1980s
28	Founder/ family	Constrained	Shared	Constructive/ frequent	New marketing activities (1990s), improvement of production process through the introduction of new machines to distill wine (late 1990s), and new lines of wine (late 1990s; through acquisition)	X	X	X	No	Since 1990s
31	Founder/ family	Somewhat constrained	Shared	Constructive/ frequent	New grape variety stemming from other areas of Sardinia (late 1990s) and new tastes of wine (2000s)		X		No	Late 1990s

(continued)

Table 2. (continued)

Firm	Focus of stories	Scope of decision making	Power distribution	Conflicts in family	Innovations and change	Process	Product	Marketing	Radical?	Time
38	Founder/family	Somewhat constrained	Shared	Constructive/frequent	New grape variety stemming from the North of Italy and new lines of wine (through acquisition)	X	X		No	Since 2000s
39	Founder/family	Somewhat constrained	Shared	Constructive/frequent	Improvement of marketing activities (2000s) and new grape variety stemming from other areas of Sardinia (late 1990s)	X	X	X	No	Late 1990s
20	Mostly family	Somewhat constrained	Inclusive	Constructive/frequent	New tastes of wine (late 1990s), improvement of production process through the introduction of new press and new activities to distill and store wine (1990s), and constant research to reduce environmental impact (2000s; e.g., now monitoring tools in production process)	X	X		Yes	Since 1990s
34	Mostly family	Broad	Shared	Constructive/frequent	From unbottled to bottled wine (with brand creation; 2000s), new lines of wine (2000s, through acquisition), and improvement of production process through the introduction of new machines to distill wine (2000s)	X	X	X	No	Since 2000s
37	Mostly family	Somewhat constrained	Inclusive	Constructive/frequent	New tastes of wine (2000s), new production process with machines using fewer sulfites (2000s), and research to reduce environmental impact (2010)	X	X		Yes	Since 2000s
3	Family	Somewhat constrained	Inclusive	Constructive/rare	New quality control system for bottling, new marketing activities, and new line of wine	X	X	X	No	Late 1990s
7	Family	Broad	Inclusive	Constructive/rare	New marketing activities (1980s), constant activities to improve product quality (since 1980s), and new line of wine (1990s; through acquisition)	X	X	X	No	Since 1980s
8	Family	Somewhat constrained	Shared	Constructive/rare	New marketing activities (1980s) and improvement of production process through the introduction of a new press (1990s)	X	X	X	No	Since 1980s

(continued)

Table 2. (continued)

Firm	Focus of stories	Scope of decision making	Power distribution	Conflicts in family	Innovations and change	Process	Product	Marketing	Radical?	Time
15	Family	Broad	Inclusive	Constructive/ rare	New way to condense wine (1990s), new grape variety stemming from own laboratory (late 1990s), new marketing activities (late 1990s), and own laboratory to produce new grape variety	X	X	X	Yes	Since 1990s
17	Family	Broad	Inclusive	Constructive/ rare	New tastes of wine (1990s), improvement of production process through new distillation activities (1980s), new grape variety (1980s), and new production processes to ensure environmental sustainability (2000s)	X	X		Yes	Since 1980s
23	Family	Broad	Shared	Constructive/ rare	Launch of own laboratory (2000s), new tastes of wine (late 1990s), new marketing activities, and improvement of production process through the introduction of new machines to distill wine (1990s)	X	X	X	Yes	Since 1990s
30	Family	Broad	Inclusive	Constructive/ rare	New tastes of wine (1970s), new line of wine (1980s), own laboratory to produce new tastes of wine (late 1990s), and attention to environmental sustainability (late 1990s)	X	X		Yes	Since 1970s
32	Family	Broad	Inclusive	Constructive/ rare	New line of wine based on new grape variety (2000s) and new equipment to conserve wine (2000s)	X	X		Yes	Since 2000s
33	Family	Broad	Inclusive	Constructive/ rare	New quality control system for the entire process with fully automated systems (late 1990s), new grape variety stemming from other areas of Italy (late 1990s), and marketing innovation (2000s)	X	X	X	Yes	Late 1980s
35	Family	Broad	Inclusive	Constructive/ rare	New lines of wine (2000s; through acquisition), new grape variety stemming from other areas of Sardinia (2000s), and new marketing activities (2000s)		X	X	No	Since 2000s
40	Family	Broad	Inclusive	Constructive/ rare	New quality control system for bottling wine (late 1990s), new grape variety stemming from other areas of Italy (late 1990s), and marketing innovation (e.g., presentation on TV and at fairs) (2000s)	X	X	X	Yes	Late 1990s

Note. N/A = not applicable.

