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Business model innovation in family businesses: Factors, dynamics and strategic implications

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Abstract

The research object of this Ph.D. course focuses on Business Model Innovation (BMI) in Family Firms (FF); this topic is becoming increasingly important for maintaining competitiveness and fostering development in rapidly evolving markets. The thesis is structured into three interconnected parts, each addressing a key aspect of this multifaceted topic.

The first part of the paper presents a systematic literature review of the existing literature on the intersection of BMI and FF, identifying the main trends, opportunities and unique challenges that characterize the adoption of BMI in FF. The review highlights how the unique characteristics of FF—as their long-term orientation, socio-emotional wealth (SEW), distinctive innovation approaches, and governance structures—both enable and constrain their pursuit of BMI. Additionally, the review identifies critical research gaps, including the need for more empirical studies on BMI approaches, influencing factors, and sector-specific solutions. It also underscores the lack of comparative analysis across FFs of different sizes and industries, limiting the understanding of innovation dynamics within these unique enterprises.

The second part of the study employs a qualitative multiple case study analysis, examining four FFs selected based on specific criteria. This analysis investigates how BMI is influenced by family-specific factors such as risk aversion, generational dynamics, and the involvement of family members in strategic decisions. Findings reveal that BMI in FFs is shaped by reciprocal micro-adjustments between the family and business systems, with day-to-day operational decisions often having long-term strategic implications. The study also identifies the introduction of new family members with innovation-oriented mind-sets as a pivotal catalyst for change, driving the co-evolution of family and business spheres.

The third part delves deeper into the family-business relationship through a single case study of an Italian FF, focusing on relational conflict within the family as a critical factor influencing the BMI process. Using paradox theory, the study demonstrates how internal conflicts can simultaneously act as barriers and drivers of innovation, depending on their management. Notably, isolating specific conflict areas facilitated the implementation of a new business model alongside the traditional one, resulting in synergies and incremental innovation.

In conclusion, this research contributes to a deeper understanding of the dynamics of BMI in FFs by emphasizing the interplay between family and business systems, the peculiarities of family governance, and the dual role of relational conflict as both a challenge and an opportunity. This study has two main objectives: first, to advance academic theory on BMI in FFs by providing a nuanced perspective on their innovation processes; and second, to offer practical insights for FF owners and managers seeking to leverage family dynamics for innovation and ensure long-term business sustainability.

Introduction

Family firms (FF) are not only a dominant force in the global economy but also an integral component of societal well-being, contributing significantly to employment, innovation, and community development. These firms, defined by their long-term orientation, socio-emotional wealth (SEW), and distinct governance structures, operate at the intersection of tradition and transformation. However, as the pace of economic, technological, and environmental change accelerates, FF face mounting pressures to adapt their business models to remain competitive while preserving their core identity and values.

Research into FF has expanded considerably in recent decades, driven by the recognition of their critical role in economic systems and their unique characteristics. The intersection of family dynamics and business operations presents both challenges and opportunities that demand tailored strategies for success. Among these, the ability of FFs to engage in Business Model Innovation (BMI)—the process of redefining value creation and delivery to meet evolving market demands—has emerged as a key area of inquiry. Scholars have highlighted the dual nature of family-specific attributes, such as intergenerational leadership and governance structures, as both enablers and constraints to BMI. This paradox raises critical questions: How do FF balance tradition with the need for transformation? What mechanisms allow them to link family values with innovative practices? How can they overcome resistance to change while preserving their long-term goals? Addressing these questions is essential not only for advancing academic understanding but also for offering actionable insights to practitioners.

Why This Structure?

This thesis is structured to systematically investigate the phenomenon of BMI in FF, responding to the need for a comprehensive, multi-level analysis. This approach is guided by the literature, which advocates for qualitative methods as particularly suited to exploring complex and multifaceted phenomena like BMI in FF. The structure reflects a deliberate progression, each phase building upon the last to provide a holistic understanding of the topic.

The first phase establishes a state of the art through a systematic literature review. This phase synthesizes existing research on BMI in FF, identifying recurring patterns, challenges, and critical gaps in the field. By providing a clear overview of the current academic discourse, the literature review sets the foundation for the subsequent phases of the research.

The second phase transitions from theory to practice through a qualitative multiple case study analysis. By examining four FF from diverse sectors, this phase explores the empirical relationships between the themes identified in the literature and the observed dynamics of BMI in practice. This comparative analysis enables the identification of cross-sectoral generalizations and theoretical insights, bridging the gap between abstract concepts and real-world applications.

The third and final phase adopts a longitudinal single case study to delve deeply into a specific aspect of BMI: the role of relational conflict within the family system. Using paradox theory, this phase investigates how internal conflicts can act as both barriers and drivers of innovation, revealing the nuanced interplay between tradition, innovation, and governance. By focusing on a single case, this phase provides the depth needed to uncover insights that might be overlooked in broader studies.

A Clear Project and Purpose

This structured approach reflects a clear and intentional project: to study BMI in FF across multiple levels, from broad theoretical foundations to detailed empirical analysis. The goal is not merely to document existing knowledge but to actively link literature-driven insights with observed realities. By systematically applying qualitative methodologies, the thesis addresses the complexity of BMI in FF with a focus on nuance, context, and depth.

In doing so, this research contributes to the academic understanding of BMI in FF while also offering practical recommendations for FF managers seeking to innovate. It underscores the importance of tailoring strategies to the unique characteristics of FF, recognizing the intricate relationships between family dynamics, governance, and innovation processes. Ultimately, the thesis aspires to serve as a roadmap for further exploration, highlighting the need to align robust academic research with actionable insights in one of the most dynamic and influential areas of the global economy.

Chapter 1 – Business Model innovation in Family firms: A literature review and future research agenda

- 1.1) Abstract**
- 1.2) Introduction**
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1.1) Abstract

This research project presents a systematic literature review on the relationship between family firms (FF) and business model innovation (BMI). Based on an analysis of articles published between 2003 and 2024, this study discusses the main trends, findings, and research gaps in the field. The results suggest that FF face unique challenges and opportunities in implementing BMI due to distinctive characteristics like long-term orientation, family involvement, and socioemotional wealth. These traits create both obstacles, such as resistance to change, and strengths, like resilience and commitment, impacting the innovation process. Furthermore, this research identifies key factors influencing the propensity for BMI in FF amid a dynamic and changing market environment, and proposes directions for future research.

1.2) Introduction

Business model innovation (BMI) has emerged as a critical factor for firms to maintain and enhance their competitive advantage in today's rapidly evolving business environment (Geissdoerfer, Vladimirova and Evans, 2018). It refers to the development and implementation of new, unique, and valuable configurations of resources, activities, and value propositions that enable firms to create and capture value (Teece, 2010). Despite the growing interest in BMI, its application in family firms (FF), which represent a significant portion of global businesses, remains underexplored (Gudmundson, Tower and Hartman, 2003). This is particularly relevant given the need to investigate family involvement and BMI as a central focus of analysis (Calabrò et al., 2019), an area that still largely remains unobserved (Weimann, Gerken and Hülsbeck 2019).

Family businesses, characterized by the involvement of multiple generations of a family in ownership, management, and governance (Chua, Chrisman and Sharma, 1999), exhibit distinct advantages and challenges compared to non-FF (Habbershon and Williams, 1999). Key advantages include long-term orientation (De Massis et al., 2018; Lumpkin and Brigham, 2011), strong social capital (Salvato and Melin, 2008), and unique governance structures

(Chrisman et al., 2018). However, FF also face significant challenges such as resistance to change (De Massis et al., 2016; Chrisman et al., 2015), emotional decision-making (Shepherd, 2016; Humphrey et al., 2021), and succession issues (Ibrahim, Soufani, and Lam, 2001).

The combination of these unique characteristics of FF, alongside the increasing importance of BMI, suggests a pressing need to investigate the role of BMI in FF and its implications for their competitive advantage. Given the scarcity of research on this topic, a systematic literature review is necessary to synthesize the current state of knowledge, identify research gaps, and highlight opportunities for future studies.

Despite the economic and social importance of FF and the growing interest in BMI, significant gaps persist in the existing literature (Meroño-Cerdan et al., 2024). First, much of the research on BMI has predominantly focused on firms in general, neglecting the distinctive dynamics that characterize decision-making and innovation processes within FF (Sharma and Salvato, 2011). While product and process innovation has been extensively studied, innovation at the business model level in FF has received limited attention (De Massis, Frattini and Lichtenthaler, 2013). Moreover, there is a need to investigate specific drivers of BMI, such as the role of tradition in FF (De Massis et al., 2016), and to better integrate family-specific characteristics, dynamics, and processes with established paradigms of innovation (Calabrò et al., 2019). Lastly, given the economic significance of FF, which constitute between 70% and 95% of all firms globally and employ more than 100 million workers (European Family Business-EFB, 2022), understanding their unique innovation pathways is crucial. These gaps underscore the necessity for further research that addresses these distinctive challenges and explores how family involvement influences BMI, ultimately offering significant implications for economic policy and sustainable development.

This paper presents a systematic literature review at the intersection of FF and BMI, with the following objectives: (1) to understand the current state of research on FF and BMI, (2) to identify the key factors influencing BMI in FF, (3) to uncover research gaps, and (4) to propose a research agenda to address these gaps.

The paper is organized as follows. First, we review the literature on BMI and FF, discussing their conceptual underpinnings and the importance of understanding their interplay. Second, we describe the methodology employed in our systematic literature review. Third, we present the findings of the review, highlighting the main themes and contributions of the existing literature. Fourth, we discuss the research gaps and propose a research agenda for future studies. Finally, we conclude with the implications of our findings for theory and practice.

This research aims to address the following questions: What is the current state of scientific knowledge in the area of family business and BMI? Which aspects of the interaction between these two research areas warrant particular attention? To answer these questions, a systematic literature review was conducted, focusing on the most influential publications to date, with the objective of synthesizing and structuring the accumulated knowledge in this field.

The contributions of this research lie in advancing our understanding of the intersection between BMI and FF, an area that still requires further in-depth investigation. The existing literature lacks a comprehensive theoretical framework that fully captures the nuances of BMI in FF. While research on innovation in family businesses often addresses innovation broadly—its types, drivers, and challenges—few studies specifically examine BMI within this context. As a result, the field remains relatively underdeveloped when it comes to understanding how BMI is applied and shaped by the unique characteristics of FF. This study, therefore, aims to bridge this gap by providing a structured overview of the current state of knowledge and highlighting avenues for future research that can enrich the theoretical foundation and practical understanding of BMI in FF that is the type of companies most prevalent globally (De Massis, Di Minin and Frattini 2015; La Porta, Lopez-de-Silanes and Shleifer, 1999).

1.3) Theoretical Framework

Family firm's characteristics

Regarding the combination of "innovation and FF," the literature highlights that FF perceive the need to innovate primarily as a means to maintain competitiveness over time and ensure continuity across generations (Jaskiewicz, Combs and Rau, 2015).

A family business is governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families. (Chua, Chrisman and Sharma, 1999)

The involvement of the family within the firm significantly influences various aspects of entrepreneurial activity, including innovation (Calabrò et al., 2019; De Massis, Frattini and Lichtenthaler, 2013). FF are inherently connected to their past, present, and future, embodying tradition, shared narratives, and the origins of the family's business activities. At the same time, they are strongly oriented towards sustaining and achieving goals that extend beyond purely financial gains, driven by the desire to pass on the family legacy to future generations (De Massis et al., 2018).

The heterogeneous and complex nature of FF has posed challenges for scholars aiming to comprehensively understand these dynamics. Specifically, there is a lack of in-depth knowledge regarding the methodologies FF employ to manage innovation, primarily due to the limited number of focused studies available (Dieleman, 2019). Moreover, the diverse definitions and conceptualizations of FF across studies add to the complexity, making it challenging to generalize findings (Chrisman, Chua and Sharma, 2005). The methodologies employed are often varied, which underscores the need for a more unified approach in future research to effectively address the nuances of innovation in FF (De Massis et al., 2015).

In summary, the involvement of the family within a firm has a profound impact on entrepreneurial activities, particularly regarding innovation. FF are deeply rooted in their

history and heritage, driven by long-term goals that extend beyond financial objectives. However, due to the complexity of FF, there is a need for further research and understanding of the methodologies employed by these firms in managing innovation.

Business Model innovation

The concept of BMI serves as a structural framework that provides a comprehensive understanding of how organizations operate, expand, and evolve by describing processes of value creation, proposition, and capture (Schneider and Clauß, 2020; Foss and Saebi, 2017). Scholars have identified different conceptual perspectives on BMI: the elements-based perspective, which focuses on the configuration of different components and provides tools such as the Business Model Canvas (Osterwalder and Pigneur, 2010), and the activity systems perspective, which views BMI as a network of interrelated activities that enable value creation and competitive advantage (Schneider and Clauß, 2020; Foss and Saebi, 2017).

A BM consists of three main dimensions to be developed: value creation, value proposition, and value capture (Teece, 2010). It can be defined as the process where the firm “*delivers value to customers, entices customers to pay for value, and converts those payments to profit*” (Teece, 2010). Value creation concerns how a firm generates value throughout its value chain, leveraging operational processes, resources, and organizational structures (Fjeldstad and Snow, 2018; Ritter and Lettl, 2018). The value proposition relates to how a firm delivers value to stakeholders by aligning its entire service package with their needs and challenges (Teece, 2018). Value capture, meanwhile, addresses the financial aspects of revenue, costs, and profit generation, thereby determining the value generated for the firm's owners (Spieth and Schneider, 2016). These dimensions should not be considered in isolation; rather, a successful business model requires the integrated functioning of all components.

BMI's value creation processes can be categorized into three main types. The first type aims at value creation through resource acquisition, utilization, and cost reduction, aligning with the traditional profit-maximization paradigm (Andreini et al., 2021). The second type focuses on sustainable BMI, which incorporates economic, social, and environmental value priorities by employing a triple-bottom-line approach to management control (Andreini et al., 2021; Schneider and Clauß, 2020). Sustainable BMI aims to generate value inclusively for a broader range of stakeholders. The third type emphasizes co-creation of value through collaboration with multiple stakeholders, often leveraging triadic business models (Andreini et al., 2021), thus facilitating a transition towards a process-oriented view of value creation in which knowledge plays a central role.

Practically developing a new business model involves configuring multiple components, which can either replace or coexist with existing models (Brenk et al., 2019). The existing organizational structure can either facilitate or hinder BMI due to potential unknown interactions between components (Andries and Debackere, 2007; Cavalcante, Kesting and Ulhø 2011). Structural barriers and cognitive inertia resulting from current configurations can impede the adoption of new business models (Chesbrough, 2010; Brenk et al., 2019). Similarly, in FF,

the existing business model can support or obstruct BMI depending on the extent of component sharing and the presence of structural barriers (Kim and Min, 2015; Markides and Charitou, 2004).

Business Model Innovation in Family Firms: Theoretical Background and Importance

In management literature, there is increasing interest in understanding the differences between the innovation processes of family and non- FF (De Massis et al., 2015). Although innovation efforts introduce risks and uncertainties, they are also known to contribute significantly to long-term economic performance. BMI, in particular, brings a higher level of complexity, as it involves a fundamental shift in the logic of the business. Scholars have argued that, due to their long-term orientation, FF are often willing to take calculated risks to ensure their survival and to explore new business models (Miller, Le Breton-Miller and Lester 2011); when long-term orientation is threatened by contingent factors, measured risk or risk-avoidance behavior is modified by a principle of necessity (Chrisman et al., 2015) whereas it is even more these firms have a loss-avoidance attitude (Sciascia et al., 2015). Moreover, it is acknowledged that there is a lack of research specifically focused on BMI in FF, which highlights a significant opportunity for further investigation (Meroño-Cerdan et al., 2024).

In recent years, BMI has garnered significant attention as a means to achieve competitive advantage in the face of increasingly complex and dynamic business environments (Anwar, 2018). Sustainability demands, rapid technological advancements, and uncertain events compel FF to continuously adapt and evolve (Hatum and Pettigrew, 2004). Previous studies have identified several factors driving BMI, such as market dynamics, technological progress (De Reuver, Bouwman and MacInnes, 2009), and organizational capabilities (Geissdoerfer, Vladimirova and Evans, 2018). However, the role of FF in BMI remains underexplored, despite their notable contribution to the global economy (Kraus, Pohjola and Koponen, 2012; Ratten and Jones, 2021).

FF have unique attributes that can either facilitate or hinder BMI (De Massis, Frattini and Lichtenthaler, 2013). Their long-term orientation, strong social capital, and distinct governance structures foster innovation and adaptation, supporting BMI through knowledge exploitation, risk management, and marketing capabilities (Soluk et al., 2021). Conversely, resistance to change, emotional decision-making, and challenges related to succession can impede innovation within FF (Calabrò et al., 2019; Kotlar et al., 2020).

Understanding the interplay between FF and BMI is crucial for several reasons. First, it can offer insights into how FF can leverage their unique attributes to innovate and remain competitive amidst rapid change (De Massis, Frattini and Lichtenthaler, 2013). Second, it can shed light on the potential barriers to BMI in FF and suggest strategies for overcoming them (Chirico and Salvato, 2016). Finally, it contributes to the broader literature on BMI by highlighting the role of FF as significant actors in the innovation process.

Family businesses typically adopt a proactive but risk-limited approach to innovation and BMI could follow this approach characterized by decentralized decision-making processes and an emphasis on sustaining the family legacy (Calabrò et al., 2019). The decision to adopt BMI involves a significant degree of uncertainty and risk, as it may require relinquishing control and realigning core activities. However, the operant resources of family owners play a vital role in managing these challenges and leveraging the opportunities presented by BMI, thereby ensuring the sustainable growth of the family business (López-Nicolás, Ruiz-Nicolás and Mateo-Ortuño, 2021).

In light of these considerations, this systematic literature review aims to synthesize existing research on FF and BMI, identify research gaps, and propose an agenda for future studies.

1.4) Methods

Research Design and Data collection

This systematic literature review aims to explore the topic of BMI in FF and to develop a future research agenda. The review process involved several steps, including the identification and selection of relevant articles, data extraction, and analysis (Jesson, Matheson and Lacey, 2011). A key feature of a systematic literature review is the orderly, transparent, replicable, and scientific collection and analysis of data (Tranfield, Denyer and Smart, 2003).

To address our research questions, we conducted a comprehensive and systematic review of recent literature on FF and BMI, employing state-of-the-art approaches (Aguinis, H., Ramani and Alabduljader, 2018). Following established guidelines for systematic reviews (Siddaway et al., 2019), we structured our review to ensure rigor and reliability. In the following sections, we outline the methodological choices we made, including the specific criteria used to determine which studies were included in our analysis and how the results were reported.

We selected our sources from multiple databases. The initial step involved a comprehensive search of electronic databases (Boyne, 2003; De Vries, Bekkers and Tummers, 2016), academic journals, and other relevant sources. First, we identified as many articles as possible through database searches, incrementing the collection using the reference list checking and snowballing methodology (Wohlin, 2014). We used Scopus, Web of Science, Ebsco, and Emerald as our primary databases.