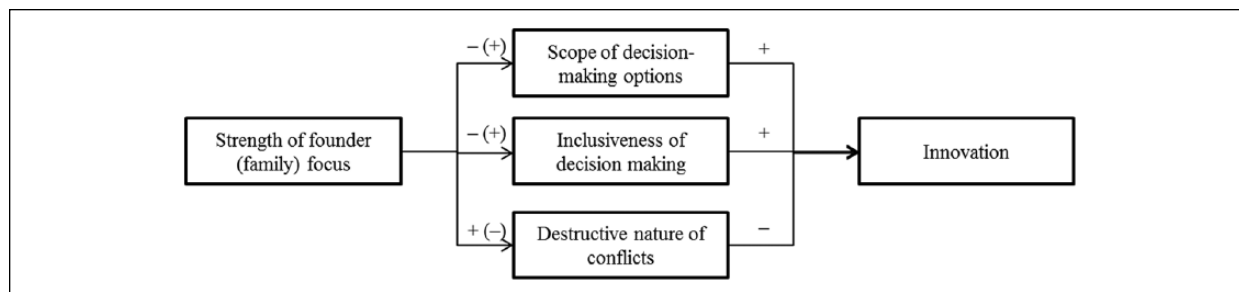


Figure 1. Model of the relationship between founder versus family focus and innovation.

exploratory study. In the following, we will present exemplary evidence for our findings and induce a set of propositions. Our findings are also illustrated in Figure 1.

Importance of Stories

Our first observation was that stories shared among family members 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, as the following quote illustrates:

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. (Female owner-manager, fourth generation, Firm 7)

Many times, family members first heard these stories early in their childhood:

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. (Female owner-manager, third generation, Firm 30)

Founder Versus Family Focus in Shared Stories and Innovation in Family Firms

When searching for patterns within our data, we noted that the studied firms differed with regard to the extent

the shared stories focused on the founder versus the family (see Table 2, Column 2). For instance, in firms with a strong founder focus, such as Firms 12 and 29, the founder, his values, and his achievements played a central role in the stories that were shared across generations as the following quotes illustrate:

When I grew up, my father told me many stories about our vineyard. Most of them were about the work of my grandfather [i.e., the founder], so 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. (Female manager, third generation, Firm 29)

My father often told us that his grandfather was a hard worker . . . and he perceived his vineyard almost as his child. His [the founder's] success strongly depend[ed] 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. (Female owner-manager, fourth generation, Firm 12)

Our cross-case analysis and search for patterns revealed that in those firms with a strong focus on the founder, the level of innovation was very low. Innovations occurred only infrequently, later compared to competitors, and were mostly restricted to incremental product innovations, and introducing bottled wine (see the right part of Table 2). In the additional material, such as brochures and press releases, we could barely find signs of innovation in those firms, and also the respective websites mostly highlighted the traditional character of the family firms. This observation was also reflected in interview statements that expressed a negative attitude toward innovation (e.g., "Innovation is not a good thing. . . . So, we do not change our way of doing business." Male owner-manager, third generation, Firm 11).

In contrary to the firms with strong founder focus, in firms with strong family focus, the family, its history,

and its common values were emphasized in the stories shared across family members (see also Table 2). The following two quotes provide exemplary evidence for such strong family focus:

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 [and] will continue the business. (Female owner-manager, third generation, 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. (Female owner-manager, third generation, Firm 15)

Firms with a strong emphasis on the family in their shared stories frequently introduced innovations early in comparison to competitors and even launched radically new innovations. For instance, innovation in those firms included process innovations, such as implementing new quality control systems for bottling; acquiring new machinery to press, distill, and store the grapes; using new equipment to conserve the wine; adding new grape varieties; implementing new processes to ensure environmental sustainability; launching new laboratories; adding new tastes or new lines of wine; and extending the marketing channels and techniques. When comparing the innovations in firms with family- versus founder-focused stories, one recognizes that the former do not only introduce a higher number of innovations and do so much earlier, but their innovation spectrum also contains a broader number of changes, including process and marketing innovations, some of them being radically different from what the family firm had done before. The strong focus on innovation in those family firms with strong family focus in shared stories was also evident in the conversations with our interviewees:

I have introduced many innovations. First, I decided to create a label for our wine. In addition, I paid more attention to the quality and thus acquired specific boxes to preserve and stabilize the product. Through this innovation process, a number of new wines were born. . . . This does not mean that I neglect what we did [in the past], but I learn from the

past without sticking to it. (Male owner-manager, second generation, Firm 33).

The innovations introduced by those family firms with stories focused on the family were also frequently announced on the firms' respective websites and brochures. Based on the observed pattern, we propose the following:

Proposition 1: While a strong founder focus in shared stories is negatively associated with innovation in family firms, a strong family focus in shared stories is positively associated with innovation in family firms.

Role of Decision-Making Scope

In an effort to identify potential explanations of why founder focus in shared stories is negatively associated with innovation while family focus in shared stories is positively associated with innovation, we searched for further common patterns in our qualitative data set. We recognized that in those family firms in which the shared stories strongly focused on the founder, the decision-making scope, that is the breadth of strategic options considered by those family members active in the firm, was very narrow. For example, in Firm 10, a later generation owner-manager explained to us that she always considered what her great-grandfather, of whom she heard much about in shared stories, would have done in the same situation.

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. (Female owner-manager, fourth generation, Firm 10)

In another part of the interview, the same owner-manager explained that because of her desire to continue the business in a way that would make the ancestors happy, she shies away from innovation.

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. (Female owner-manager, fourth generation, Firm 10)

Based on this observed pattern (see also in Table 2) and narrative evidence (see Table 1 for a selection of further quotes), we theorize that a strong founder focus in shared stories provides legitimacy only to activities that are in line with the founder's (potentially outdated) values and beliefs.

However, when we analyzed the scope of decision-making options that were considered in family firms with strong focus on the family in their shared stories, we recognized that those family firms typically considered a broad range of potential options and did not feel constrained by past decisions. For instance, as the owner-manager of Firm 30 described,

The role [of the founder and ancestors in decision-making] is very marginal. The last word, in fact, is ours [i.e., the new generation]. (Female owner-manager, third generation, Firm 30)

A potential explanation for the observation that the decision-making scope in these family firms is rather unconstrained and relatively path independent is that the content of their shared stories does not propose a narrow set of concrete activities and beliefs (as observed when there was a strong emphasis on the founder) but rather highlights abstract values and emotions. The emphasized family aspects—such as the imprinted principle of family members to “do good work in the family firm” (Firm 17)—leave a broad range of decision-making options open and, as such, also allow for innovative activities. The emphasis on the family and the will to continue the positive aspects of the family business offered in these stories could further motivate family members to engage in thoughtful innovation, as this is seen as a way to continue past successes. This is illustrated, for instance, in the following quote:

I think that our history is the heart of our family. So, I believe that it is very important to transmit our story across generations. . . . Innovation, in this context, contributes to our success, and builds on the past successes. Telling stories across generations helps us increase the commitment of the next generation. (Female owner-manager, second generation, Firm 35)

To summarize, a strong focus on the family in shared stories provides legitimacy to a broad scope for decisions and also imprints family members across generations with the

motivation to commit to the long-term success of the firm, while a strong founder focus in shared stories only provides legitimacy to a narrow scope of decision-making options. Consequently, we propose the following:

Proposition 2: The negative (positive) relationship between founder (family) focus in shared stories and family firm innovation is mediated by a decreased (increased) decision-making scope.

Role of Distribution of Decision-Making Power

Another common observation in our sample was the difference of family firms with founder- versus family-focused stories in how the decision-making power was distributed between generations. In firms with a strong founder focus in their shared stories, the decision-making power was mostly concentrated in the hands of the older generation. While newer generation family members were often officially included in the firm's management, their de facto decision-making power was minor. For instance, as the owner-managers of Firms 6 and 14 described,

[Even after I had been appointed as owner-manager,] all power was concentrated in the hands of my father. (Male owner-manager, third generation, Firm 6)

When my father retired, he only retired on paper; he still works within the firm. An [official] succession took place, but it was just a symbolic, non-substantial event. (Male owner-manager, fourth generation, Firm 14)

While most interviewees remained silent on the precise reasons for such centralization, the following explanation is conceivable: The stories shared among family members in those firms venerated the founder and thus the ancestor generations. It is reasonable to assume that the superiority of the ancestors as expressed in the stories spills over into business life and gives privilege to the senior generation in decision making. As such, the role of narrated and renarrated stories in the second-hand imprinting process is not only that of providing legitimacy to certain decision-making options (as outlined above) but also that of allocating authority to specific individuals, namely earlier generation family members. Since it is often younger generation family members who generate ideas, in those firms in which

decision making was centralized in the hands of the senior generation, the level of innovation was low. An interview statement from the senior generation owner-manager of Firm 12 provides some illustrative evidence for this proposition.