Scopus, Web of Science, Ebsco, and Emerald were used as the primary databases for the literature search. These databases were chosen due to their comprehensive coverage of high-quality academic journals, particularly in the fields of management, entrepreneurship, and innovation. Scopus and Web of Science are known for their extensive indexing of peer-reviewed articles, ensuring that the literature considered is both rigorous and credible (Mongeon and Paul-Hus, 2016; Falagas et al., 2008). Ebsco and Emerald (Harzing, 2010) were selected for their strong focus on business and management disciplines, making them especially relevant for exploring topics such as FF and BMI. This selection ensured a wide-ranging and

authoritative basis for the review, incorporating perspectives from diverse and reputable sources.

The collection was determined by the identification of specific reference keywords on the topic. Specifically, we included only articles published between 2003 and 2024 (Appendix 1 presents the lists of the articles with the relative number assigned) and written in English to ensure both the recency and the relevance of the findings. The dates given refer to the time of manuscript publication, so even in the case of the articles dated 2024, their availability for reading is specified as early as previous years; however, we emphasize that our research ended in 2024, when these 2024 articles also saw their official publication. In particular, the keywords "family firms" or "family owned business" or "family business" and "business model innovation" or "renewal of the business model" or " new business model" were used in combination. The selection was set up so that both themes had to be present in the text of the article, even if eventually not in the title, and thus were linked with an "and" conjunction and not with an "or" conjunction, which instead would have determined that an article would hold even with only one of the 2 requirements.

The second step was aimed at completing and expanding the collection of articles by reviewing the bibliographies of the initially selected publications. Therefore, bibliographies of articles already found were read to evaluate additional research-relevant publications. Finally, the above keywords enabled numerous searches directly through Google Scholar. As a result, 235 articles or other forms of publications were obtained. After applying inclusion and exclusion criteria, a total of 84 articles were selected for further analysis. The inclusion criteria involved selecting articles that were relevant to the specific focus on FF and BMI, including empirical, theoretical, and literature reviews. Articles were excluded if they were duplicates, did not directly address the intersection of FF and BMI, or were not peer-reviewed (Petticrew and Roberts, 2008).

To organize the selected articles, a clustering approach was adopted. Articles were divided into three clusters based on their primary focus and thematic similarities that will be illustrated below. This clustering aimed to provide a structured overview of the literature, facilitating the identification of recurring themes and gaps. Subsequently, a coding process was employed to evaluate each article's inclusion in the final dataset. Articles that, although not explicitly focused on BMI, provided significant insights into the topic, were retained. As a result, 84 articles were included in the analysis.

Name of journal	Articles
Journal of Business Research	6
Journal of Family Business Strategy	6
International Journal of Entrepreneurial Behavior & Research	5
Books, Book’s chapter, conference proceedings	4
Journal of Family Business Management	4

Journal of Small Business Management	4
British Food Journal	3
Journal of Product Innovation Management	3
Sustainability	3
California Management Review	2
R&D Management	2
Entrepreneurship Theory and Practice	2
Journal of Business Economics	2
Long Range Planning	2
Administrative Sciences	1
Academy of Entrepreneurship Journal	1
Academy of Management Perspectives	1
Academy of Management Review	1
Baltic Journal of Management	1
Business History Review	1
Businesses	1
Business Trends	1
Decision Sciences	1
Entrepreneurship and Sustainability Issues	1
European Journal of Information Systems	1
European Journal of Innovation Management	1
Family Business Review	1
Foods	1
Ieee transactions on engineering management	1
Industry and Innovation	1
Innovation & Management Review	1
International Journal of Hospitality Management	1
International Journal of Management Research and Emerging Sciences	1
International Journal of Management Reviews	1
Journal of Business & Industrial Marketing	1
Journal of Cleaner Production	1
Journal of Enterprising Communities: People and Places in the Global Economy	1
Journal of Entrepreneurship, Management and Innovation	1
Journal of Knowledge Management	1
Journal of Small Business and Enterprise Development	1
Journal of the Knowledge Economy	1
Journal of World Business	1
Management, Succession and Internationalization	1
Organizacija	1
Oxford Research Encyclopedia of Business and Management	1
Plos One	1

Scandinavian Journal of Management	1
Technological Forecasting and Social Change	1
The International Journal of Entrepreneurship and Innovation	1
The Journal of Technology Transfer	1
Total	84

Tab1: Number of articles published per journal included in the analysis (N=84)

Data Analysis

We analyzed the content of 84 articles using a coding framework that aimed to capture the key features of each article while ensuring manageability and clarity (Aguinis, H., Ramani and Alabduljader, 2018). The systematic review includes both qualitative and quantitative studies to ensure a comprehensive understanding of BMI in FF. The coding process was designed to extract key themes and characteristics from each study, regardless of its methodological orientation, allowing for a balanced synthesis of both statistical findings and in-depth qualitative insights. Drawing on methodological recommendations for systematic reviews (Aguinis, H., Ramani and Alabduljader, 2018), any coding disagreements were resolved through an iterative process of self-reflection and re-evaluation to ensure consistency and reliability in the analysis. Once the coding process was fully defined, we proceeded with the comprehensive analysis of all articles. The coding scheme used for the analysis of articles, presented in Table 2, builds upon the methodological framework developed by Bezemer et al. (2022) and drawing on established guidelines for systematic literature reviews as discussed by Parmigiani and King (2019) adopting a structured approach for categorizing and analyzing the literature. In line with well-established practices in the literature (Brozovic, 2018), once the coding process was clearly defined, which will be explained below, we proceeded to the full analysis of the articles.

Main category	Subcategory	Operationalization of the coding	Sections in manuscript
1) Type of article	1.a) Qualitative	Using qualitative data collection and analysis	Methodology
	1.b) Quantitative	Using quantitative data collection and analysis	
	1.c) Conceptual	Conceptual framework papers	
	1.d) Others	Non univocal or specified methodology	
2) Main topic	2.a) 1° Cluster	Focus on Innovation and Processes	Introduction
	2.b) 2° Cluster	Focus on Organization, Value, and Culture	
	2.c) 3° Cluster	Focus on External Factors	
3) Setting	3.a) Europe	European-only data source	Methodology
	3.b) North/Sud America	North or Sud American-only data source	
	3.c) Asia	Asian-only data source	
	3.d) Others	Others country data source or global or not indicated	
4) Source	4.a) Interviews	Articles using principally interviews as the main data source	Methodology
	4.b) Anecdotal	Articles using Anecdotal or Academic evidence	
	4.c) Archival/Database	Articles using archival or database as the main data source	
	4.d) Survey	Articles using survey evidence as the main data source	
	4.e) Multiple sources	Articles using multiple data sources or other approach	

Tab2: Coding scheme used for the analysis of articles

The analysis of the coded data was conducted in two primary ways. In the first phase, we employed descriptive coding to capture the fundamental attributes of each article, including type, main topics, theories, settings, and sources of data, drawing on the principles outlined by Saldaña (2016). Although Saldaña primarily discusses coding in qualitative research, his guidelines were adapted here to encompass a broader set of studies, including both qualitative and quantitative methodologies. This allowed us to maintain a consistent approach in extracting key characteristics from the diverse set of articles.

In the second phase, we utilized thematic coding to identify and categorize emerging themes across the 84 articles, resulting in three distinct research clusters: (i) Innovation and Processes, (ii) Organization, Value, and Culture, and (iii) External Factors. This approach ensured that both the in-depth qualitative insights and the broader quantitative findings contributed meaningfully to our understanding of BMI in FF.

(i) The first cluster, titled "Innovation and Processes," explores various aspects related to innovation within organizations. This cluster covers topics such as innovation strategies, product development, research and development (R&D), creativity, and technology adoption. The aim is to understand how organizations generate and manage innovations to gain a competitive advantage.

(ii) The second cluster, titled "Organization, Value, and Culture," examines the influence of organizational structure, values, and culture on innovation capabilities. It investigates how these factors shape an organization's ability to innovate and adapt to changing environments. Topics within this cluster may include organizational structure, leadership, employee engagement, corporate culture, values and beliefs, and knowledge management.

(iii) The third cluster, titled "External Factors," focuses on the impact of external factors on innovation and organizational performance. It explores the influence of the external environment, market dynamics, industry trends, regulatory frameworks, and competitive forces on an organization's ability to innovate. Demand for sustainability, when perceived as an external pressure, is included in this cluster due to its particular nature, which can be both a market trend and an evolving regulatory framework. Topics within this cluster include market analysis, customer insights, industry disruption, technological advancements, and strategic partnerships.

The analysis of these variables and the organization of the data into clusters and tables provide a clear overview of the literature and support the development of a future research agenda in the field of BMI in FF.

1.5) Findings

Overall results illustration

Regarding an initial analysis of the data, without delving into the description of the clusters at this moment, the research suggests primarily that the distribution is more concentrated in recent years. This serves as evidence that the topic is increasingly gaining relevance and influence (Xie et al., 2023) due to the growth of related themes concerning FF and BMI. These findings highlight the growing interest in BMI in FF, especially in response to an increasingly complex and dynamic business environment. The temporal concentration suggests a rising recognition of the importance of adapting business models to address new market challenges and opportunities. As evident, the distribution is significantly skewed towards the most recent time period (2018-2024).

From a methodological standpoint, there is a substantial prevalence of qualitative methods, including both single-case study approaches, which provide valuable insights into complex phenomena (Tsang, 2014), and multiple-case study designs, which offer comparative perspectives and contribute to theoretical generalization (Eisenhardt, 1989). These methods collectively enhance the understanding of intricate dynamics within the intersection of FF and BMI. While quantitative studies are not absent, their prevalence is influenced by the type and nature of the subject under analysis, i.e., family businesses, which tend to lean towards a qualitative case study approach.

Before delving into a more detailed analysis of the cluster contents, it is worth noting that the majority of the data originates from Europe, followed by Asian sources. Other settings are much less numerous and thus have limited relevance within the scope of this research.

Semi-structured interviews emerge as the predominant data collection methodology, aligning closely with the qualitative methods that dominate this research area. These interviews are particularly suited to exploring complex phenomena in-depth, making them a primary choice in qualitative studies. Following interviews, surveys represent the second most prevalent method, typically associated with quantitative analysis, which complements qualitative insights by offering broader generalizability.

When interviews constitute the primary source of data, they are categorized as such. However, when combined with other sources of equal significance, they fall under the classification of “multiple sources.” This category reflects a more integrative approach, often involving mixed methods that combine qualitative and quantitative techniques to provide a more comprehensive understanding. Furthermore, literature reviews and studies employing diverse methodologies contribute additional perspectives, with multiple sources frequently including mixed-method approaches as shown in Table 2 and 3.

In conducting this study, we adhere to the guidelines outlined by Bezemer (2022), ensuring methodological rigor and alignment with best practices in the field. This approach allows for a

balanced examination of FF and BMI, leveraging the strengths of both qualitative and quantitative paradigms to deepen theoretical and practical insights.

Main category	2003 -2010		2011-2017		2018 - 2024		Overall
Number of articles	4	5%	24	29%	56	67%	84
Average articles per year	0,50		3,43		8,00		3,65
Type of article							
1.a) Qualitative	1	25%	12	50%	26	46%	39
1.b) Quantitative	0	0%	4	17%	15	27%	19
1.c) Conceptual	2	50%	5	21%	5	9%	12
1.d) Others	1	25%	3	13%	10	18%	14
	4		24		56		84
Main Topic							
2.a) 1° Cluster	1	25%	10	42%	18	32%	29
2.b) 2° Cluster	3	75%	11	46%	20	36%	34
2.c) 3° Cluster	0	0%	3	13%	18	32%	21
not defined	0	0%	0	0%	0	0%	0
	4		24		56		84
Setting							
3.a) Europe	3	3%	15	16%	33	34%	51
3.b) North/Sud America	0	0%	0	0%	2	2%	2
3.c) Asia	0	0%	0	0%	7	7%	7
3.d) Global, others o n.d.	1	1%	9	9%	14	15%	24
	4		24		56		84
Source							
4.a) Interviews	1	1%	11	11%	25	26%	37
4.b) Anecdotal/Academic	1	1%	5	5%	5	5%	11
4.c) Archival/Database	0	0%	3	3%	2	2%	5
4.d) Survey	0	0%	2	2%	12	13%	14
4.e) Multiple sources	2	2%	3	3%	12	13%	17
	4		24		56		84

Table 3: Overview of the characteristics of the included studies

Cluster 1 Presentation

The first cluster includes all publications characterized by BMI driven by innovation strategies and process improvements. Specifically, these studies focus on innovations initiated by internal drivers, such as the adoption of new technologies, strategic choices, business process

innovation, or specific product developments, as well as opportunities related to research and development.

In this cluster, the focus and impetus for innovation are primarily endogenous, driven by specific entrepreneurial choices that lead to internal evolution, aimed at improving the firm's market position by leveraging opportunities and managing the challenges associated with BMI. Many authors emphasize the importance of adopting new technologies and developing a well-structured digital presence as a critical factor for navigating new market challenges (Saura, Palacios-Marqués and Barbosa, 2023). While the primary drive remains internal, there is also recognition of the role of expanding market knowledge as an effort to enhance and adapt the firm's business model (Chen and Huan, 2022).

Additionally, the importance of entrepreneurial orientation as a driver of BMI is frequently highlighted in this cluster (Ge and Li, 2023). Within this process, FF tend to favor incremental innovation over radical changes (Paunović, Ružičić and Moravčević, 2023), focusing on gradual improvements rather than transformational shifts.

Overall, Cluster 1 underscores the role of internally driven initiatives and strategic orientations that prioritize enhancing internal capabilities to achieve a competitive edge in the market.

Cluster 2 Presentation

The second cluster focuses on how BMI in family enterprises is influenced by organizational aspects, values, and cultural factors. Within this context, the entrepreneurial orientation is less about specific strategic decisions and more about the collective culture of the management and organizational structure.

The findings reveal that adopting a dynamic and iterative approach to BMI is essential (Bogers, Boyd, and Hollensen, 2015). This approach involves continuous experimentation and learning, where skills, knowledge sharing, vision, and values play crucial roles in driving innovation (Butt, Kausar and Rashid, 2021). The organizational goals often extend beyond financial objectives, fostering a proactive attitude that supports the improvement of the value proposition.

Leveraging internal resources and customizing the organization to respond to an increasingly dynamic market are vital in enabling a firm to capture value and integrate it into a new entrepreneurial framework. This dynamic approach is emphasized as a critical element for fostering ongoing evolution and creating a culture of experimentation and learning from both successes and failures. This cluster places significant emphasis on entrepreneurial mindset as the key force that shapes and refines the organization's direction, guiding it towards future strategic choices, including technological advancements, with a distinct philosophy and cultural orientation (Xie et al., 2023).

In summary, Cluster 2 illustrates how internal culture, organizational values, and a proactive mindset are essential drivers of BMI, particularly in navigating the challenges of an ever-changing environment.

Cluster 3 Presentation

Cluster 3 focuses on instances where BMI in FF is primarily reactive rather than proactive, driven by external stimuli. In this cluster, the firm's motivation to innovate stems largely from responding to external pressures, in a more dynamic or defensive way, rather than from an internal drive. These pressures include sudden changes in the market, regulatory frameworks, technological disruptions, natural disasters, or pandemics, such as the COVID-19 outbreak.

A prominent aspect of this cluster is the emphasis on the accelerated adoption of digital technologies to compensate for disruptions, such as those in supply chains or reduced market demand, often through integrating servitization and digitalization approaches (Barile, Secundo and Del Vecchio, 2024; Randerson and Estrada-Robles, 2023). These reactive innovations challenge the identity of family businesses, often pushing them to rely on their inherent characteristics, such as long-term orientation, socioemotional wealth (SEW), resilience, and the ability to innovate in emergency situations, typical of the "willingness-ability" (Chrisman et al, 2015; Rondi, De Massis and Kraus, 2019), to secure the future of the company (Soluk, 2022).

Moreover, the demand for sustainability—when not driven by internal cultural initiatives—also falls into this cluster, as it often represents an external pressure initially perceived as a market barrier or regulatory requirement (Björklund, 2018). However, this external demand can eventually become a source of new opportunities and a pathway to overcome crises (Kraus et al., 2020). This illustrates the dual nature of external pressures as both constraints and catalysts for new forms of innovation.

In conclusion, Cluster 3 highlights the reactive nature of BMI in FF, emphasizing how external forces can shape organizational changes and create new opportunities, often compelling firms to adapt quickly and leverage their resilience to navigate crises.

1.6) Discussion

In response to the need to advance the field of family businesses innovating the business model, as highlighted by several scholars (Xie et al., 2023; Soluk J. et al., 2021), the objective of this review is to critically analyze the evolution of this literature in light of the significant shift in focus on this topic that remains underexplored, as highlighted by many authors such as Calabrò et al. (2019), despite the critical role that family businesses play in driving wealth creation and value generation (López-Nicolás et al., 2024).

Our systematic analysis encompasses 84 articles published in 49 different journals and book's chapters from 2003 to 2024. The findings reveal a notable increase in research activity on this topic, with an average of 8,00 articles published annually during the last period, far higher than

previous temporal periods. Through our analysis, we identified 3 distinct research clusters that offer specific contributions, employ diverse theoretical and methodological approaches, and present their own opportunities and challenges. In the following section, we provide an assessment of the current state of the debate and discuss potential avenues for advancing the field.

Theoretical implication

Cluster 1:

The first cluster, "Innovation and Processes," delves into the internal mechanisms and strategies that drive innovation within organizations, particularly focusing on FF and their unique approaches to BMI. It includes key themes such as innovation strategies, product development, research and development (R&D), creativity, and the adoption of emerging technologies. This cluster investigates how organizations, especially FF, design and implement innovation processes to achieve and sustain competitive advantage.

From the analysis of the articles, several core themes emerge. These include the centrality of BMI in driving long-term competitiveness within family businesses, the fostering role of digital technologies (Rashid and Ratten, 2020) and absorptive capacity (Miroshnychenko et al., 2021), and the strategic use of social networks to enable knowledge sharing and collaboration (Ge and Li, 2023). Furthermore, market knowledge plays a pivotal role in identifying opportunities and aligning business models with external conditions (Chen and Huan, 2022). Unlike non- FF, family businesses often adopt a more incremental approach to BMI, reflecting their long-term orientation and risk aversion (Sosna, Trevinyo-Rodríguez and Velamuri, 2010). However, risk aversion is challenged by loss avoidance (Sciascia et al., 2015), which is usually a drive that allows these firms to innovate to remain competitive in a changing environment for them to sustain their long-term orientation.

A key insight from this cluster is the role of strategic flexibility in facilitating innovation processes, enabling organizations to pivot and adapt to changing market conditions (Miroshnychenko et al., 2021). For example, FF often integrate digital tools and digital marketing strategies to modernize their operations and align their BM with evolving consumer expectations (Saura, Palacios-Marqués and Barbosa, 2023). This adaptability is particularly crucial in times of external disruptions, such as the COVID-19 crisis, which has demonstrated the need for temporary business model adaptations to sustain value creation (Clauss et al., 2022). While this aspect leans toward Cluster 3, its focus on the internal implementation of new business architectures retains relevance to Cluster 1.

The primary contribution of this cluster lies in its exploration of the internal factors and processes that drive BMI within FF. It highlights the imperative to adapt business models dynamically in response to evolving market conditions and emerging opportunities. This adaptation and transformation, to redesign the entrepreneurial architecture, involves leveraging digital technologies (Klos et al., 2021), fostering knowledge sharing (Schiavon, May and Mendonça, 2022), and utilizing both social and professional networks to enhance innovation.

A pivotal role is played by absorptive capacity, the ability to recognize, assimilate, and apply external knowledge, which serves as a critical enabler of innovation within FF (Miroshnychenko et al., 2021), fostering a learning-oriented approach. Additionally, the findings emphasize the significance of incremental innovation as a cornerstone of entrepreneurial philosophy (De Massis et al., 2015; Sosna, Trevinyo-Rodríguez and Velamuri, 2010), aligning with the FF's inherent preference for stability and gradual transformation through step-by-step processes and trial-and-error experimentation.

A key insight from this cluster is that innovation, while necessary, is not sufficient in isolation; it must be integrated into a robust profit architecture to ensure long-term survival and success. Incremental and continuous BMI, aligned not only with strategy and competencies but also with the core values and objectives of the firm, must become a central element of the entrepreneurial philosophy (Sosna, Trevinyo-Rodríguez and Velamuri, 2010). Achieving this requires a systematic and well-structured approach, ensuring the alignment of internal resources and processes with overarching strategic objectives (Achtenhagen, L., Melin, L., and Naldi, L., 2013).

Cluster2:

The analysis of the results in this cluster is grounded in scientific studies and ongoing scholarly debate, emphasizing the internal organizational dynamics and cultural factors that shape BMI in FF. These studies suggest that FF face an increasing need for adaptability and flexibility (Marolt et al., 2016; Soluk J. et al., 2021; Butt, Kausar and Rashid, 2021). This necessity stems from the core mission of family businesses: ensuring survival across generations while meeting the intertwined goals of family and firm sustainability (Chua, Chrisman and Sharma, 1999). Achieving these objectives requires the ability to adapt, remain competitive, and maintain profitability despite the rapid and disruptive nature of external market changes (Butt, Kausar and Rashid, 2021).

In this context, the themes of trial and error and incremental innovation emerge as vital enablers of organizational readiness (Leppäaho and Ritala, 2022). Family businesses, while often conservative in their initial approaches to change, display a heightened capacity to innovate when faced with critical challenges (Rondi, De Massis and Kraus, 2019; Chrisman et al., 2015). Incremental innovation allows them to make continuous improvements without the need for drastic structural changes or substantial investments. This approach is deeply rooted in their ability to leverage unique resources and capabilities—such as strong social capital, patient financial resources, and family-driven governance structures—to sustain innovation over time. These firms also need to acquire, integrate, and share new information with stakeholders (Bogers, Boyd, and Hollensen, 2015), thereby fine-tuning their organizational learning mechanisms to ensure the desired outcomes.

BMI in this context reflects a transformative architectural approach to value creation, driven by an entrepreneurial philosophy and proactive strategic vision. BMI represents not a final goal but an ongoing process of optimization, differentiation, and innovation. Skills such as knowledge exploitation, risk management, and marketing capabilities play an essential role in

fostering BMI (Soluk J. et al., 2021). However, the process can be hindered by environmental dynamism, internal conflicts, and an absence of clear proactive strategies, which challenge the implementation of flexible and innovative business models.

This cluster emphasizes the importance of specific organizational behaviors, entrepreneurial abilities, and capabilities that underpin BMI. Family businesses must systematically embrace incremental innovation, adaptability, and stakeholder collaboration as cornerstones of their approach. BMI is not a random outcome; rather, it demands a structured and professionalized methodology (Butt, Kausar and Rashid, 2021), ensuring that the firm proactively navigates fast-paced and dynamic conditions.

Approximately more than the 30% of FF actively engage in improving and renewing their business models (Heikkilä, Bouwman and Heikkilä, 2018), with the process typically unfolding in stages. Renewals often begin with reimagining the value proposition, followed by strengthening collaborations and external relations, and finally addressing profit considerations (Heikkilä et al., 2016). This systematic approach highlights the strategic prioritization inherent in FF, reflecting their long-term focus and socioemotional wealth considerations (Soluk, Kammerlander and De Massis, 2021).

Crises frequently serve as catalysts for BMI in FF. Situations that threaten the firm's survival unleash new ideas, prompt strategic shifts, and drive innovation behaviors. For instance, FF may sacrifice short-term financial gains during crises to prioritize sustainability and innovation, showcasing their resilience and commitment to longevity (Leppäaho and Ritala, 2022). This crisis-driven innovation fosters rapid and, at times, radical changes to business models and product portfolios, often yielding greater flexibility and resilience compared to larger, more rigid organizations.

The interplay between crisis behavior and innovation represents a pivotal driver of long-term evolution in FF. Overcoming challenges in developing and utilizing skills, capabilities, and resources enables FF to strengthen their human, social, and organizational capital (Butt, Kausar and Rashid, 2021). This proactive approach not only sustains BMI but also ensures that FF maintain their relevance and competitiveness in an ever-changing market environment.

Cluster 3:

This cluster emphasizes the intricate relationship between FF and BMI from the perspective of external influences. It highlights how FF navigate complex environments by balancing their distinctive characteristics—such as long-term orientation, family legacy, and hybridization of business models—with external pressures, including crises (Kraus et al., 2020), market dynamics (Debellis et al., 2021), and sustainability demands (López-Nicolás, Ruiz-Nicolás and Mateo-Ortuño, 2021). These insights provide a comprehensive framework for understanding and implementing BMI within the unique context of FF.

Family businesses exhibit unique traits that enable them to respond to crises and external challenges in distinctive ways. Their long-term orientation, rooted in a commitment to

intergenerational survival, fosters resilience and adaptability. For family businesses, financial goals are often not the only priority, but they integrate their legacy and social-emotional wealth into strategic decisions (Chua, Chrisman and Sharma, 1999). This dual focus on financial and non-financial goals shapes their innovation processes, particularly when confronting external threats such as the COVID-19 pandemic (Barile, Secundo and Del Vecchio, 2024; Breier et al., 2021). During such crises, FF demonstrate remarkable versatility by blending traditional and innovative business models, leveraging their strengths while adopting new practices to remain competitive (Björklund, 2018) following topic already discussed in literature like the “tradition-innovation paradox” (Erdogan et al., 2020).

A notable aspect of BMI in FF is their ability to harmonize core family values with innovative practices. For instance, innovation must align with family members' interests, roles, and aspirations, creating unique constraints and opportunities (Rondi, De Massis and Kotlar, 2019; Filser et al., 2018). This alignment allows FF to pursue innovation strategically, avoiding unnecessary risks while fostering collaboration and experimentation (Bogers and Jensen, 2017). Their close-knit decision-making processes, combined with a strong sense of ownership, enable them to adapt quickly and explore new business architectures, even during turbulent times.

However, FF often exhibit a "willingness-ability paradox": while they possess the capacity for innovation, they are often reluctant to embrace it unless forced by emergencies or external shocks (Chrisman J., et al., 2015). This paradox underscores the importance of external collaborations as a catalyst for innovation. Engagement with stakeholders, suppliers, institutions, and other actors is critical for generating innovative solutions and accessing new technologies, markets, and expertise (Audretsch, Belitski, Rejeb, 2023; Randerson and Estrada-Robles, 2023; Schiavon, May and Mendonça, 2022). Partnerships with universities, research institutions, and startups can further enhance BMI by integrating external knowledge into the firm's internal processes, creating synergies that extend beyond organizational boundaries (Gamble, Clinton and Díaz-Moriana, 2021).

In this context, both temporary and permanent BMI play essential roles (Bogers and Jensen, 2017). External pressures, such as exogenous crises (e.g., the COVID pandemic or sustainability requirements) and semi-endogenous factors (e.g., collaborations with external partners), drive FF to reimagine their value propositions and business architectures (Clauss et al., 2022; Gamble, Clinton and Díaz-Moriana, 2021). These innovations often lead to new forms of value creation that transcend the firm itself, influencing entire value chains and ecosystems (Molina-Castillo, Sinkovics and Sinkovics, 2021).

Our findings reveal that FF possess unique attributes that make them particularly suited for BMI under external pressures. Their enduring commitment to intergenerational continuity, combined with their ability to prioritize long-term goals over short-term profits, provides a foundation for innovation. Additionally, FF often maintain strong ties to local communities and emphasize social and environmental responsibility. By aligning BMI efforts with family values and specific characteristics —such as sustainability, social responsibility, and ethical

governance— FF can create innovative business models that blend profitability with positive societal impact (Breier et al., 2021).

Contributions Synthesis

Cluster Visual table of the main Contributions	
Cluster 1	1 Digital approach
	2 Gradual Innovation and Proactive BMI Approach
Cluster 2	3 Organizational Readiness
	4 Flexibility and Adaptability
	5 Role of Specific Resources and Capabilities
	6 Knowledge Sharing, Learning, and Information Absorption
Cluster 3	7 Crisis and External Environment as Drivers of Innovation
	8 External Partnerships and Network Expansion
	9 Family-Tailored Business Model Innovation addressing Unique Family Firm Characteristics

Table 4: Visual Contribution scheme

To synthesize the findings of this systematic review, we identified nine focal points across the three clusters, presented in Table 4. These focal points provide a comprehensive understanding of the updated state of knowledge between BMI and FF, focusing on internal innovation (Cluster 1), family-driven organizational dynamics (Cluster 2), and external pressures and collaborations (Cluster 3).

1. *Digital Approach*: Technological innovation, characterized by the use of communication systems such as social media, market information absorption, and the digitization of business processes, facilitates BMI in FF. This digital transformation enables firms to enhance their value proposition, transitioning toward servitization models and leveraging digital tools such as automation and data analytics.
2. *Gradual Innovation and Proactive BMI Approach*: Innovation in family businesses often follows an incremental, trial-and-error approach. For BMI, this characteristic ensures the preservation of stability while enabling continuous and systematic adaptation to dynamic market environments permitting the long-term orientation. A proactive BMI strategy becomes critical to align entrepreneurial initiatives with family goals, legacy and resilience, creating periodic opportunities for transformation.

3. *Organizational Readiness*: Organizational readiness encompasses the cultural, structural, and value-driven aspects necessary for swift and decisive responses to dynamic challenges. Leadership in FF must instill a culture of adaptability while aligning strategic goals with organizational resources.
4. *Flexibility and Adaptability*: Inherent traits of FF, such as attention to non-financial objectives, multi-generational sustainability, and resilience, drive their ability to turn challenges into opportunities. These qualities enable firms to manage incremental and transformative innovation without compromising their core values.
5. *Role of Specific Resources and Capabilities*: Dynamic capabilities such as knowledge exploitation, marketing proficiency, and risk management play a pivotal role in facilitating BMI. These capabilities, when aligned with FF' unique resources, ensure strategic adaptability and operational efficiency.
6. *Knowledge Sharing, Learning, and Information Absorption*: The dissemination of knowledge through partnerships and stakeholders, as well as the natural absorption of feedback, becomes a vital tool and necessary approach to innovate processes and value propositions while aligning with market demands. Knowledge becomes essential for innovation, enabling firms to seize opportunities. Establishing a specific firm learning mechanism is a way to harness these opportunities.
7. *Crisis and External Environment as Drivers of Innovation*: The external environment, both through collaborations and partnerships and as a result of impactful exogenous phenomena, becomes a crucial actor in BMI. While certain innovations may be perceived as more traumatic and complex by firms, they often serve as catalysts for innovation, as evidenced by the "willingness-ability" paradox. For this reason external pressures, including crises like the COVID-19 pandemic, often serve as catalysts for BMI. While challenging, these pressures force FF to reimagine value propositions and innovate product portfolios, enhancing resilience and flexibility.
8. *External Partnerships and Network Expansion*: Therefore, firms discover new opportunities by engaging with the external market, and specific networks formed with partners or stakeholders expand the boundaries of the firm. To implement a new value proposition, other entities are involved in a true "value chain." Engaging with external stakeholders, such as suppliers, research institutions, and startups, expands a firm's boundaries and creates synergies across value chains. This collaborative approach to BMI transforms it into a systemic, multi-organizational process.
9. *Family-Tailored Business Model Innovation addressing Unique Family Firm Characteristics*: BMI in FF must be customized to reflect their distinctive values, aspirations, and structures. Aligning innovation with family-driven goals ensures long-term competitiveness and sustainability, particularly in dynamic and evolving ecosystems. Through this review, it becomes evident that this type of innovation must be customized to

the specificities, ideas, ambitions, and structure of each FF to be efficient and suitable for its respective reality.

Collectively, these focal points emphasize the multifaceted nature of BMI in FF, highlighting the interplay of internal processes, family-specific dynamics, and external pressures. They underline the importance of a proactive, systematic approach to innovation, ensuring resilience and adaptability in an increasingly complex business environment.

Managerial implication

The findings of this research provide valuable insights for managerial practices, particularly for FF navigating the challenges of innovating the BM. It is evident that managers should place significant emphasis on fostering a sense of organizational attachment among individuals within the firm. This attachment can be cultivated through practices that promote internal and external collaboration, effective information sharing, and the continuous enhancement of knowledge systems. Such efforts mirror the perception of a unified family unit, encouraging employees—whether family members or not—to pursue shared organizational goals. This alignment ensures that the business system becomes a tool for achieving long-term objectives. While family members often exhibit a strong sense of commitment to the firm (Di Toma and Montanari, 2010), managers should also recognize the importance of socio-emotional wealth (Gómez-Mejía et al., 2007) as a driver of organizational cohesion. Furthermore, the appeal of FF to external employees, particularly due to perceived job security and long-term employment prospects (Cruz, Firfiray and Gomez-Mejia 2011), should be leveraged to attract and retain talent that aligns with the firm's values.

Maintaining and enhancing entrepreneurial orientation is critical, as it enables proactive responses to both challenges and opportunities. While traditional business models hold intrinsic historical and experiential value, the modern economic landscape requires firms to engage in continuous adaptation. A vigilant entrepreneurial orientation, combined with an organizational approach tailored to the firm's unique characteristics, allows FF to capitalize on emerging opportunities. This proactive mindset is essential not only for surviving crises but also for thriving during periods of stability or growth, enabling firms to accumulate resources for future innovation. Although research indicates that FF often innovate reactively (Chrisman et al., 2015)—when pushed to the brink—it is imperative to instill adaptability and innovation as inherent traits within the business architecture.

Family owned companies, which often include small and medium-sized enterprises (SMEs), typically operate with simpler organizational structures compared to non- FF, though this is not universally the case. Collaboration and information sharing with external stakeholders can play a pivotal role in developing new value propositions and uncovering untapped market sectors. When internal resources are insufficient for creating a new value chain, partnerships with external entities—such as other firms, research institutions, or industry networks—should be actively pursued. These collaborations not only supplement the firm's capabilities but also

expand its innovation potential by introducing external knowledge and resources into the organization (Soluk, Kammerlander and De Massis, 2021; Kotlar et al., 2013).

Lastly, practitioners should adopt a critical lens when evaluating their business models, actively seeking opportunities for incremental improvement. Radical changes, while potentially transformative, may not align with the inherent strengths and preferences of FF. Instead, they should prioritize a trial-and-error approach to incremental innovation, which aligns with their long-term orientation and risk-averse nature. This step-by-step process allows for the gradual creation of an entirely new profit architecture, which can either replace the existing model or coexist with it (Brenk et al., 2019). Such an approach mitigates the fear of abandoning traditional practices while maintaining a pathway for sustainable growth. Existing literature often highlights the reluctance of FF to embrace radical innovation, primarily due to concerns about losing established control and the unpredictability of market responses. However, by focusing on incremental transformation, FF can ensure that innovations are both manageable and aligned with their strategic goals, creating a balance between tradition and innovation (Erdogan et al., 2020).

Limitations and Future research

The systematic review conducted on BMI within the context of FF has yielded valuable insights into this critical area of research. However, it is essential to acknowledge the limitations of this study and identify potential directions for future research to address these gaps and further advance our understanding of the field.

Firstly, the inclusion criteria for article selection may have introduced a degree of bias, as the review focused on a predefined set of articles and manuscripts. Specifically, only English-language publications were considered, potentially excluding significant contributions published in other languages. This linguistic limitation restricts the scope of the findings and their applicability to diverse cultural and regional contexts.

Secondly, some journal publications that do not explicitly frame their research within the domains of BMI or FF but may offer relevant insights were inadvertently excluded. This suggests that expanding the scope of inclusion to consider adjacent domains or broader conceptual connections might enhance the inclusivity of future reviews. Future research should investigate the implications of employing broader definitions and search strategies to capture articles that implicitly contribute to the topic.

Thirdly, the objective of this review was to identify overarching patterns and major advancements in the literature, rather than documenting the intricate and unique contributions of each article. This approach inevitably results in a high-level analysis that may lack the granularity required to fully explore specific cases or methodologies. Readers are encouraged to refer to the original articles for detailed insights and nuanced contributions.

Finally, as is inherent in systematic reviews, the primary focus was on advancing scientific discourse. This emphasis on academic synthesis may limit the practical applicability of findings for managerial contexts. While the review provides a conceptual roadmap for future research, it offers fewer actionable recommendations tailored explicitly to practitioners.

To overcome these limitations and enhance the understanding of BMI in FF, future research could pursue the following avenues:

- Comparative studies exploring BMI in FF across diverse cultural contexts are needed to capture the role of cultural norms and values in shaping BMI practices. This line of inquiry would offer a nuanced understanding of how family dynamics and external cultural environments influence the adoption and success of BMI in different regions.
- Conducting longitudinal research would enable scholars to investigate the evolution and long-term impacts of BMI in FF. Such studies could provide insights into the sustainability of specific BMI strategies over time, the effects of generational transitions, and the enduring impact of crises or external pressures on BMI outcomes.
- Employing a combination of quantitative and qualitative research methods would allow for a more comprehensive understanding of BMI in FF. Quantitative methods could provide robust performance data, while qualitative methods could capture contextual factors such as family dynamics, decision-making processes, and socio-emotional wealth. This integration of methodologies would address the complexity of BMI mechanisms.
- The role of emerging technologies, such as digital platforms, artificial intelligence (AI), blockchain, and the Internet of Things (IoT), warrants deeper exploration. Future research should investigate how these technologies drive BMI in FF, including the challenges they pose (e.g., resource constraints, technology adoption resistance) and the opportunities they present for value creation and competitive advantage.
- More in-depth studies are needed to uncover the specific behaviors, drivers, and characteristics of BMI in FF. Understanding why certain FF foster specific innovation strategies or prioritize particular business model components over others could illuminate the unique interplay between family-driven goals and business innovation.
- Future studies should examine the interplay between internal family dynamics (e.g., governance, socio-emotional wealth) and external pressures (e.g., market changes, technological disruptions) in shaping BMI. Such research could provide a more holistic view of the multi-level factors influencing BMI in FF.

1.7) Conclusions

In conclusion, while the systematic review on BMI in FF has shed light on several important insights, it is essential to acknowledge the limitations of the study and propose future research directions to further advance this field of research. By addressing these limitations and exploring new avenues of inquiry, researchers can contribute to a more comprehensive understanding of BMI in FF and provide practical recommendations for FF owners and managers aiming to foster innovation within their businesses.

“The need for a new study is not as great as the need for the assimilation of already existing studies” (Light and Pillemer, 1984). We hope this review serves as a foundational reference for scholars and practitioners alike, stimulating further exploration and constructive debate in this critical area of research.