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 [thanked] my father. (Male owner-manager, third generation, Firm 12)

In family firms with a strong emphasis on the family in their shared stories, however, the decision-making process was typically inclusive, and the power was distributed equally between the older and younger generations. This is, for instance, illustrated in the following quote:

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; that is the most important element of a family business. (Female owner-manager, fourth generation, Firm 7)

We theorize that the shared stories' focus on the family as a whole (instead of one individual, e.g., the founder) provides a similar amount of decision-making power to all family members, independent of their seniority. In other words, the focus of the stories imprints an authority scheme that fosters inclusion. The equal distribution of decision-making power likely acts as an important link between family focus in shared stories and innovation since it allows younger family members not only to bring in their ideas and but also to vote for implementing innovation. Formally, we thus propose that in addition to the scope of decision making, the centralization of decision-making power is also an important second-hand imprinting construct that links strong founder focus in family firms' shared stories to a lack of innovation while associating family focus with a high level of innovation:

Proposition 3: The negative (positive) relationship of founder (family) focus in shared stories and family firm innovation is mediated by an exclusive (inclusive) distribution of decision-making power.

Role of Conflicts Among Family Members

Finally, we also observed differences between firms with founder-focused stories and those with family-focused

stories regarding the nature of conflicts that emerged between family members. A commonality among family firms with shared stories that strongly emphasized the founders is the existence of frequent and destructive conflicts among family members, in particular, between the senior and junior generation. For instance, as two interviewees explained to us,

Since I was child, I remember that my father and my grandfather often argued about the vineyard. My grandfather . . . did not like any opposition, especially not by his sons. (Female manager, third generation, Firm 29)

Conflicts happen when my son does not listen to me about what is right to do. (Male owner-manager, first generation, Firm 41)

Those conflicts likely arise when the joined family legacy, in the form of shared stories, prefers the old over the new, and when, as a consequence, younger family members become dissatisfied because of their lack of influence. Interestingly, due to the salient imbalance of power, disagreements among family members did not lead to task or process conflicts (which could be constructively solved in a subsequent step), but rather implied relational conflicts between the older and the younger generation, which remained unresolved over time. What is more, older generation family members often referred back to the shared family stories in such conflict situations, with the purpose of strengthening their position:

I remember when 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. (Male owner-manager, third generation, Firm 6)

As this empirical evidence as well as the interpretation of the patterns outlined in Table 2 suggest, the observed frequent and destructive conflicts further impeded innovation as they prevented novel ideas from being discussed in an open and trust-based atmosphere that fosters creativity. Interestingly, some of our interviewees suggested that this pattern of intergenerational conflicts has been constant over time (i.e., over generations), implying that there is again a second-hand imprinting mechanism

at work that leads to conflict behavior being transferred from one generation to the next.

However, in family firms with stories that focused strongly on the family, we could not identify any destructive conflicts among family members. In the rare cases, when conflicts arose, they were resolved in a constructive manner, as the interviewees described:

It is not the case that there are no conflicts between us, but we always find a shared solution. (Female owner-manager, third generation, Firm 15)

We have experienced only few arguments within the family . . . most of them related to decisions regarding the form of marketing. In the end, we always find a way to agree on a solution. (Male owner-manager, second generation, Firm 33)

We suggest that due to the absence of destructive conflicts and the constructive handling of all emerging disagreements, younger family members in those firms with family-focused stories felt particularly motivated to bring in their own innovative ideas. Summarized, we thus propose the following:

Proposition 4: The negative (positive) relationship of founder (family) focus in shared stories and family firm innovation is mediated by a destructive (constructive) nature of conflicts between generations.