1.8) Appendix

Tab A: *List of references making up the 84 articles in the systematic review sorted by assigned number*

- 1) Audretsch, D., Belitski, M., & Rejeb, N. (2023). Innovation in family firms: The Brittelstand. *International Journal of Entrepreneurial Behavior & Research*, 29(1), 116-143.
- 2) Saura, J. R., Palacios-Marqués, D., & Barbosa, B. (2023). A review of digital family businesses: setting marketing strategies, business models and technology applications. *International Journal of Entrepreneurial Behavior & Research*, 29(1), 144-165.
- 3) Xie, X., Zhang, H., & Blanco, C. (2023). How organizational readiness for digital innovation shapes digital business model innovation in family businesses. *International Journal of Entrepreneurial Behavior & Research*, 29(1), 49-79.
- 4) Randerson, K., & Estrada-Robles, M. (2023). Beyond the nexus family–business: introducing the family business service ecosystem. *International Journal of Entrepreneurial Behavior & Research*, 29(3), 783-798.
- 5) Chen, K. Y., & Huan, T. C. (2022). Explore how SME family businesses of travel service industry use market knowledge for product innovation. *Journal of Business Research*, 151, 519-530.
- 6) López-Nicolás, C., Ruiz-Nicolás, J., & Mateo-Ortuño, E. (2021). Towards sustainable innovative business models. *Sustainability*, 13(11), 5804.
- 7) López-Nicolás, C., Meroño-Cerdán, Á. L., Heikkilä, M., & Bouwman, H. (2024). Untangling business model innovation in family firms: Socioemotional wealth and corporate social responsibility perspectives. *Scandinavian Journal of Management*, 40(4), 101369.
- 8) Schiavon, O. P., May, M. R., & Mendonça, A. T. B. B. D. (2022). Dynamic capabilities and business model innovation in sustainable family farming. *Innovation & Management Review*, 19(3), 252-265;
- 9) Rondi, E., De Massis, A., & Kraus, S. (2021). Servitization through open service innovation in family firms: Exploring the ability-willingness paradox. *Journal of Business Research*, 135, 436-444.
- 10) Leppäaho, T., & Ritala, P. (2022). Surviving the coronavirus pandemic and beyond: Unlocking family firms’ innovation potential across crises. *Journal of Family Business Strategy*, 13(1), 100440.
- 11) Barile, D., Secundo, G., & Del Vecchio, P. (2024). Food 4.0 for competing during the COVID-19 pandemic: experimenting digitalization in family firms. *European Journal of Innovation Management*, 27(4), 1381-1402.

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Chapter 2 – Business Model innovation in Family firms: A multiple study case on S.m.e.s.

- 2.1) Abstract**
- 2.2) Introduction**
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2.1) Abstract

Business model innovation (BMI) within family businesses (FF) represents a crucial aspect of their adaptability and competitiveness in an ever-changing market. This study analyzes the evolution of BMI in family businesses through a qualitative multiple case study approach. The results highlight how BMI is transformed in parallel with family and through family involvement, by mutual micro adjustments between family and company. These adjustments allow for the change of both entities, with the family often becoming the driver of BMI, especially when new members take on major roles. In addition, BMI in FF develops by following the characteristics of the ruling family, influencing the path and end result of the innovation process.

2.2) Introduction

Business model innovation (BMI) has emerged as a crucial source of competitive advantage and improved business performance, especially in an economic environment characterized by rapid change and increasing complexity (Teece, 2010; Foss and Saebi, 2017). Academic and managerial interest in BMI has grown significantly over the past decade (Zott, Amit and Massa 2011), but there is still a relative scarcity of studies exploring the phenomenon within family businesses (FF), despite the fact that these represent the predominant organizational form globally (De Massis, Rondi and Appleton., 2022; La Porta et al., 1999).

FF are complex systems consisting of three main sub-units: family, ownership, and management (Chua, Chrisman, and Sharma 1999); this heterogeneous nature significantly influences the processes of innovation and strategic change (Chrisman, Chua and Sharma 2005). On the one hand, their long-term orientation and strong ties with stakeholders can facilitate investments in innovation (De Massis, Frattini and Lichtenthaler 2013). On the other hand, their risk aversion, desire to preserve socio-emotional wealth (SEW) and tradition may be obstacles to the adoption of innovation itself and particularly for new business models (BMs) (Gómez-Mejía et al., 2007).

Despite the economic and social importance of FF and the growing interest in BMI, there are still significant gaps in the existing literature as this area has received limited attention from researchers (Meroño-Cerdan et al., 2024). First, studies on BMI have mainly focused on firms in the broad sense, neglecting the peculiar dynamics that characterize the decision-making and innovation processes of FF (Sharma and Salvato, 2011). Second, while product and process innovation has been and is being studied, innovation at the BM level in FF has received very limited attention (De Massis, Frattini and Lichtenthaler 2013). To date, therefore, there is a lack of research on the intersection of BMI and FF, particularly with regard to the analysis of some potential drivers such as the role of tradition (De Massis et al., 2016); to complement and deepen certain part of this grey area, scholars suggest comparing the typologies of FF innovation, and thus also that of BM, with the literature and approaches of business innovation by studying in particular the involvement of the family in these processes (Calabrò et al., 2019). In summary, prior research indicates that innovation in family businesses occurs in unique ways. However, most literature focuses on the business aspects, largely neglecting the influence of the family system on innovation (Rondi, De Massis and Kotlar, 2019).

Therefore, the research asks how the distinctive characteristics of family businesses influence BMI processes not only from a theoretical point of view, however, but also from the processes and strategy point of view (Xie, Zhang and Blanco 2023); these elements are brought into play since the dynamics, factors and approaches for this type of innovation have not yet become clear (Dieleman, 2019; Soluk et al., 2021) precisely as a result of the specific peculiarities of these organizations (Meroño-Cerdan et al., 2024). Thus, there are specific gaps in the scientific area of FF in the context of BMI, such as the lack of integration of family-specific characteristics, dynamics and processes and the limited connection with established paradigms and approaches to innovation (Lopez-Nicolas et al., 2024).

This research aims to fill in some of the gaps illustrated by examining how and why family businesses approach the process of BMI. Using a multiple case study approach (Eisenhardt, 1989), we investigated four case studies of FF in which BMI was implemented and we analyzed the triggers and outcomes of this process. This study aims to shed light on the unique dynamics, challenges and opportunities that characterize BMI in FF. In particular, we focus on how family-business interaction influences strategic decisions related to BMI, how firms balance the needs for innovation with the preservation of their founding values, and what factors contribute to organizational learning and steps in the BMI process. Therefore, based on the existing literature of BMI in FF, this paper aims to achieve the following objectives: How and why do family businesses adopt BMI? How and why does the BMI of FFs exhibit some specific characteristics?

We believe this paper can contribute to research on the topic in several ways. First, we highlight how the family plays a pivotal role in the BMI process for this type of enterprise. Second, we provide a more systematic view of BMI processes in established family businesses, highlighting useful cases and multiple determinant factors and situations. Finally, we explain with specific focus how the relationship between the new BMIs and the original ones is influenced by a

process that stems from drivers arising from different spheres. Although there is discussion of family involvement as an influential factor of various dynamics in FFs there is never a focus on how this really happens and why it is this way and in particular highlighting the role in BMI.

Understanding these issues is crucial to advancing theories on BMI and family businesses and to providing practical recommendations to managers and owners of these firms, helping them to renew their BMs in a rapidly changing environment. Lastly, given the economic importance of FF, which constitute between 70 and 95 percent of all firms globally, and where more than 100 million workers are involved (European Family Business-EFB, 2022), the findings of this study also offer significant implications for economic policy and sustainable development.

2.3) Theoretical framework

Business Model Innovation (BMI): a general perspective

The number of studies on BMs has increased significantly in recent decades (Schiavone et al., 2019), demonstrating the growing importance of the topic; scholars are delving into it in all its branches: the sphere related to digitization (Soluk et al., 2021), sustainability (Piez and Schultz, 2023), dynamic capabilities (Teece, 2010), entrepreneurship (George and Bock, 2011) and BM and BMI exploration, exploitation and implementation (Verhagen et al., 2023).

In today's rapidly changing environment, BMI is essential for the survival of firms (Haaker et al., 2017), particularly for established companies (Ciulli and Kolk, 2019). It is seen as a key driver of competitive advantage and a significant factor in enhancing business performance (Hamelink and Opdenakker, 2019; Latifi et al., 2021).

The BMI represents a form of innovation that departs from traditional product or process innovations, focusing instead on redefining the fundamental logic of how a firm creates, distributes, and captures value (Zott, Amit and Massa 2011). This paradigm shift requires companies to explore new revenue sources, customer segments, distribution channels and value propositions, often disrupting established industry norms and challenging incumbents (Chesbrough, 2010).

A common feature of conceptualizations of BMIs is to view them as configurations of multiple components, such as key resources, distribution channels, processes and relationships (Baden-Fuller and Mangematin, 2013). The pursuit of BMI therefore entails substantial challenges and is also potentially subject to failure (Pauwels and Weiss, 2008); this is because difficulties may arise given the uncertain effectiveness of the new models implemented (Andries and Debackere, 2007) and the complexity of predicting the outcome resulting from the configuration of the various interdependent components (Baden-Fuller and Mangematin, 2013; Klang et al., 2014).

The interactions among the various components make the development of an effective configuration even more complex, since none of the parts can be considered alone, and the possible combinations among them increase the number of effects to be taken into account (Gavetti and Levinthal, 2000). This becomes especially critical in contexts of uncertainty, as these interactions remain unknown and unpredictable.

BMI can emerge in an enterprise in different ways, either by replacing the traditional business or by inserting itself in parallel (Mezger, 2014), thus increasing the complexity of the interactions to be expected. In these cases, BMI can take advantage of the components of the existing configuration, generating synergies (Kim and Min, 2015; Markides and Charitou, 2004) or encounter resistance due to the inertia of the existing components, generating inefficiencies and conflicts between the old and the new model (Chesbrough and Rosenbloom, 2002; Brenk et al., 2019).

In the current environment of increasing market complexity and volatility, adaptability through BMI is increasingly seen as crucial to a firm's competitiveness (Teece, 2010), combining existing resources, knowledge, and organizational capabilities in new ways (Foss and Saebi, 2017).

Peculiarities of FF and impacts on BMI

FFs have unique characteristics derived from the intersection of their sub-systems (family, ownership, and management) (De Massis et al., 2018); they hold strong family ties that can both facilitate and hinder new entrepreneurial architecture (Foss and Saebi, 2017); and family members may, through their values and traditions, influence strategic decision-making by their desire to prioritize their own goals and to preserve intangible values they hold a special attachment toward (Domenichelli and Bettin 2021). For example, values such as loyalty and commitment to family can facilitate cohesion and collaboration, while resistance to change and a preference for stability can hinder the adoption of new innovative practices. These characteristics include various foundational aspects of the nature of these firms, such as SEW, which is justified through the desire to preserve family wealth, reputation, and unity (Gómez-Mejía et al., 2007). SEW can have a twofold effect on BMI: on the one hand, it can stimulate long-term innovation to ensure the sustainability of the firm (López-Nicolás, Ruiz-Nicolás, Mateo-Ortuño, 2021); on the other hand, it can hinder change as family members tend to maintain traditions and reduce risk (De Massis, Frattini and Lichtenthaler 2013). Despite this, efforts in innovation are considered more efficient when deployed by these types of firms (Duran et al., 2016; Meroño-Cerdan et al., 2018).

FFs are also influenced by temporal and generational factors; many FFs see the enterprise as the tool for meeting their own needs and those of future generations (Chua, Chrisman and Sharma 1999). In this context, the values and resources of the leading generations come together defining trajectories, obstacles and opportunities. The literature tells us that younger generations may have a greater propensity toward innovation and the adoption of new technologies, while older generations may prefer a more conservative approach, focusing on

the stability and continuity of the enterprise. This temporal dynamic influences strategic and innovative choices (Sirmon and Hitt, 2003) and underscores how the focus is not only on economic performance, but also on family well-being and social-emotional or non-economic goals (Chua et al. 2015). In this context, BMI can become a way to ensure the longevity and continuity of the enterprise while maintaining a balance between innovation and tradition.

Consequently, the motivations that drive BMI in FFs go beyond mere profit maximization, encompassing broader family and social goals. Particularly intense moments, such as generational transition, can cause internal tensions and conflicts, but they also represent crucial opportunities for BMI as new generations bring new ideas and perspectives that challenge the status quo (Sharma and Salvato, 2011; Xie, Zhang and Blanco 2023).

Gaps and opportunities in the literature and specific challenges

Despite the growing academic attention to BMI, there are significant gaps in the literature regarding the application of BMI in illustrated context, such as the lack of in-depth studies on family dynamics influencing BM's ability to innovate. Most studies have focused on large firms without assessing the category of strictly “family” firms, thus neglecting their peculiarities (Bettis et al., 2014). The specific challenges of BMI in FFs include various factors that are complex due to the size and organizational characteristics of Smes. Here, size and a shortened chain of command can conspicuously reduce the surveys and thus the data available to scholars who wish to analyze them. Therefore, qualitative methodologies such as case study are often suggested to study these firms (Tsang, 2014).

FFs tend to be less likely to undertake radical BMI because of their risk aversion and desire to preserve stability and tradition (Nieto et al., 2015). However, BMI is crucial to meet new market challenges and ensure survival, which remains a key determinant of meeting family needs (Chua, Chrisman and Sharma 1999). Families that control firms tend to have a direct and indirect impact on processes, and this article seeks to determine what role the family plays in the context of BMI; scholars already assert that the latter can both facilitate and hinder innovation in the broader sense (Calabrò et al., 2019) and how family events can trigger significant changes that influence how the firm approaches innovation (Chrisman, Chua and Sharma 2005).

Everything is, in this paper, brought back to a more specific dimension: that of BMI. Future research should explore how family values, governance, and generational changes are intertwined with BMI decisions, and how these processes can be used to promote sustainable innovation (Soluk et al., 2021; López-Nicolás, Ruiz-Nicolás, Mateo-Ortuño, 2021). By addressing these gaps, scholars can contribute to a more precise understanding of how FFs innovate and adapt to changing market conditions, while also providing practical implications for practitioners, policy makers, and stakeholders.

2.4) Methods

Research Design

Our investigation employed a qualitative methodology based on case studies. As pointed out by scholarly literature (Yin, 2003), this analytical approach is particularly suited for examining the "how" and "why" of specific occurrences and has garnered significant traction within the academic area concerning family enterprises (De Massis and Kotlar, 2014) as it enables the examination of internal mechanisms of BM evolution and captures the specificities of unique contexts.

We adopted a qualitative multiple case study approach to gain theoretical insights into this evolving phenomenon (Eisenhardt, 1989). Drawing on Yin (1994) and Dubois and Gadde (2002), our methodology integrates existing knowledge with new insights from case analyses following an iterative abduction process. This strategy allowed for a detailed examination of individual company cases, exploring how family shapes events during a BMI, while identifying common patterns across diverse contexts.

The multiple case study is used because, as the literature points out, it is necessary to obtain a deep study of the phenomenon to determine a strong theory development (Eisenhardt and Graebner, 2007). Moreover, the choice is given by the fact that there is the will to study the process as it develops over an extended period of time (Tsang, 2014). Moreover, the multiple case study allows for a rich and varied collection, sources and comparisons of data of different natures and a progressive and incremental understanding of the context and phenomenon.

Within the literature, this method has been acknowledged as a suitable means to illuminate and elucidate the intricate and unique phenomena characteristic of entrepreneurial contexts. The objective is to further advance our understanding and knowledge of the subject matter. Scholarly discourse suggests that the convergence of contradictions and paradoxes inherent to family businesses, along with qualitative methodologies like the one under consideration, can serve as an effective means to delve into the multifaceted reality of these organizations (Fletcher, De Massis and Nordqvist, 2016).

According to Tsang (2014), case studies are instrumental in exploring new ideas and hypotheses within emerging areas of research because they "have an advantage ... in terms of theoretical generalization, identifying disconfirming cases and providing useful information for evaluating the empirical generalizability of results" and so they are precisely adequate for our goal. Contrary to common belief, they do not lack in terms of generalizability, as they offer a different form of it: theoretical generalization, distinct from empirical generalization. Case studies facilitate a deeper understanding of the layers of reality and elucidate the mechanisms underlying specific phenomena. It is important to note that correlation does not imply causation in empirical generalization. Following the phase of theory development, multiple case studies and quantitative research designs can be very suitable for identifying regularities and testing

theories. The inherent value of qualitative case studies lies in their ability to examine phenomena within their naturalistic settings.

The process of theoretical generalization and theory building, initiated through case studies, is deemed "an increasingly popular and relevant research strategy that forms the basis of a disproportionately large number of influential studies" (Eisenhardt and Graebner, 2007). This approach facilitates a deeper exploration of the natural context, enabling researchers to uncover, as already mentioned in above, the "how and why" behind phenomena. This nuanced understanding presupposes a comprehensive knowledge of the phenomenon and a well-developed theory before it can be applied to other samples.

In our approach, qualitative analysis was conducted systematically, following an iterative process of comparing empirical data with existing literature (Eisenhardt and Graebner, 2007). This process was supported by the use of data triangulation techniques, including interviews, company documentation and field observations, in order to ensure a comprehensive and integrated view of the phenomena studied (Yin, 2008).

To enhance case selection, we conducted preliminary analyses of over 15 cases and consulted experts through preliminary interviews. As a result, we identified four cases from various industries headquartered 3 in Italy and 1 abroad, with global or local operations, as optimal candidates for in-depth examination. The cases were chosen following the principles of "replication logic" (Yin, 2003) in order to improve the theoretical generalizability of the results obtained. The chosen cases come from different industries represents a mix of companies with a solid success story and an explicit focus on BMI.

Our case selection followed purposive and sequential principles, guided by theoretical sampling (Eisenhardt, 1989) and various selection criteria including industries variation and BMIs. Firstly, we aim to maximize the variety of contexts studied to explore the complexity of dynamics in FF and so employing a variation range criterion (Patton, 2002), selecting cases from different industries, operators (but only private, and not listed, considering the Small and medium firms group), and business model patterns, anticipating diverse approaches. Secondly, by focusing on successful cases with stable or profitable businesses we examined family backgrounds and related BMIs.

To determine the selected firms, we apply 3 main requirements in order to ensure the reliability of the data collected that are the transparency and completeness of the information provided (already during the preliminary meetings), the focus on the issue of BMI inside a FF and the willingness to undergo the process of scientific investigation.

To be sure that the selected enterprises were "family businesses," we used a strict definition:

- we started from Chua (1999) with the aim of achieving one's own goals and those of the future generations through the enterprise;
- we added the that all the shares need to be owned by the family;
- we also added the limit of a maximum of 2 owning families (maximum 2 founder's different families if unrelated);

- we also chose only enterprises where at least one of the family owners was also a director.

The cases under examination vividly illustrate the phenomena of BMI within the FF scenario in a relatively lean organizational and relational framework. It is offered a comprehensive analysis of behaviours, decisions, types of families, and events that contributed to the evolution of the BM, elucidating how these factors interplayed to achieve the desired outcome (Brenk et al., 2019).

Research Site

Study Case 1 – Alpha:

Alpha, founded in 1946, is an Italian family business operating in the field of foundry products and equipment. With an annual turnover of 5-10 million euros, Alpha is classified as a SME and has traditionally specialized in supplying products and equipment for metal casting, die casting and stamping processes in various regions of Italy.

The company is currently managed by the third generation, and internally there is the son of one of the owners representing the fourth generation. The current owners are the heirs of two main families, with a three-member board of directors ranging in age from 65 to 76.

Recently, Alpha has innovated its business model by expanding into the civil engineering sector through a new Division in Civil Building and Construction. This new division, which markets innovative products in the field of construction, has equaled traditional business volumes, demonstrating remarkable commercial success. The fourth generation has played a key role in this expansion, contributing significantly to the competitiveness of the new division. Despite internal family conflicts, the company continues to perform, highlighting the resilience and adaptability characteristic of successful family businesses.

Study Case 2 - Beta:

Beta, founded in 1955, is an Italian family business traditionally engaged in cheese trade. With an annual turnover of 40-50 million euros, Beta is classified as a SME and has historically specialized in the trade of “Parmigiano Reggiano,” which is a product among the Italian excellences, especially in northern Italy and some regions of Europe, and famous all over the world.

The company is currently managed by the second generation and now, internally, there are the spouse of the current owner and the two children representing the third generation. To date, the board of the unique family consists of the four family members: the owner, his wife and two children.

Over the past 15 years, Beta has innovated its business model by replacing step by step the trade of Parmigiano Reggiano cheese with the production of butter for food purposes by also exploiting its processing waste. Through this new BM, the company produces and markets various types of butter and production derivatives on its own and on behalf of third parties, allowing Beta to grow substantially. The second generation has played a key role in this expansion, contributing their different entrepreneurial vision to shape the new BM over time as the third generation begins to bring in new skills and resources.

Study Case 3 - Gamma:

Gamma, founded in 2008, is a family business operating in the trade of Italian food products in Russia. With annual sales of 10-20 million euros, Gamma classifies itself as an SME and has traditionally specialized in supplying food products that represent Italian culture and cuisine. The company is currently run by the first generation namely that of the founder and his wife who recently also became one of the owners. The current owners are also sole members of the board of directors.

Recently, the company has innovated its business model by expanding significantly through the inclusion of niche, high-demand products that can differentiate it. In addition, the logic of simply products trade has given way to the perspective of all-round service to the customer. This new BM has enabled the development, growth and success of the company, which now acts not only as a seller but also as a consultant in the technical field on products and business operations involving the kitchen and food preparations. His spouse's entry into the company played a key role in this expansion, significantly helping to relieve the founder from day-to-day operations to invest in his vision.

Despite the current difficulties in the Russian market, the company seeks to differentiate by targeting new Arab markets and finding alternative solutions with satisfactory results.

Study Case 4 - Delta:

Delta, founded in 1989, is an Italian family business operating in the video game rental and repair industry. With annual sales of about 2 million, Delta classifies itself as an SME and has traditionally specialized in serving merchants and establishments open to the public with its video games, equipment, and emergency field services.

The company is currently run by the second generation consisting of 3 sons of the original 2 founders. The current owners are brothers and cousins respectively as 2 are the sons of one of the founders and a third is the son of the other founder. The fourth, brother of the latter, due to disagreements and personal choices decided to follow a different career path. The board of directors is composed of the owners themselves.

Recently, Delta has innovated its business model by expanding into the sector of establishments open to the public and, in particular, by investing in the management of entertainment centers by being able to rely, upstream, on the service of the traditional business line and, downstream, on direct revenue to the public. This new BM has enabled the company to sustain itself and find new resources to enable adequate income for the three owners, who have faced a decline in the traditional video game rental business partly and mainly due to external contingencies.

The current generation has played a key role, identifying opportunities and leveraging the family's internal resources. Despite the difficulties, the company can rely on a new channel of income and greater flexibility with respect to exogenous and endogenous events.

Data collection

Data collection has been carried out through heterogeneous sources. This study employs a qualitative multiple case study approach, with semi-structured interviews serving as the primary data collection method. Semi-structured interviews (Yin, 2008) are well-suited for exploring complex phenomena within organizational contexts, offering flexibility while ensuring

consistency across interviews (Creswell and Creswell, 2017). As noted by Eisenhardt and Graebner (2007), this method facilitates the exploration of stakeholders' perspectives and experiences, providing rich, in-depth data. As told above criteria for case selection include industry diversity, organizational size, and different BMI, aligning with the study's focus on FF. Secondary data collection consists in supporting documentation obtained during meetings, observations, interviews or information collection.

Semi-structured interviews are conducted with key stakeholders including employees across various hierarchical levels, managerial staff, and members of the board. Additional insights were sought from external experts such as consultants, chartered accountants, statutory auditors, and pertinent family members. A second round of targeted interviews was then conducted, focusing on individuals who showed greater articulation and transparency, thus facilitating a deeper exploration of the behaviors, events and phenomena under investigation (Paul, 1996) and to reduce respondent bias (Leonard-Barton, 1990). The entire group of respondents for each case study is presented in the following table (Table 1).

Interview questions are carefully designed to delve into the nuances of BMI processes, including drivers, challenges, and outcomes (Creswell and Creswell, 2017). Nevertheless, a framework of 10 key questions was constructed to realign interviewees with the central themes to maintain coherence and oversight of the discourse. Each interview session spanned from 45 minutes to over 2 hours, allowing for in-depth exploration of pertinent topics.

Data triangulation is employed to enhance the credibility and validity of findings. This involves corroborating interview data with secondary sources such as company documents, company-products photos, financial reports, archival records, customer interaction, observations, meetings and informal interactions (Yin, 2014).

Furthermore, data sourced from secondary or documentary materials served to analyse findings, offering valuable insights and prompting further inquiries during subsequent interviews and triangulation processes. Ultimately, a coherent synthesis of all collected data was undertaken, culminating in the articulation of substantiated evidence.

<i>Cases</i>	<i>Informants</i>	<i>Additional Data sources</i>
ALPHA	<i>Members of the Board of Directors</i>	Balance Sheets
	Director n°1 (father)	Budgets and Business Plan
	Director n°2 (cousin)	Reports
	Director n°3	Historical documents
	<i>Managers in charge of company divisions</i>	Commercial catalogs
	Construction manager (son)	Products
	Foundry manager	Internet sites and business channels
	<i>Employees</i>	Follow-up conversations
	Accounting and administration	Pictures and events documents
	Logistics and abroad clients	
	<i>Relatives and related not in the company</i>	
	Wife of the Construction Division	
	Chartered accountant and consultant	
	Statutory auditor	
	Construction division important client	
	<i>Commercial agents</i>	
	Commercial agent n°1	
BETA	<i>Members of the Board of Directors</i>	Balance Sheets
	Director n°1 (father)	Budgets and Business Plan
	Director n°2 (wife)	Reports
	Director n°3 (son)	Historical documents
	Director n°4 (daughter)	Commercial catalogs
	<i>Employees</i>	Products
	Accounting and administration	Internet sites and business channels
	Production manager	Follow-up conversations
	Warehouse and internal logistic	
	<i>Relatives and related not in the company</i>	
	Consultant	
	Statutory auditor	
GAMMA	<i>Members of the Board of Directors</i>	Budgets and Business Plan
	Director Founder n°1	Reports
	Director n°2 (wife)	Commercial catalogs
	<i>Employees</i>	Corporate materials for customers
	Chef n°1 commercial and technical manager	Products
	Accounting and administration	Internet sites and business channels
	Warehouse and internal logistic	Follow-up conversations
	<i>Relatives and related not in the company</i>	Pictures and events documents
	Consultant	
	Historical partner and client	
	<i>Commercial agents</i>	
Commercial agent n°1		

DELTA	<i>Members of the Board of Directors</i>	Balance Sheets
	Director n°1	Reports
	Director n°2 (cousin 1)	Historical documents
	Director n°3 (cousin 2)	Commercial catalogs
	<i>Employees</i>	Products
	Accounting and administration	Internet sites and business channels
	Technical employee	Follow-up conversations
	<i>Relatives and related not in the company</i>	Pictures and events documents
	Consultant	
	Historical partner	
	Wife of director n°2	

Table 1: *Data sources*

Data Analysis

Step 1: Case Analysis and Narratives comprehension

The first step involved an in-depth analysis of each case study to outline detailed narratives (Eisenhardt, 1989; Langley, 1999) highlighting the relationship between family and business and the impact of this relationship on BMI. The goal was to describe the current state of BM, highlighting key transformations and specific triggers of them over time and the development of the new one (BM). To facilitate the analysis, we relied on breaking down the BM into its key components, according to the framework proposed by Osterwalder and Pigneur (2010), which includes elements such as customer segments, value proposition, activities, and key resources. We collected data from semi-structured interviews, other primary sources (such as internal company documents) and triangulations to understand how family and business dynamics interact, corroborating the narratives with feedback obtained from key respondents to confirm the accuracy of the information gathered to check for validity (Gibbert et al., 2008). Through the feedbacks minor revisions of the case narratives occurred.

Step 2: Identifying single episodes and Macro-events

In the second step, after analysing the data (first order data) collected from the sources, interview we focused on identifying single episodes (second order data) and critical moments that triggered changes in the BM investigating the role of family and the one of the company. We examined situations and fractions of the narratives that involving themes as generational succession, marriages, and changes in roles within the family and the firm, company events, investments, approaches, discussions and single facts. The episodes are treated as embedded unit of analysis (Yin, 2008) forming further parts of the methodological process (Langley, 1999; Poole et al., 2000); episodes have been collected and analyzed to study the changes occurring over time that are critical to BM evolution and innovation inside the cases. After that the episodes have followed an aggregation process to identify macro-events (third order data) that contributed to the BM evolution. We finally listed these macro-events and studied their impact on the corporate structure, highlighting how these moments permitted the renewal of the BM. The resulting sequences of macro-events, that are from 5 to 7 for each studied case, mapped the evolution of the new BM. We keep the chain of evidence to ensure construct validity (Yin,

2008); for each macro-episode, relevant and pertaining interview data segments are presented in appendix.

Step 3: Recurring Patterns in the macro-events for Thematic Nodes

The next step involved the identification of recurring patterns and themes inside data and macro-events of the different case studies, thus allowing to link them to specific changes in the BM. The determination of these patterns was done through an iterative combination of previous literature and our empirical data. The use of an open, inductive approach as in combination with existing theory allows us to “extend and refine ... existing categories and theoretical relationships” because as stated by scholar’s theory elaboration deploys procedures similar to theory generation (Eisenhardt and Graebner, 2007; Locke, 2001). Our goal aligns with theory elaboration because our study builds on pre-existing models and conceptual ideas and aims to refine concepts, relations, and their explanatory limits (Lee et al., 1999). Every event is listed as starting from the family or from the company ‘sphere. In particular, special attention was paid to moments of turbulent change where also family involvement and business reorganization and revolution occurs and how these generated new opportunities for innovation.

Our open and iterative approach to data collection and analysis allowed us to systematically explore and refine our understanding of process dynamics by comparing the narratives fractions (episodes) and discussing them. We linked the patterns found to known topic from the literature without adhering to a predefined set of categories (Strauss, 1987).

The patterns aggregated, focusing on the common elements and identifying recurring themes and connections between the cases, allowed us to outline some recurring topic that we called “Thematic Nodes” and that are the principal themes of the investigated cases.

This process led to a framework of five thematic nodes that the investigated cases followed to develop and refine new BM configurations. These nodes are first-order research results.

Step 4: Coding from Thematic Nodes

At this step, we analyzed all the Thematic Nodes within macro-events. These nodes have been dissected in their peculiarities and characteristics and valuated inside the macro-events with a coding process that ended by assigning a value. The coding process followed, for each case investigated, an approach that took into account having a good understanding of the consequentiality and chronology of the events that took place (Pettigrew, 1990) and the use of the multiple data sources (Pratt, 2009).

In order to assess the presence and intensity of the nodes in each case, we proceeded to evaluate its occurrence in each macro-event.

We specify that assessing a very graded scale of intensity of these factors is not the goal of this research; nevertheless, we wanted to prove their existence in the events under investigation and to understand whether certain ones could play a more or less decisive role. Therefore, it was decided to draw up a metric scale with the following outputs: absent, existing, intense, very intense in ascending order of influence. In each macro-event of the cases, the presence or absence of each of the Thematic Nodes was studied. Above the presence in 30% but under 50% (excluded) it is named as “existing”, while from 50% to 80% (excluded) of the cases value is named as “intense”, while above 80% the value “very intense” is attributed. Below 30% the

value “absent” was attributed. The exception is only Thematic Nodes 5 which was given a binary rating of “yes” or “no” because the entry of new family and business members is a rare event that cannot occur physiologically every macro-event analyzed but at most 1 or 2 times during the investigated period.

The Thematic Nodes were confirmed following a counter-analysis with a “devil’s advocate approach” (Nemeth et al., 2001) to test if the various members of the interviewed companies were confirming or doubting the emerged results. These analytical steps required several iterations; the conclusive process of coding led to refinements of the initial valorisation of the Thematic nodes within the macro-events.

Step 5: Reconstruction of study case and determination of Propositions

In the fifth step, the final one, we compared the obtained preliminary results illustrating how family and business dynamics evolved over time, leading to innovations in the BM.

This process of representation allowed us to highlight critical moments when family dynamics facilitated or hindered change, and following Berends et al. (2016), the sequence of events was reconstructed to provide a clear representation of the paths followed by each firm.

We first compared the distribution and the value of the thematic nodes in the macro-event of the BM innovation trajectories taking into considerations their characteristics (table of components identified by Osterwalder and Pigneur, 2010 in Appendix 2).

After that, the data analyzed, through the Thematic Nodes and within macro events, BM evolution and trough the reconstruction of the events of the studied cases, were functional for the determination of the final results in the form of 4 propositions that will be studied and discussed with the recent literature on the subject and that will be presented as the final results. A summary table of the data analysis steps is presented below (Table 2) and is followed by the illustrative diagram of the analysis approach applied (Table 3).

Data analysis by steps				
Step 1: Case Analysis and Narratives comprehension	Step 2: Identifying single episodes and Macroevents	Step 3: Recurring Patterns in the macroevents for Thematic Nodes	Step 4: Coding from Thematic Nodes	Step 5: Reconstruction of study case and determination of Propositions
Detailed case study analysis	Focus on important single episodes	Identifyng Macro-events reccurring patterns	Thematic Nodes evaluation	Distribution of value of the nodes
Current BM state description and keys	Aggregation into macro-events	Iterative approach	Coding	Narratives reconstruction and BM
Data collection interviews and 2° source	Macro-events presentation	Thematic Nodes determination	Confirmation approach	Determination of 4 Propositions

Table 2: *Data Analysis table*

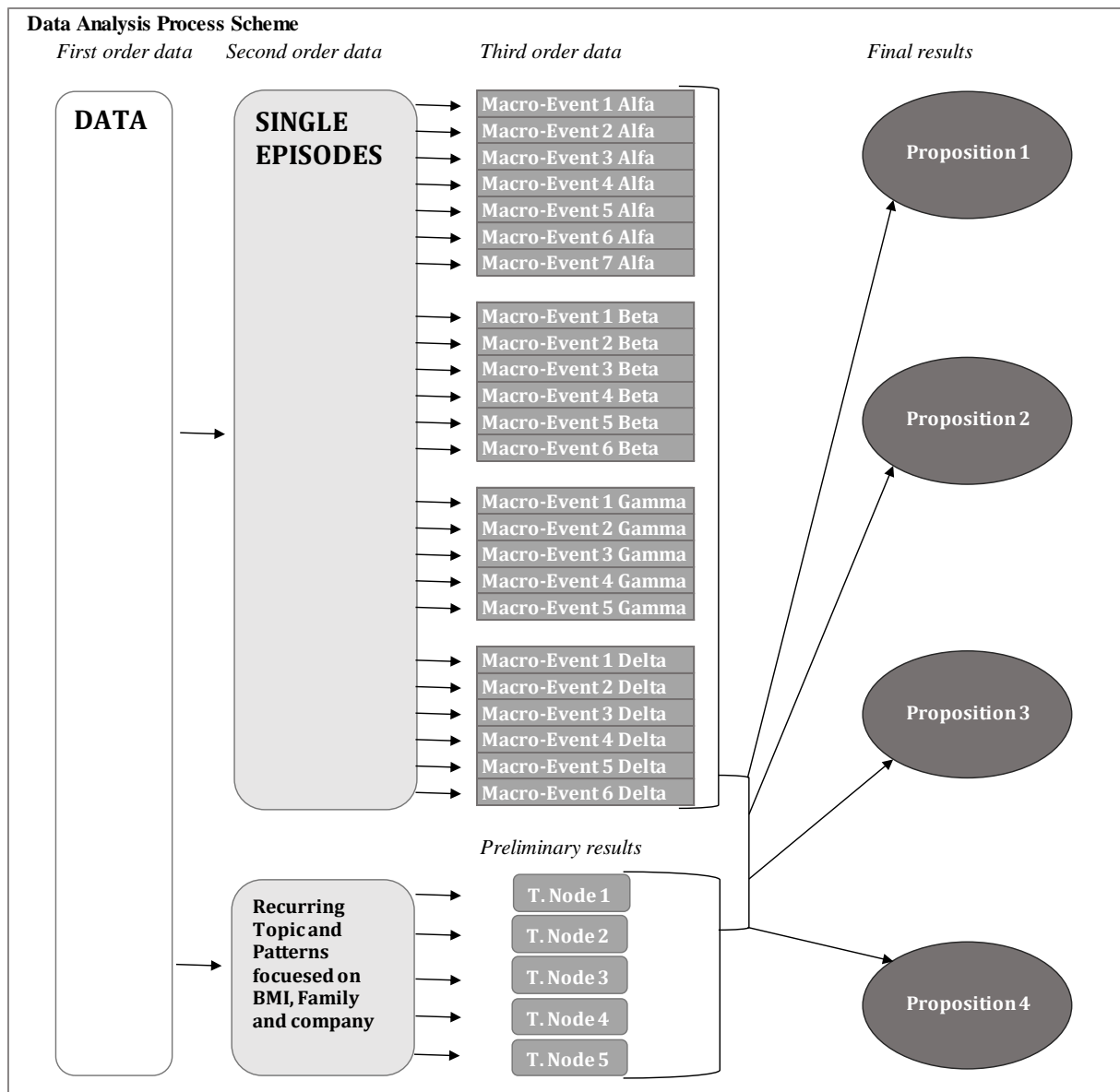


Table 3: Data Analysis Process Scheme

2.5) Findings

Results

Below we present the preliminary results, and later the final results in the form of propositions, of the empirical data obtained from the 4 study cases analyzed, by illustrating their main occurrences during the respective BMI paths, with a specific focus on the two main systems: the thematic area related to “family” and the thematic area related to the company. Each case study, explored in more detail and illustrated under the lens of family and business dynamics, is provided in Appendix 3.

BM innovation trajectories

The BM innovation trajectories of the four FF examined (Alpha, Beta, Gamma, and Delta) were characterized by a series of macro-events, aggregated from multiple episodes. Appendix 1 contains, for each BMI trajectory, the main macro-events in chronological order accompanied by the referred episodes. These macro-events map the evolution of the new BM and allow emerging themes to be traced.

Each macro-event reflects a set of related episodes that, aggregated together, outline significant moments in the innovation process. Although the aggregation of episodes into macro-events involves some abstraction from the complexity of the case histories, this has allowed for a more defined and clearer view of evolutionary trajectories. For each macro-event, Appendix 1 also indicates the intersections of the BM with thematic nodes and the narrative derived from the case study fraction (macro-event) data along with illustrative quotes.