Discussion

In our exploratory study of Sardinian family wineries, we aimed to elucidate how precisely stories shared within the family, and in particular the content of those stories, are linked to innovation in family firms. Based on the observed patterns, we propose that the strength of founder focus in shared stories is negatively associated with innovation in the respective family firms, while the strength of family focus is positively associated with innovation. We further propose that those relationships are mediated by the scope of decision making (i.e., providing legitimacy to certain activities), the distribution of decision-making power (i.e., providing authority to certain individuals), and the conflicts among family members (i.e., providing value judgements of how to work together). Based on theory addressing organizational paths (Marquis & Tilcsik, 2013; Sydow et al., 2009), we hence conclude that sharing stories among family members can serve as an important second-hand

imprinting process that, depending on the content focus, either leads family firms to stick to their past or enables them to thoughtfully deviate from past paths.

Contribution to the Literature on Family Firm Innovation

Our study extends current knowledge on family firm innovation by introducing “shared family firm stories” as an important precursor of family firm innovation. Previous research in this literature stream (De Massis et al., 2013) mostly focused on firm-level drivers of family firm innovation, 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). Our study, however, draws attention to stories shared within the family as an important antecedent of family firm innovation and thus addresses recent calls to pay closer attention to the family aspect to explain firm-level outcome (Jennings et al., 2014). More specifically, we show that stories shared within the family, often in rather private settings, are associated with the family firms’ innovation behavior: While families with shared stories strongly focusing on the founder were resistant to inducing changes into their businesses, family with stories focusing on the family launched a series of innovations.

Studying the effect of stories shared within the families in association with innovation appears to be 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 for preserving the entrepreneurial spirit across generations (Jaskiewicz et al., 2015). Due the multicase character of our study, which allowed comparison across cases, our study also contributes to the literature explaining differences in family firms’ level of innovation (Cassia, De Massis, & Pizzurno, 2012; Kammerlander & Ganter, 2015; Pittino & Visintin, 2009) instead of focusing on dichotomous differences between family and nonfamily firms.

However, not only the identified association between shared stories and innovation but also the proposed bridging mechanisms serve to advance scholarly knowledge on family firm innovation. First, we propose that shared stories affect the scope of considered decision-making options and, as such, affect the cognitive schemes assumed

by decision makers (Kaplan, 2008). The findings of our study thus contribute to the emerging literature stream that seeks to understand the influence of the family on the attention schemes and sense-making processes in the respective firms (Kammerlander & Ganter, 2015; Strike & Rerup, 2015).

Another important finding of our study is that family firms with more than one generation active in the firm are not necessarily innovative. Prior research has argued that the younger generation members provide important ideas for innovation (Litz & Kleysen, 2001) and that there is thus a positive effect of intergenerational involvement on a firm's corporate entrepreneurship but could not confirm this hypothesis empirically (Kellermanns & Eddleston, 2006). Our findings might shed additional light on this issue. In most of our studied firms (31 out of 41 family firms), two or more generations were simultaneously active in management, thus, by definition, showing high levels of intergenerational involvement. However, the level of innovation in these family firms varied substantially. We propose that while many firms with high levels of founder focus in their stories had high levels of intergenerational involvement *on paper*, with two or more generations active in the firm, the informal power distribution within the family centered all power in one individual who was a member of the senior generation. In line with extant literature (De Dreu, 2006), destructive handling of conflicts further excluded younger generation family members from contributing valuable suggestions for these firms' development, leading to a reluctance to innovate. Thus, to be able to reap the advantages that stem from intergenerational involvement, families require 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 strong family focus in their stories show. We further suggest that sharing stories with a focus on the family rather than the founder can foster such a decision-making culture.

In addition to these important theoretical advancements explaining family firm innovation, the data gathered in this study also provide rich insights into the nature of innovation in family wineries. As Table 2 reveals, most of the innovations launched by the firms in the sample were rather incremental, with a focus on packaging, product, and process innovations, which have been argued to be particularly suitable for family firms (Bammens, van Gils, & Voordeckers, 2010; De Massis, Frattini, Pizzurno, & Cassia, 2015). By engaging in incremental—as opposed

to radical (Christensen, 1997)—innovations, these family wineries might be particularly able to find a balance between tradition and innovation and to focus equally on stability and change. As such, they can avoid the pitfall of “being too innovative,” which has been associated with competitive disadvantage (Rosenbusch, Brinckmann, & Bausch, 2011).