Appendix 2 provides, for each innovation trajectory, an overview of the original business model (on the left) and the evolution into its final components (on the right) of the table. The tables summarize for each case the components of the business model that evolved during the trajectory. Appendix 2 shows that many components of the business model evolved multiple times or had multiple influences during the innovation trajectory, indicating processual relationships between different macro-events; Appendix 1 supports the explanation.

When we shift the focus from individual macro-events to the entire trajectory of the various cases, distinct patterns emerge. We have identified key thematic nodes that describe how the family system and the business system co-evolved along the innovation trajectory. The thematic nodes provide a key point to understand the macro-events and are the basis for the formulation of the propositions. Two of the four trajectories for example, Alpha and Beta, highlighted more the importance of the entry of new family members into the enterprise as a driving force for BMI by linking to thematic node 5 while two other cases as, for example, Gamma and Delta, focused on structural adaptations, in line with the needs of the family, needed to respond to changes in a mutable market (thematic node 4).

The resulting propositions represent a theoretical synthesis of the thematic nodes extrapolated through the case study data, and reflect how the process of aggregating macro-events and reading recurring themes led to a deeper understanding of BMI in FF. A summary table (Table 4) of investigated cases, macro-events, and coding of thematic nodes is presented below

Comparison of the cases	Alfa	Beta	Gamma	Delta
<i>Initial family status</i>	Founder's family	Founder's Family	Self-starting	Founders' families
<i>Initiation of the process</i>	Beginning of the business as carried on by the current generation	Beginning of the business as carried on by the current generation	Beginning of the business as carried on by the current generation	Beginning of the business as carried on by the current generation
<i>Family change</i>	The son leaves the family unit and starts his own family	Father passes away, son's new family joins company	New family with marriage	The current owners leave the family unit and establish their own families.
<i>Learning processes and innovation trigger</i>	Family quarrels and isolation of one's professionalism lead to parallel and autonomous development of BM	Differences in vision about company opportunities and future and the need to take the reins of the business	"Service" core business development thanks to the support of the wife who joined the company	Need to find new positions and incomes for the current generation to cope with the decline of the sector
<i>Relation to existing BM and new BMI development</i>	New autonomous and parallel BM	Replacement of the Bm	BM that replaces simple export with complete servitization	New autonomous and parallel BM with mutual synergies
Third order data Macro-Events				
<i>Macro-Event 1</i>	Firm as family	Initial Vision	Initial Experience	Son's entrance
<i>Macro-Event 2</i>	Family Quarrels	Change's of son family	Engagement	Firm as a family
<i>Macro-Event 3</i>	Difficult work environment	Father's illness	New company responsibilities	Market decline
<i>Macro-Event 4</i>	Marriage	Investments	Market scouting	Investments and new opportunities
<i>Macro-Event 5</i>	New operational BM	New family support	New Business Areas	Organization change
<i>Macro-Event 6</i>	New Foundry manager	Internal contribute		New activities
<i>Macro-Event 7</i>	Isolation and Test of opportunities			
Preliminary results Thematical Nodes				
<i>TN 1</i>	FA-CO	CO-FA=FA-CO	CO-FA	CO-FA=FA-CO
<i>TN 2</i>	intense	very intense	very intense	very intense
<i>TN 3</i>	very intense	very intense	intense	very intense
<i>TN 4</i>	intense	very intense	very intense	intense
<i>TN 5</i>	YES	YES	YES	YES

Table 4: Comparison of cases, macro-events, and thematic nodes

Our analysis of the four case studies (Alpha, Beta, Gamma, and Delta) reveals several Thematic Nodes and characteristics of BMI in FF. These findings highlight the unique interplay between

family dynamics and business innovation processes, shedding light on how and why BMI occurs in the context of family businesses.

Thematic Node 1: Reciprocal Influence between Family and Company (CO-FA and FA-CO)

A prominent finding that emerged in all the cases analyzed is the bidirectional relationship between family and business, described as CO-FA (from company to family) and FA-CO (from family to company) influences. This reciprocal dynamic is crucial to understanding how BMI in FF is deeply influenced by both contexts.

On the one hand, business changes (CO-FA) often required significant adjustments in the family structure, such as redistribution of roles and assumption of new responsibilities. On the other, key events in the family (FA-CO), such as generational succession and new internal dynamics, influenced strategic business decisions, stimulating processes of innovation or diversification.

For example, in Alpha, the creation of the construction division led members of the fourth generation to take on new roles, thus affecting relations and family balance. In Beta, generational transition led to a strategic change in butter production, in line with the inclinations of the new generation. In Delta, the involvement of family members in entertainment centers required a reorganization of roles and extended family engagement, creating an extended “corporate family.”

These mutual influences not only shape business and family behaviour, but also require a constant process of organizational learning and adaptation. Companies are forced to evolve, adapting their structures and practices to meet the needs of the family and the needs of the business, thus fostering a process of continuous innovation.

Thematic Node 1.1: CO-FA Influences

Company-driven changes often lead to adaptations within the family structure:

- In Alpha, the birth and development of the Construction division led to a redistribution of roles within the family, with the fourth generation assuming responsibility for the new business area. Many phenomena were driven by needs of the business sphere and affected the family sphere. For example, the choice of the 3rd generation owners to share a lot of time in the company even on holidays by going right to create semi-housing spaces to allow for long shifts and a strong dedication to the growth of the business in part even compromising the relationships of each person's personal families and creating an extended family. The demands of business stability balanced the division between father and son in daily operations “*How many Saturdays and Sundays we spent at the company...the workload was so much and everything had to be built...I would say that the effort paid off but this we could only do because we were passionate about what we were doing...except sleeping, my time was spent at the company while at home often only in passing*” Director I., Alpha

- Beta's shift from cheese marketing to butter production required the acquisition of new skills among family members. The family ties of the owners are strong to such an extent that the owner himself allowed his newly hired son to question the traditional business. Later after the latter became the owner himself, he brought his wife on a permanent basis and his sons fresh out of studies into the business organization to support the growing needs of an evolving business. *“The business has certainly grown but it has also always required new investments and help...that's why we pushed for G. and B. to join the company...better to work for themselves than for others...after all, tomorrow will be theirs,” Director E., Beta.*

- Gamma's shift to a service-oriented model required family members to develop new skills in customer relationship management and business organization. This evolution was made possible because, despite the diverse and growing needs of the company, his wife, who became one of the owners, took on the task of managing the organizational, administrative and control aspects, freeing the founder from the day-to-day business and allowing him to focus on the strategic goal of “servitization”. This has had influences at the family level, such as long periods of separation following relocations, such as the great commitment on different fronts of the two spouses, and finally the difficulty of focusing on personal and family projects. *“I had already started working for the company ... when things changed the skills load required was very different ... I was holding responsibility over control and administration and for this I had to take courses and learn as best I could” Director T., Gamma*

- Delta's diversification into entertainment center management has pushed family members to take on new roles and operational responsibilities. In fact, commitment to the company has always seen family figures brought in to cover operational needs soon going on to create an extended family of siblings, children, cousins, and their respective households. After one of the 4 owners decides to change jobs the new entertainment center manager is chosen in one of the 3 remaining ones. This entails sacrifices, changes in habits, and a revolution in the relationship with others and with one's own household. *“M. was the one with the most experience in the clubs and that is why we had entrusted him with the management of the center...after discussions about careless management and his decision to go back to work in Tuscany we remained the three of us. We had a meeting and out of that meeting the name of the next manager had to come out...even if that meant very different schedules and commitments from before...well as you know it was my turn” Director D., Delta*

Thematic Node 1.2: FA-CO Influences

Family events and changes frequently trigger or shape business model innovations steps:

- Alpha's generational transition and family disputes triggered the exploration of new business opportunities, leading to the development of the Construction division. First, difficult relational relationships prompted the company to find solutions not to ruin the balance of the business and to allow all members to work internally. Then the increasing independence on the part of the son, after the establishment of his own household, affects the further estrangement of relationships and influences the organizational choices of separating the business into two

branches. *“They are better off working apart than having to deal with each other on a daily basis. Once a month for reports to the Board of Directors is more than enough... The merit, if we want to call it that, is not due to this product but to the two of them who pushed the organization to find new opportunities. Even if with some risks and many difficulties”* Director E., Alpha.

- Beta's forced succession process, with a sudden change of roles in the family, influenced the decision to focus on butter production, aligning with the vision and skills of the new generation. This path forced the company to need new resources by influencing the choices of the family, which saw itself as an integral part of the business first with the wife of the 2nd generation owner and then with the children. Further openings of the business followed the specific inclinations and ideas of the new entrants outlining growing and niche micro-markets. *“At that moment we were at a crossroads, I had to take the reins of the business suddenly ... to this day I can say that the best possible choice was to choose the path that I assumed would be able to make us grow ...but, so to speak, without choosing too much and taking it one step at a time”* Director S., Beta.

- The consolidation of the family through the founder's marriage to his spouse influences the dynamics of the business leading to a totalizing commitment of the two spouses and a division of social shares, roles, and the identification of common goals including economic ones. *“In this case, we can say that the marriage has done more for the enterprise than for us...the sale of the 360-degree service came about when M received back energy that he could dedicate to development,”* Director T., Delta.

- The new extended family composed of the families of Gamma's 4 new owners had to cope with the decline of the video arcade market and forced to find new entrepreneurial solutions to allow each an adequate income. Diversification into entertainment centers, which arose because of the family's economic needs, saw a business branch also structured to make maximum use of what the company already offered: that is, games and amusement equipment for rent. Therefore, the traditional business branch, instead of heading only to third parties, also offered its services to the second business branch to achieve greater synergies. *“The market for games grew exponentially from the 1970s to the 1990s...in the new millennium, however, with the sale of private consoles there was an opposite but equally intense effect. If we wanted to hope that we could all work in the business we had to invent another source of income,”* Director A., Gamma.

Thematic Node1: Synthesis

Analysis of mutual influences between family and business in the Alpha, Beta, Gamma and Delta cases reveals common patterns that illustrate how these two systems co-evolve during the process of BMI.

CO-FA influences led, in all cases, to family reorganization to meet business needs. In Alpha, the division of the business into two branches was motivated by the difficult relations between

the father and son, facilitating improved family coexistence through a separation of business activities. In Gamma, the development needs of the business forced the family to become more fully involved in operations with significant consequences for the management of daily life as well.

FA-CO influences emerged strongly in succession processes and relationship dynamics. In Beta, sudden succession forced the new generation to quickly take the reins of the company, pushing for a different strategic direction, such as a focus on butter production and the entry of new micro-markets in line with the aspirations of the new members. In Gamma, the need to ensure an adequate income for the new extended family led to the introduction of a new business line related to entertainment centers, which took advantage of the company's existing resources, such as gaming equipment.

Transversely, it can be seen that in Alpha and Gamma, business needs led to the reorganization of family responsibilities. However, while in Alpha the separation of business branches aimed to reduce tensions, in Gamma the integration of the family into business management promoted greater synergy between traditional and new activities.

Similarly, in Beta and Delta, family change has profoundly influenced business strategy. In Beta, succession led to a BMI focused on product diversification, while in Delta family reorganization influenced the selection of new managers and the subsequent evolution of the business toward entertainment center management.

In sum, mutual influences between family and business are not only a source of tension but also of opportunities for innovation. Business needs often require family adaptations that can lead to positive business evolution. Likewise, changes in family dynamics can influence business strategy, pushing toward new paths of innovation and growth. Comparing the Alpha, Beta, Gamma, and Delta cases shows that family-business interdependence is a complex resource, capable of generating both synergies and new challenges, the balance of which is crucial to BMI's success.

Thematic Node 2: Incremental Nature of BMI in Family Firms

Our results indicate that BMI in FF tends to be incremental rather than radical. This type of innovation occurs through a series of small, gradual, interconnected changes that reduce risk and promote business continuity. This approach is particularly suitable for family businesses, which are characterized by a strong attachment to tradition and the need to preserve family stability.

- Alpha has gradually expanded its range of products and services, leading to the creation of a new division. This gradualness followed an approach already known and applied by the current owners of the company; each new product or service has always been tested and only then integrated into the commercial offering. Similarly, as a result of the geology studies of the son of one of the owners (the future 4th generation), the company delved into the applications of

bentonites, traditionally used in smelting along with other sands, in the field of insulation technologies. After the opening of this area, of civil construction, many consulting services and products such as insulators, resins, nanotechnology, and clean energy were integrated. Each is always identified, tested and finally integrated into the company's offerings. *“We started with an experiment ... as we always did, one test at a time, to see how the market responded,”* Director I., Alpha

- Beta's transition from cheese to butter production took place through a series of strategic decisions and investments over several years. Although the rapid succession between founder and son due to health reasons prompted the latter to follow his entrepreneurial visions this could not, however, be said to have happened immediately. In fact, the idea of focusing on butter production had been in his vision for some time. Investments in production machinery and the increasing replacement of Parmigiano Reggiano maturing facilities gradually downsized the traditional business line, which was then completely supplanted by the production line. *“The company had contracts and relationships in place...I wanted to go in that direction but we had to do it with the right timing and especially by verifying that my intuitions were correct”* Director S, Beta

- Gamma evolved its business model from trading products to providing services through incremental additions to its value proposition. First, in fact, niche products that could appeal to new customer segments were identified and integrated (this still happens to keep the offer up to date); it was only later that it was realized that in-depth advice would be needed from technical experts in the field, including experienced chefs, to explain how to use them. As a third phase, help was given to the client to define an in-line and coordinated menu proposal by integrating in a further phase the industrialization of the dish and the menu itself with analytical costs, quantities, timing and production techniques to allow even large groups to produce identical products in each location. During this time, in a parallel manner, many investments led to the creation of a large warehouse that could cover customer emergencies. In addition to these services, the company provides tastings and a team of professional chefs ready to intervene to solve the difficulties of purchasers of marketed products and beyond allowing Gamma to build lasting and loyal relationships. *“I understood that our offerings were poorly differentiated from our competitors, and one step at a time we always tried to offer something more”* Founder, Gamma

- Delta's diversification into entertainment centers has been a gradual process, building on its experience in video game rentals. In fact, when the two founders left the company to their 4 sons, a process of renting began versus new type of clients (no longer only to bars or arcades but also to entertainment centers, bowling alleys, cinemas, and shopping malls). The new owners began this diversification while the industry's decline was coming forward bringing with it some profound changes, such as stricter regulations on gaming machines for bars and public places. The strong knowledge gained in this area made it possible first to enter new customer segments as renters and then to enter the direct management of activities open to the public (partially at first and then totally, starting with the arcade and then reaching the entire

facility). To date the company holds direct and indirect relationships with several centers of this kind. *“Early in our role as company executives we made business connections with more varied businesses such as shopping malls or simply the Bowling chain. This experience made us very familiar with certain realities from the inside until our success of managing one”* Director D, Delta

This incremental approach appears to be closely tied to the FF’s risk aversion and desire to maintain stability while innovating.

In all the cases analyzed (Alpha, Beta, Gamma and Delta), BMI followed an incremental path, with gradual changes leading to the introduction of new divisions, products or services. At Alpha, for example, the expansion of uses for bentonites, previously applied only in the foundry field, paved the way for new technologies and progressive experiments, with a constant process of testing and integration. Similarly, Gamma has evolved its business model by introducing alongside to the more “classic” products a growing series of niche products, then consulting services, and finally industrializing the process of producing plates for customers and kitchen management.

Alpha and Gamma took a cautious and experimental approach, introducing new elements gradually to test their market acceptance and the possibilities for integration with existing activities. This process provided greater stability, reducing the risk associated with radical changes.

Beta and Delta showed how incremental innovation enables adaptation to external changes. In Beta, the transition to butter production was sustained by gradual investment in specific machinery without ever abandoning the original business until the final stages and gradually beginning to trade and then to produce butter until it became dominant; in Delta, on the other hand, the expansion into entertainment centers management occurred in response to the decline of the video-game market first by acquiring diverse customers (no longer just game-room owners but also entertainment centers and shopping malls), then by acquiring a specific area of a center to be managed, and finally by taking over the management of the entire business while keeping the traditional branch active and synergic.

The family businesses analyzed demonstrated that the incremental approach to BMI allows them to balance innovation with the need to preserve continuity and reduce risks. Each case showed prudent use of resources and constant adaptation to market needs, which allowed them to maintain the balance between stability and change. The comparative analysis between Alpha, Beta, Gamma and Delta shows how incremental modes can result in different outcomes, depending on the peculiarities of the business and family context, but always with a focus on continuity and sustainable evolution.

Thematic Node 3: Long-term Orientation and Sustainability Focus

All four cases demonstrate a strong emphasis on long-term orientation and sustainability in their BMI processes. The common goal is to ensure the continuity of the business, both through

diversification of activities and through building lasting relationships with customers. This orientation is often prioritized over short-term gains, in line with the desire of family businesses to preserve the business for future generations.

- Alpha's investment in the Construction division was motivated by a desire to ensure the longevity of the company and to provide opportunities for future generations. In fact, in spite of strong relational incompatibilities and quarrels between the two generations involved, there has always been a consensus to protect and ensure continuity for the company considered an extension of the natural family. For this reason, albeit forced, original solutions have been found that have allowed over time to create an ambidextrous structure that rests on two parallel markets by sharing the company's fixed costs and more resiliently withstanding the shocks of a specific market by also being able to rely on another revenue branch. *"We never wanted to sacrifice the future of the company for selfish gestures and so we decided to try new solutions to go ahead without arguing. We therefore decided ... to push A. away, leaving him his spaces but at the same time obtaining our own"* Director P, Alpha

- Beta's focus on butter production was motivated by long-term market growth potential, sustainability, and family livelihood. In fact, the current owner believed that the stringent consortium limits applied on the annual production of "parmigiano reggiano" could limit the company in its development and growth. Even in the early years of its operation, a significant increase in competition and a reduction in margins could be seen. In fact, Parmigiano, as a product of excellence, is limited by specific regulations in the production area, quantities and product characteristics. This obviously affects retailers' negotiating opportunities, leaving commercial power in the hands of the few authorized producers. It also requires prolonged aging times that necessarily lengthen the business cycle. To allow Beta to grow and prosper more it was necessary to focus on something with an easier and wider market. *"At a certain point you have to focus on what can have the best future...I admit that even for me it was not easy to leave the Parmesan market to which we were all attached and which gave us prestige, perhaps more than today...but you have to realize that this choice has made us grow and leaves a lot more space going forward."* Director S., Beta

- Gamma's shift to a service-oriented model was aimed at building long-lasting relationships with customers and ensuring constant relevance in market change. In fact, the pure trade of products to foreign countries was suffering from strong price competition, fragmented relationships with little loyalty, and sudden market changes. Only by finding its niche and offering a comprehensive and valuable service could the company secure the desired level of customer loyalty. Today Gamma sells not only the product, but also advice on how to use it, emergency supply coverage, technical analysis on costs, and training of culinary companies. *"I understood that in order to be competitive in the future and not to compete on the cheap, it would be necessary to accompany the customer step by step in the use of products they did not yet know how to use"* Founder, Gamma

- Delta's diversification strategy is designed to create a more resilient business model that can cope with industry changes and sustain owners. The need to create adequate income for the

now extended family in a declining market following the invention and growing popularity of home consoles such as xbox, playstation, and game-boy applied the current owners to leverage their experience and skills to find a solution. Up to that point Delta had always focused on the upstream process, the rental and repair to the merchants, from that point on it has sought logics to be able to produce revenues also in the downstream phase that is the direct management of the final customer (also increasing the offer of food and beverages, party organizations and many other attractions outside of the more classic video-games); by doing so it has positioned increased its presence on the supply chain increasing the work and consequently the income also managing to better withstand any market turbulence. *“The video game rental business took a hit with the release of consoles, so we had to broaden our scope, which is why we opened up the center”* Director A., Delta

This long-term perspective appears to be a distinctive feature of BMI in FF, often prioritized over short-term gains. In all of the cases analyzed (Alpha, Beta, Gamma, and Delta), a long-term orientation guided the BMI, expansion in construction enabled diversification of activities, reducing vulnerability to market shocks. In Beta, the transition to butter production provided a larger and more sustainable market than parmesan. Gamma has evolved its model toward consulting and support services, creating lasting relationships with customers and improving competitiveness. Finally, Delta diversified its activities toward entertainment center management, adapting to the decline of the traditional video game market.

This can be seen in Alpha and Beta, which have adopted strategies to diversify their activities, ensuring long-term sustainability. While Alpha created an ambidextrous structure with two complementary lines of business, Beta decided to move away from a limiting market characterized by restrictions to focus on a larger one with greater growth potential. Both companies sought to reduce dependence on a single source of revenue, thereby increasing the company's resilience.

To the same end, Gamma and Delta focused on building lasting relationships and diversifying. Gamma focused on creating a service model that would build customer loyalty, while Delta tried to exploit its expertise in video games to diversify into direct management of entertainment centers, expanding its offerings with additional services such as foodservices, other recreational activities, and event organization.

These four cases show how long-term orientation and sustainability are key priorities for family businesses in their BMI processes. Diversification strategies, expansion of offerings, and building lasting relationships with customers were used to ensure the resilience of the company and its continuity over time. The cross-sectional analysis reveals how, while using different approaches, all companies sought to reduce risks and ensure a sustainable future for the company and future generations.

Thematic Node 4: Role of Family Values and Legacy in Shaping BMI

Our results indicate that family values and legacy play a significant role in guiding the direction and nature of BMI in family businesses. A crucial aspect of family legacy is governance and leadership, which shape strategic decisions and the direction of BMI. The mode of management and distribution of responsibilities among family members help define how values and traditions are transferred and applied. These values act as both catalysts and filters for innovation initiatives, ensuring that any change aligns with the family's identity and core principles. Family businesses tend to balance the desire to innovate with the need to preserve the heritage and traditions that have been passed down from generation to generation.

- Alpha's expansion has maintained a focus on quality and customization, reflecting the family's long-standing values. In fact, towards customers and because of the name of the business, there has always been a desire to maintain a high level of service, up-to-date skills, and very attentive service. Despite this, the company paid for family quarrels and misunderstandings internally that would have potentially damaged its operation. The organizational solutions that have been found, despite the relational difficulties perpetrated over time between members of the same family, have been aimed at not compromising the internal well-being of the company almost always considered a “superior asset” to be protected and relied upon. Family governance in Alpha played a key role in finding solutions that could preserve the integrity of the company, despite the already told internal conflicts. The distribution of roles between generations made it possible to manage family dynamics without compromising business continuity *“I have not gotten along with my father for years...but if I can compliment him I would say he has been a good teacher for dedication to work and problem solving...we also share the importance of the enterprise...each of us now cares more about the enterprise than each other”* Manager A, Alpha

- Beta's transition to butter production has maintained the family's commitment to the dairy experience while adapting to market changes. In fact, the company in the figures of the owner and later his son represents a true model of the transfer of skills, resources and traditions of a market of excellence in the Italian territory. Succession from the founder to his son involved not only a transfer of expertise, but also a reorientation of leadership, adapting governance to new market needs while maintaining ties to the sector. The butter and cheese supply chain naturally intersect and share much common knowledge and techniques. The company has always positioned itself as a symbol of representation of the territory and its primary producers that is, the farms that supply the raw materials. *“The industry has changed a lot, and it was not easy for my father to realize that the path taken years before was to be changed...in spite of this over time, the philosophy and care we put in and that has been passed on to us has never changed”* Director S, Beta

- Gamma's service-oriented approach was based on the family's emphasis on personal relationships and trust. In fact, the founder's ideas were in place long before it was actually implemented, but such an intense revolution could hardly have taken hold without part of the operation being entrusted to a trusted figure. After his wife, now one of the two owners, takes over the organizational, administrative and control role the founder, after this transfer in

leadership role, became able to invest and step by step revolutionize the business relationship with customers and the way service is delivered. The family in this case has been a supporting pillar for the transformation. *“The spark and the best years of the firm have followed through mutual trust and roles ‘division...it is not possible to take care of everything in such a complex project...at least for now we can say we have done well”* Founder, Gamma

- Delta's diversification into entertainment centers has aligned with the family's historical focus on leisure and entertainment. The family's strong knowledge of renting, repairing and proposing to merchants the latest video games and equipment has allowed it to study deeply and over time learn about the other side of the market: that of operators directly connected with the end customer. In addition, the strong bond of the family, which remained almost completely united, and the shared leadership among them forced and helped find new solutions to enable continuity and values to be maintained. *“We always wanted to remain united for reasons of bonding but also opportunity ... the paths taken were always for everyone just as our fathers had also always cooperated with each other”* Director L, Delta

These values act as both a catalyst and a filter for BMI initiatives, ensuring that innovations align with the family's core identity and principles. In all cases analyzed, family values and legacy strongly influenced innovation strategies. Alpha maintained a focus on quality and customization, consistent with historical family values, despite internal conflicts. Beta has chosen to maintain its connection to the dairy sector, adapting to market changes, but without losing the legacy of skills and traditions related to dairy production. Gamma transformed its business model toward a service-oriented approach, building on the importance of personal relationships and trust, stemming from the former and new family. Finally, Delta diversified toward entertainment centers, staying true to the historical emphasis on leisure and entertainment, and maintaining the family unit as a guiding value.

In Alpha and Beta, the link with the family heritage has played a crucial role in addressing the high quality standard of skills developed by the family. In fact, Alpha has sought to preserve the company as an extension of the family by bringing the same values into a new market sphere, while Beta has maintained the link with the dairy sector, adapting but never straying from the original philosophy.

In Gamma and Delta, on the other hand, the family legacy is more focused on the bonds of trust and unity that have driven the transformation to a service-oriented model in Gamma through the inclusion of the wife, and in Delta, on the other hand, family unity has always prevailed while maintaining the focus on the entertainment sector.

The role of family values and legacy has been instrumental in the form that BMI has taken in all the companies analyzed. In addition, family governance and the role of leadership within firms helped determine how these values were translated into concrete strategic actions. Alpha, Beta, Gamma, and Delta all sought to balance innovation with the need to preserve traditions and values handed down. The BMI strategies adopted aligned closely with family identity and the desire to ensure the continuity and well-being of both the company and family members.

The cross-case analysis shows how family values can act as both a guide and a constraint for innovation, ensuring that the evolution of the company is consistent with the family's founding principles.

Thematic Node 5: Family Entries Influence on BMI

Our results show that the entry of new generations or new family members into the family business is an important driver for BMI. These new entrants bring new perspectives, skills, and a willingness to challenge existing norms, often serving as a catalyst for business change and innovation.

- At Alpha, the entry of the new generation led directly to the exploration and implementation of new areas of business as they were forced by finding new organizational solutions that would allow them to conclude family quarrels and keep the company alive and performing as an asset to be treasured. The new generation that entered the company after studies in geology, even if not completed by a single exam, made it possible to deepen other uses of bentonites usually functional for foundry processes. Bentonites, treated instead in their role as natural thermal insulators paved the way for the energy-saving market in construction then linked to multiple other products and technologies in the industry such as insulation, resins, nanotechnology and clean energy. *“I wanted to give my son my place in the board. We have always been a company in the foundry sector and despite having innovated many times we had never pushed ourselves as far as today from our traditional sector” Director I, Alpha*

- Beta suddenly experienced the succession of the founder to the son who, already critical of the traditional business, decided to invest and bet on the production of butter and derivatives. The experience passed on and the strong knowledge of the sector made it clear that greater freedom of action and marginality could be found not in the market's leading product but in the simplest and most common. In fact, Parmesan has various limitations due to the consortium and an elongated commercial cycle. Butter, on the other hand, has more production freedom and fits into numerous supply chains while also going to tangle with the needs of more specific clientele such as those related to organic, gluten-free or vegan. *“I soon realized that my father's company was no longer adequate for the needs of the market and that by now, given his health, I had to take responsibility for making changes” Director S., Beta*

- The family's expansion into Gamma provided the impetus for a significant change in the company's operating model. In fact, the support that his wife, now an owner, has given to the organization has allowed the founder's energies to be freed; the founder who has gained a lot of experience in the sector has gradually renewed his business proposal by integrating more and more services adjacent to the classic sale of products. To date, this comprehensive “servitization” enables a completely different business approach, lasting and loyal relationships, and a completely revolutionized mode of revenue generation. *“My project had been defined for some time, but the company every day offers challenges and requires energy...without trusted support I could hardly have dedicated myself to this business as I am doing today” Founder, Gamma*

- Delta's BM has seen various exogenous and endogenous elements integrate. Like any market, the video game rental market has had its changes and in particular has shown a sustained decline following the invention and ever-increasing popularity of consoles for private homes such as xbox, playstation, game-boy, and others. The founders' successors have had to manage, since their succession, the difficulties of being more numerous and in a market where space was shrinking; this required new visions and specific skills. Their experiences and skills made it possible to identify other synergistic and profitable lines of business such as the management of games and equipment directly to the end customer and no longer only to the merchant. *“In addition to there being four of us, and thus having more arms, everyone had specific skills; A. and I in electronics, D. and M. had had experience in clubs...let's say we didn't have the experience in our fathers' field but still we had something new to bring...and like it or not we had to do it,” Director L., Delta*

This generational influence brings fresh perspectives, new skills, and a willingness to challenge existing norms, often serving as a catalyst for BMI. The cases show that the entry of new generations or new family members significantly influenced BMI. In Alpha, the entry of the son with expertise in geology led to the development of new applications for bentonites, pushing the company into the market for energy saving and advanced building technologies. At Beta, the transition of responsibility from the founder to his son drove the decision to invest in butter production, taking advantage of the opportunities offered by a broader, less constrained market than parmesan. Gamma benefited from the support of the founder's wife, which allowed the founder to focus on “servitization” and building long-term relationships with customers. At Delta, the entry of successors allowed the business to diversify toward direct management by introducing new skills and visions that enabled the company to adapt to market changes.

For Alpha and Beta, the entry of the new generation was a trigger for major changes in the company's direction. At Alpha, the son introduced new applications for bentonites, opening new markets for the company. In Beta, the founder's son decided to move away from parmesan production to focus on butter, a product that offered more flexibility and market opportunities.

Similarly, the change in Gamma occurred through family support as a means of releasing energy and developing a transformation to a service-oriented model that was already in the planning. The support of the family as a unit, along with the new skills of the newcomers, allowed Delta to diversify through a new line of business identified as synergistic to adapt to the decline in the video game rental market.

The entry of new generations or new family members is a key driver for BMI in FF. Alpha, Beta, Gamma, and Delta have all benefited from the new perspectives, skills, and willingness to challenge traditions brought by the new entrants. The cross-sectional analysis shows how generational influence can lead not only to revised business strategies, but also to greater resilience and adaptability in the face of market changes, ensuring the continuity and success of the business over the long term. A thematic node summary is presented below (Table 5).

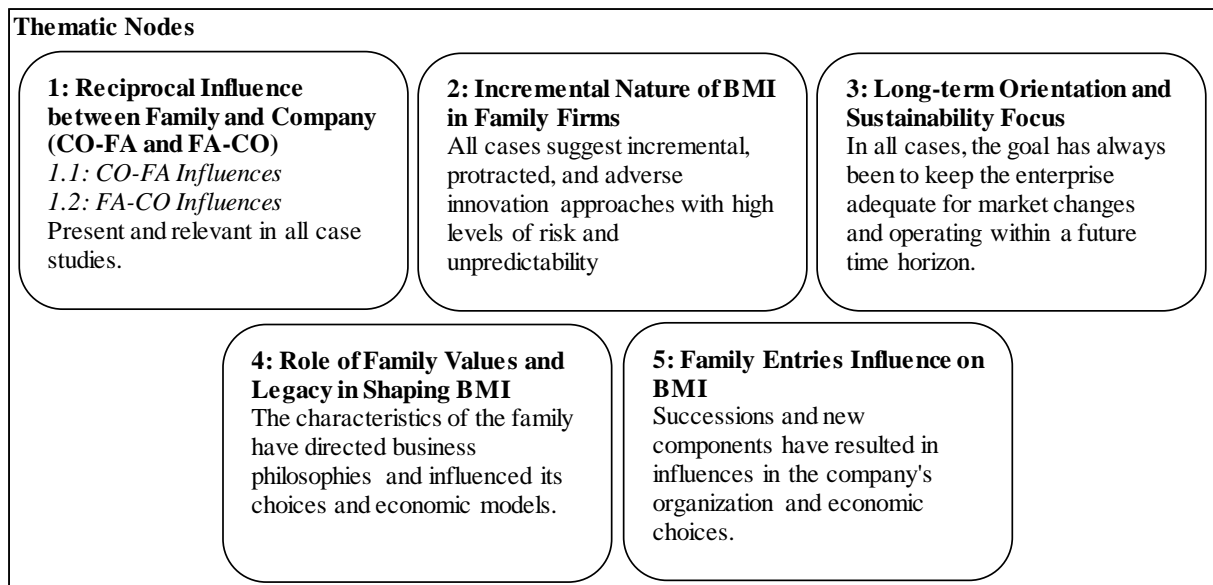


Table 5: *Thematic Nodes summary*

In conclusion, these preliminary findings highlight the complex and intertwined nature of BMI in FF, where business innovation is inextricably linked to family dynamics, values, and generational transitions. The reciprocal influence between family and company, the incremental nature of innovation, the long-term orientation, the role of family values, and the impact of generational involvement all contribute to a unique BMI process in FF. The elaboration of data to its final form has permitted to obtain 4 final propositions that are our results.

Proposition 1: The BMI occurs with the family and through family involvement.

Proposition 2: Mutual micro adjustments between family and enterprise are the main means by which both family and enterprise are changed.

Proposition 3: Family changes could be the driver for BMI, and this is accentuated when new figures, who are part of this change, take a prominent role in the company.

Proposition 4: Within family businesses, BMI is traced through characteristics of the ruling family, which influences its trajectory and end point.

These propositions not only summarize the specific dynamics that emerged in the cases analyzed, but also provide a starting point for exploring how these dynamics can be applied in broader contexts or in other family businesses. They lay the foundations for the subsequent discussion section, where these findings will be contextualized in light of existing literature and theoretical contributions. The practical impact of these observations for family businesses and those working within them will also be explored.

2.6) Discussion

Theoretical implication

Our study provides valuable insights into the unique characteristics and processes of BMI in FF focusing on SMEs. SMEs tend to face unique challenges in pursuing innovation, including limited resources and capacity, requiring them to adopt more incremental and flexible innovation processes, although they tend to outperform nonfamily SMEs due to their greater innovative capability (Classen et al., 2014). Their size, family involvement, and resource constraints shape their approach to innovation, making it a distinctive and context-dependent commitment (Arzubiaga et al., 2018). The findings not only corroborate existing literature on family business dynamics but also extend our understanding of how these dynamics specifically influence and shape BMI processes. In this section, we discuss the theoretical implications of our findings and propose several contributions to the literature on BMI and FF.

Family factors, as part of the family system, significantly influence the innovation process within FF. This influence can be advantageous or disadvantageous depending on the firm's characteristics (Röd, 2016). Family involvement impacts the direction of innovation by affecting inputs, activities, and outputs, as well as moderating the relationships between these steps (De Massis, Frattini and Lichtenthaler 2013). Previous research highlights that FF often follow a Family-Driven Innovation approach which emphasizes the need for a specific strategy logic and actions to achieve and sustain competitive advantage in FF (De Massis, Di Minin and Frattini 2015).

Data suggest that inside the specific area of BMI family business act in a precise way because the outputs of this innovation path follow the evolution and the contingencies of the family. In particular, we have to highlight that a BMI is a new way of achieving profit through a new entrepreneurial architecture that adapts to family needs and market dynamics. Family business pursue BMI to maintain competitiveness in rapidly changing economic scenarios, as the firm serves as a means to achieve both current and future generational goals (Chua, Chrisman and Sharma 1999).

This leads us to consider an essential element: how the family and company co-evolve. Is the family adapting alongside the company, and vice versa? In the context of BMI, FF demonstrate that family changes, such as generational transitions or shifts in roles, play a key role in shaping economic outcomes (Habbershon and Williams, 1999). The clear boundary typically seen between family and business in non-family firms is often blurred in family enterprises (Nordqvist and Melin, 2010) also considering that the company is an extension of the natural family, and that there is often a very strong attachment to it.

The data indicate that family changes affect the enterprise by redefining roles, goals, and needs. In turn, changes in enterprise activities can significantly impact family dynamics and balances. BMI fits into this co-evolutionary context as a means through which FF seek to balance market demands with the preservation of family continuity and legacy (Gómez-Mejía et al., 2007). It

is therefore the family's way of trying to maintain competitiveness and long-term orientation based on the stimuli of an ever-changing market in which new products or services or simply new ways of doing business are in demand.

The evidence shows that BMI arises not only from business needs but also from family-driven motivations, and the structure of the family and its ongoing changes can significantly shape the new entrepreneurial architecture.

The Co-Evolutionary Nature of Family and Business in BMI

Proposition 1: The BMI occurs with the family and through family involvement.

In FF, the family and the business represent two interconnected systems where mutual and bidirectional influences shape the trajectory of BMI. BMI emerges not only from entrepreneurial design or market needs but also from family contingencies, making it deeply intertwined with family dynamics. This means that the resulting innovation is shaped not only by economic dynamics but also by family events.

Our first major contribution is the identification of a co-evolutionary process between family dynamics and BMI in FF. This finding extends the existing literature on family business systems (Habbershon and Williams, 1999) and the concept of "familiness" (Habbershon, Williams and MacMillan 2003) by demonstrating how these family-specific resources and capabilities not only influence but actively shape the BMI process.

The reciprocal CO-FA and FA-CO influences observed in our study suggest that BMI in FF is not a purely business-driven process, but rather a complex interplay between family evolution and business transformation. This co-evolution is characterized by:

- a) Family changes triggering business model adaptations (FA-CO);
- b) BMI that lead to redefinitions of family roles (CO-FA);
- c) Business goals and strategies determined by the economic imperatives but also, crucially, by the needs and aspirations of the family system.

This finding challenges the traditional view of BMI as a primarily market-driven or technology-driven process (Chesbrough, 2010; Teece, 2010), and positions family dynamics as an equally influential driver. It also extends Nordqvist and Melin's (2010) concept of "strategic planning as practice" in FF by showing how family practices and business practices co-evolve during BMI.

This contribution relates and links to the theory of SEW that defines the importance of its preservation in the context of family businesses. Our findings extend the work of Gómez-Mejía et al. (2007) by demonstrating the specific influence of SEW on BMI processes: business goals integrate economic factors with values, traditions, and the family's socioemotional wealth

(Merono-Cerdan et al., 2018). Recent studies (Lopez-Nicolas et al., 2024) further support the intertwined nature of SEW and innovation, demonstrating how family-driven values continue to shape innovation in the evolving economic landscape.