Contributions to Literature on Family Firms in General

In addition to our contributions to the family firm innovation literature, our study also extends research on family firms in general. First, this study describes shared stories as an important vehicle for second-hand imprinting of organizational paths (Tilcsik, 2010). The founder has long been known to establish the path of the family firm (De Massis, Chirico, Kotlar, & Naldi, 2014) and thereby imprint his or her business practices on the firm (“first-hand imprinting”). The findings of this study demonstrate that shared stories can serve as an important means to transmit and reinforce the founder's path across generations and preserve it over the long run (“second-hand imprinting”). Interestingly, our interviewees mentioned that the core of the stories shared among family members remained largely stable over time; however, each generation enriched the transmitted stories, thereby being able to gently alter their content.

The specific role of stories in the second-hand imprinting process can be viewed in light of current path-creation research (Garud et al., 2010), thereby contributing to our understanding of organizational paths in family firms. In particular, we suggest that stories affect current firm behavior by providing *legitimacy* to certain decision-making options, *authority* to certain decision makers (Djelic & Quack, 2007; Schreyögg & Sydow, 2011), and a *value judgement* of how family members work together. By highlighting these aspects, our article contributes to understanding organizational paths and imprinting in family firms (Garud & Karnøe, 2001; Stinchcombe, 1965) and to integrating this stream of literature into research on family firms.

Contributions to Practice

The findings of our exploratory study also carry relevant implications for practitioners. Given the important role of stories shared among family members for the imprinting process and ultimately family firm innovation, family firm

members, and in particular older generation owner-managers, should be aware of the critical role that such stories could play. Based on our study, one might assume that family firm owner-managers could even thoughtfully deploy storytelling as a means to bind younger family members to the family firm while at the same time making them open to innovation. Family firm owner-managers are thus advised to carefully reflect on the role of shared stories, the content of shared stories (in particular, the strength of founder and family focus), and the potential implications of the shared stories in their own firms. Moreover, it could be a fruitful exercise to reflect on *when* family firm stories are renarrated, as we observed that sharing founder-focused stories in times of conflict might even lead to escalation of the conflicts. As some of our interview statements provide tentative evidence that stories can be gradually adapted over time, family firm owner managers might even become encouraged to “rethink, rewrite, and retell” the family firm story in a way that fosters firm adaptation. A deep understanding of the role of stories is not only important for family firm members but also for those firms’ advisors. They can point toward the necessity of sharing the family firm stories already during the childhood of the successor generation, and they can also help family firm members to reflect on the “right” family firm story.

Limitations and Further Research

As in any empirical research, our study comes with some shortcomings, most of which open up fruitful areas for further research. First and most important, our research design, which is based on a rather large number of comparative cases, is of an exploratory nature. As such, an important next step is to scrutinize the testable propositions that emerged from our analyses in a quantitative-empirical set up by converting the constructs proposed in this study into operationalizations that can be used, for instance, in survey designs. Moreover, we also encourage scholars to carry out a longitudinal, in-depth case study to scrutinize our findings and, in particular, the causality of the proposed associations. In such study, it would be interesting to also include the perspective of nonfamily members active in the family firm and to investigate whether they are aware of and potentially even affected by the family stories. Moreover, such a longitudinal single case study design might allow for a more systematic study of change of stories over time. Third, as with any qualitative work, we cannot

fully mitigate the possibility of alternative explanations. By applying a multiple-case design and focusing on a specific industry in a specific region, we are confident that no other potential explanation (e.g., institutions, industries, or family firm generation) can fully explain the observed patterns. However, future studies should also pay attention to other family-level and individual-level factors that may 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).

Finally, further research could also study whether sharing stories is common for family firms other than the specific type of family firms we studied, such as family firms with lower levels of family involvement in ownership and management. Overall, we hope to have initiated a fruitful, insightful, and important discussion about the role of activities carried out within the family, such as sharing stories, on family firm innovation and to have encouraged other researchers to join into this debate.

Authors’ Note

A previous version of this article has been awarded the “Best Unpublished Paper Award” of the Family Firm Institute and the Carolyn Dexter Best International Paper Award of the Academy of Management. An abbreviated version of an earlier version of the article has been published in the Academy of Management Best Paper Proceedings.

Acknowledgments

This article benefited from the helpful comments of Associate Editor Trish Reay as well as three anonymous reviewers. We further acknowledge insightful feedback of Kathryn Harrigan, Andrea Prencipe, Melanie Richards, and Thomas Zellweger on earlier version of the article. Moreover, we thank students of the 2012 seminar at the University of Cagliari for research assistance.

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

Notes

1. An overview of the characteristics of the sampled firms can be obtained from the authors on request.
2. The interview guideline can be obtained from the authors on request.

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