Therefore, it can be deduced that not only do family values and heritage act as catalysts and filters for BMI initiatives, but also that they are underpinned by a behavior typical of FFs, the one of long-term orientation that allows the alignment of business goals with family goals ensuring sustainability. A number of authors have specifically focused on the sustainability of FFs in the context of BMI (López-Nicolás, Ruiz-Nicolás, Mateo-Ortuño, 2021) determining how the attitude of these firms is more oriented toward it than non-family firms: this paper may suggest support for the theme by helping to illustrate how and why this happens given the intense focus on aligning family goals with business goals over the long-term horizon. Given the strong emotional attachment there is a desire to maintain family control which, as mentioned, influences both the direction and scope of this process. Management family control is very pronounced and desired precisely because in these enterprises the reins and ties of the family are held as those of the enterprise that is a direct extension of it and where the boundaries of the two entities are blurred (Nordqvist and Melin, 2010); moreover, precisely in Smes, where capitalization and resources are more downsized, there is a specific aversion to losses (Sciascia et al., 2015), which becoming directly attributable to family losses, such as to encourage drive in research and development and thus in innovation. Literature on the topic thus illustrates how Smes tend to preserve social-emotional values and how this increases their innovative potential (Filser et al., 2018); our work suggests that this link between business and executive family is such because there is a continuous interchange of values, influences, and goals that permeates both systems as if they were one by eventually aligning goals between family and business.

These findings provide a new perspective on the motivations behind BMI, tie in with theories of “non-financial goals” in family businesses, suggesting that noneconomic factors play a crucial role in shaping innovation strategies. It also helps to explain why family businesses might pursue BMI even when it does not promise immediate financial returns, as long as it is in line with socioemotional wealth preserving and is in line with the evolution and growth needs of the leading household(s).

Our findings suggest that the co-evolutionary dynamics between family and business systems add a unique layer to the understanding of “familiness” by illustrating how strategic adaptation is not solely business-driven but equally influenced by evolving family needs, thereby contributing to a deeper theoretical framing of the SEW construct (Berrone, Cruz and Gomez Mejia 2012).

Micro-Change Evolution of Family and Business in BMI

Proposition 2: Mutual micro adjustments between family and enterprise are the main means by which both family and enterprise are changed.

Family businesses typically approach innovation through incremental and gradual processes, reflecting their established risk aversion (Nieto et al., 2015). The incremental nature of BMI observed in FF aligns with recent findings that emphasize risk-averse yet adaptive strategies in smaller enterprises, especially those focused on maintaining socioemotional wealth (Le Breton-Miller and Miller 2021). The research is expanding the knowledge on the topic suggesting that BMI, which is a significant innovation involving the whole firm, tends to occur in the same ways other minor innovations, within FF, occur. Specifically, the co-evolutionary dynamics between the family and the business, as outlined in our first contribution, manifest itself as small, mutually reinforcing changes. These micro-innovations in one system, family or enterprise, prompt changes in the other, creating a sustained and ongoing evolution. Observing the process only halfway through may not reveal the evolution taking place. However, a comparative analysis from the start to the end of the BMI journey reveals that the final configuration results from a series of accumulated micro-adjustments that ultimately lead to substantial changes in business operations and profitability.

The BMI of FFs therefore is identified as a process of evolution achieved by continuous micro-changes of both systems and characterized by mutual adjustments that serve as the primary mechanism through which both entities evolve:

- a) Small changes in the family system trigger minor adjustments in the BM;
- b) BM changes leading to new adaptations within the family structure;
- c) This ongoing cycle of micro-adjustments accumulating over time, eventually resulting in substantial BMI.

This contribution ties in with one of the findings emphasizing the preference of an incremental approach for FFs. In fact, the literature aligns through previous research on this approach to innovation (De Massis et al., 2013; Röd, 2016), but this current research specifically extends it to the context of BMI. The incremental nature of BMI in family businesses appears to be driven by some specific points. Firstly, FF often exhibit a desire for stability and risk avoidance, which encourages small, cautious changes rather than disruptive shifts (Gómez-Mejía et al., 2007).

Secondly, the need to balance existing family traditions and business practices with the imperative to innovate (De Massis et al., 2016) drives the incremental nature of BMI. In this context, some authors illustrate how traditions can be leveraged, particularly by incoming generations, as a repository of values to support innovative momentum and update the business through a paradoxical approach that keeps both poles alive (Erdogan et al., 2020). This research provides tools to deepen our understanding of this topic, showing how maintaining “paradoxical thinking” (Ingram et al., 2016) — which involves nurturing both sides of a

paradox, a concept well represented in the FF literature (Cunha and Putnam, 2019) — is made possible through micro-actions oriented towards different systems that operate with cause-and-effect principles. Unlike broader, planned interventions, these micro-actions help avoid a more unidirectional and intense push that would be less likely to maintain balance between the two extremes, thus favouring a dynamic equilibrium between the various tensions.

Finally, the incremental approach also reflects the gradual involvement of new generations in FF, where roles and responsibilities transits over time. This incremental approach contrasts with the more disruptive or radical approaches often observed in non-family businesses (Christensen and Raynor 2003). Family business are suggested to have a unique capacity for sustained innovation over the long term, primarily through continuous, small-scale changes rather than drastic shifts or major pivots (Nieto et al., 2015). This research highlights how and why this happens suggesting that these unique capabilities arise from ongoing changes within the management family that continually impact the company. Consequently, the company must evolve by entering a cycle of continuous adaptation and growth.

This contribution extends the literature on innovation in FF (De Massis et al., 2013; Röd, 2016) by providing a more fine-grained understanding of how BMI unfolds in these contexts. They highlight the unique capacity of FF to balance the need for stability and traditions with the imperative for innovation through a sequence of incremental, mutually reinforcing changes that aligns with their paradoxical nature and with their need to manage opposite tensions (Ingram et al., 2016, Erdogan et al., 2020). Ad example, in Alpha, Beta and Delta, there is also a strong connection with the already cited “innovation-tradition” paradox considering that the innovative process is managed as a counterbalance to the traditional business, which despite differing in its form has allowed precisely the new BM to evolve and build on prior experience: the Alpha the construction technology market challenges the foundry technology market tradition, in Beta the marketing of butter is increasingly inserted until it leads to the end of the parmesan trade while in Delta the new entertainment center challenges the rules of video game rental that have been in force up to that point.

Moment of special bonding of Family and Business evolution for BMI

Proposition 3: Family changes could be the driver for BMI, and this is accentuated when new figures, who are part of this change, take a prominent role in the company.

Family firms often exhibit innovation inertia due to risk aversion and strong ties to tradition (Meroño-Cerdán et al., 2018). However, in situations of necessity, they can demonstrate significant agility, leveraging adaptable structures (De Massis et al., 2016) to overcome the willingness-ability paradox (Chrisman, Chua and Sharma 2005) demonstrating a high capacity to innovate. Major changes within the family system can serve as powerful drivers of new adaptations, organizational shifts, and innovative ideas within the enterprise system especially in Smes due to their common unity of ownership and leadership aligned with long-term orientation, agility of decision making and stability in workforce and partner’s relationships

(Werner, Schröder and Chlosta, 2018). These changes may include the entry of new family members, generational transitions, or the assumption of greater responsibilities by some individuals, which simultaneously prompts a downsizing or restructuring for others.

Scholars theorize that the innovativeness of family businesses may evolve from the previous generation to the next, depending on the approach of founders and successors (Cesaroni, Diaz and Sentuti 2021) and that similarly it may also decline (Werner, Schröder and Chlosta, 2018) as a result of matured risk aversion; this research sheds light in this area by specifying that this also depends consistently on the need factor that businesses face. In fact, in the absence of a turbulent and changing market, a more cautious approach may prevail in new generations following the risk aversion typical of FFs and consolidating the ways of tradition while, in a more unstable and changing market, the need to have to fulfill the future needs of family members may lead to leaving a more innovative and detached footprint from the original approach. Thus, it is illustrated that the need of the family unit, rather than opportunities, play a determined role in shaping the BMI process initiated by new entrants by emphasizing that while there is an established risk aversion there is an equally intense, if not greater, loss aversion that especially in Smes means direct loss for the ruling family (Sciascia et al., 2015).

In these instances, new figures in the business may act as key initiators of high-performing and transformative business processes, unbound by traditional perspectives and offering new visions for growth.

Our third contribution reflects how specific moments or events can act as catalysts for BMI in family businesses. These moments of particular link between family and business evolution are characterized by:

- (a) Significant changes in the family that act as drivers of BMI;
- (b) New family members who take on prominent roles in the business.
- (c) These new roles directly contribute to the exploration, innovation, and implementation of new BMs.

This result extends the work on innovation in FF by highlighting how certain family events can disrupt periods of organizational inertia (Sharma and Salvato, 2011) and force the firm to adapt equally as an exogenous market phenomenon. Our findings also suggest that changes within the family, particularly those involving shifts in roles and responsibilities, serve as potent triggers of BMI, thereby overcoming the "willingness-ability paradox" frequently seen in family business innovation (Chrisman, Chua and Sharma 2005). This phenomenon can be explained as the tendency of these companies to innovate less than they are actually capable of, despite having the potential to be highly innovative (De Massis, Di Minin and Frattini 2015). This paradox is caused by several tensions, such as resistance to risk, the desire to maintain family control, and noneconomic priorities. The willingness-ability paradox was evident in Case Alpha, where the entry of the new generation acted as both a challenge to traditional business practices and a catalyst for needed innovation and development. Resolving this paradox requires an alignment between strategic innovation decisions and family characteristics such as willingness, discretion, and resource (De Massis, Di Minin and Frattini 2015).

In particular, generational involvement is emphasized as one of these important changes between family and business. This has consistently been a topic of significant interest in family business research. Top management plays a key role here, deciding to indulge and give free rehearsal space to the drives of the new generation (Likai, Bo, and Qiang, 2019) as happened in the cases of Alpha and Beta where traditional BM was challenged. In summary, support and legitimacy from previous generations or authorities in the company are crucial to enable new generations to innovate. Without this legitimacy, fear of deviating from traditional practices or the need to prove one's suitability can inhibit this impetus. Our paper confers insights on the topic through its own case studies by illustrating how this “legitimacy” toward new generations, relieved of the burden of living up to corporate history, can propel them to explore new opportunities and bring about innovation.

The risk appetite of top management positively affects product and process innovativeness in FF, with effects more pronounced in the early generational stages and when the ownership of top management members is high (Kraiczy, Hack and Kellermanns 2015). These findings extend previous research on succession and innovation in FF (Kellermanns and Eddleston 2006; Hauck and Prügl 2015), and specifically highlight the role that generational transitions can play in driving BMI.

So this study suggests that new generations could bring new perspectives and skills that facilitate BMI while generational transitions naturally create inflection points for BM renewal, particularly in response to shifts in family dynamics. In addition, multigenerational involvement can lead to a mix of tradition and innovation, mixing stability with new needs or opportunities for change, especially when top management supports newcomers' ideas by allowing them to take root and flourish.

These insights shed light on the positive aspects of generational involvement in family businesses while balancing some negative aspects related to succession problems and conflicts identified by other researchers (Rondi, De Massis and Kotlar, 2019). They suggest that FF can leverage generational transitions as opportunities for strategic renewal and BMI, turning these transitions into periods of creative opportunity rather than threats if well managed. FF can enhance their innovation capabilities by institutionalizing innovative practices through family and corporate governance mechanisms, while also incentivizing key individuals to foster an innovation-friendly environment (Bennedsen and Foss, 2015).

The “Familiness” of BMI Processes

Proposition 4: Within family businesses, BMI is traced through characteristics of the ruling family, which influences its trajectory and end point.

Our final contribution is the conceptualization of a “family-driven” approach to BMI, characterized by the unique interplay of family dynamics, business operations, and innovation processes. This conceptualization aligns with recent research (Miller and Le Breton-Miller,

2021), which shows that family governance influences innovation based on the alignment of generational goals with business opportunities. This approach is distinguished by:

- a) The integration of family goals and business goals in BMI initiatives;
- b) The use of family resources and networks in developing and implementing new BM;
- c) The influence of family governance structures on BMI decision-making processes.

This conceptualization extends De Massis (2015) notion of "Family-Driven Innovation" to the specific context of BMI. It suggests that FF possess unique capabilities for BMI that stem from their familial nature, potentially offering advantages over non-family firms in certain innovation contexts primarily due to their specific strategic behaviour (Calabrò et al., 2019; Röd et al., 2016).

Family-driven innovation in FF is a multifaceted phenomenon influenced by strategic alignment, long-term perspectives (Werner, Schröder and Chlost 2018) unique family assets, and generational differences (Diaz-Moriana et al., 2020). While FF benefit from strong internal networks and a long-term outlook, they also face challenges such as risk aversion and the potential atrophy of family assets. However, effective governance and leveraging external knowledge sources can significantly enhance their innovation capabilities (Amato, Ricotta and Basco 2021). Overall, the interplay between family dynamics and business strategies plays a crucial role in shaping innovation outcomes in FF.

Therefore, it seems evident how the multiple mutual influences between the household system and the business system involve a direction of innovation that is not only outlined by economic needs. Values, non-financial goals, and needs of the households of the families involved play a key role in imprinting and changing the evolutionary direction of the business.

Family-centered non-economic goals positively impact innovation strategies in FF, encouraging resilience and adaptability in the face of environmental challenges (Campopiano, De Massis and Kotlar 2018; Chrisman et al. 2012). Specific family members or key figures can leave significant imprints on the firm's trajectory since it is precisely on their experiences and characteristics that crucial aspects of the innovation strategy are based (Bennedsen, Foss, 2015).

This expands some of the themes already debated in the literature that stop at the more generic concept of innovation, indicating that FF's organizational culture acts as a catalyst for it in that it can strengthen the company's capabilities and align them with family and business goals (Baykal et al., 2019; Calabrò et al., 2019). Therefore, not only does the family and its context influence the direction of the BMI process, but also the capabilities, needs, values, and characteristics of the people influence its organization and shape its operations through ad hoc processes and family tools (Lopez-Nicolas et al., 2024). The future business architecture, therefore, evolves based on the specific resources and competencies that the family and its people can provide in a precise moment. Family governance structures serve as both enablers

and constraints (Calabrò et al., 2019) for BMI. Here, the innovation paradox can serve to explain how internal family tensions related to different values and goals can limit or stimulate BMI, assessing its sustainability, depending on the alignment between strategic intentions and business goals with available resources and aspirations of the family (De Massis, Di Minin and Frattini, 2015).

While previous research has highlighted the relevance of family dynamics in shaping firm behavior (Habbershon and Williams, 1999; Nordqvist and Melin, 2010) our study specifically delves into the bidirectional influences between family changes and BMI introducing a perspective that has been underexplored in current literature.

Limitations and Directions for Future Research

This study has several limitations. The findings are based on four FF, limiting the generalizability to other settings. Future research could explore BMI across more diverse industries and cultural contexts (Eisenhardt, 1989). Additionally, we did not examine intra-organizational dynamics, such as conflicts between family and non-family members. Investigating these dynamics could offer deeper insights into the social and political aspects of BMI (Chirico and Salvato, 2008).

The limitations of this study also include the fact that it does not focus on a specific subset of industries, which suggests the opportunity for future research to explore BMI processes in a wider range of industries by investigating sectoral diversity. In addition, this research primarily considers SMEs, which inherently have more limited data availability than their larger, listed counterparts. The size of these firms plays a significant role in shaping their innovation strategies, and future research could examine how BMI processes differ by firm size, providing a clearer understanding of the influence of scale on family-driven innovation dynamics.

Future studies should also consider unsuccessful BMI attempts and their impacts on both family and business systems, providing a more comprehensive understanding of the innovation landscape. Moreover, examining firm performance outcomes would help clarify the relationship between BMI strategies and both financial and non-financial metrics (Chua, Chrisman and Sharma, 1999).

Practical Implications

For practitioners, the findings suggest that FF should leverage their unique family dynamics to drive BMI. By aligning family and business goals, firms can use incremental innovation to navigate uncertainty and preserve socioemotional wealth (Chrisman et al., 2012). Generational changes should be seen as opportunities for renewal, introducing new perspectives that can strengthen innovation (Kraiczy, Hack and Kellermanns 2015).

In conclusion, this research enriches the understanding of BMI in FF by framing it as a process shaped by “familiness” the distinct characteristics and dynamics of the ruling family. Unlike

purely market or technology driven approaches, family influence acts both as a catalyst and a constraint on business innovation. Co-evolution between family and business, incremental adaptations, and socioemotional wealth considerations create a unique pathway for BMI in family enterprises.

These insights contribute to the broader discourse on family business innovation, highlighting the importance of family-specific dynamics in shaping business outcomes. We hope our findings provide a foundation for future research on BMI in FF, contributing to a comprehensive understanding of how these vital economic entities can navigate change and sustain long-term resilience laying on their innate resources such as adaptability, flexibility, and relying on less rigid chains of command that potentially make them highly evolutionary inclined companies.

Given the growing scholarly interest in FF (Rovelli et al., 2022), we believe that deepening the understanding of BMI processes and their execution will become crucial for both research and practice in this field. We hope that our work will encourage other researchers to further explore this promising area.

2.7) Conclusions

This study provides insights into the dynamics of BMI in FF, revealing the interplay of unique organizational settings that shape BMI processes. Through a multiple case study approach, we demonstrated how family and business systems interact influencing the pathways through which FF pursue BMI. In this complex scenario, other important aspects come into play, including socioemotional wealth, family-specific dynamics, internal and external contingencies, relationships, and goals, all of which contribute to a deeper investigation (Gómez-Mejía et al., 2007; De Massis et al., 2015).

Our primary contribution is the identification of the co-evolutionary relationship between family dynamics and BMI, where mutual influences between the family and business (CO-FA and FA-CO) actively shape both systems. Unlike traditional views of BMI as market-driven or technology-driven (Chesbrough, 2010; Teece, 2010), our findings highlight the critical role of family dynamics in the innovation process. This interrelationship manifests in incremental changes in the family system and BM that shape BMI over time, leading to continuous evolution rather than abrupt transformations.

The research proposed underscore the incrementalism inherent in BMI within FF, often driven by risk aversion and the need to balance tradition with innovation (Nieto et al., 2015; De Massis et al., 2016). Scholars have previously established these theories, but in our work, we extend it on a more detailed aspect of innovation: the BM area. Specifically, we emphasize that the incremental approach results from a mutual and continuous process of micro-changes between the two primary systems, family and company. Thus, we contribute to the FF theory by suggesting that incremental innovation is not a deliberate choice made by management but rather a contingency arising from the reciprocal involvement of family and company. This

involvement drives the business to adapt over time to maintain profitability and versatility in a changing market. Incremental BMI allows FF to navigate uncertainties while preserving socioemotional wealth, which acts both as a motivator and a guiding force for their long-term vision and values (Gómez-Mejía et al., 2007).

The research also emphasizes specific moments where family transitions, such as generational succession (Kellermanns and Eddleston, 2006), catalyze BM renewal. These transitions present key opportunities for reshaping the firm's strategy, underscoring the role of family events as significant drivers of BMI, particularly within the socioemotional context of family enterprises (Berrone, Cruz and Gomez Mejia 2012).

The study also conceptualizes a “family-driven” approach to BMI, highlighting how family goals, governance structures, and business operations interact to shape an innovative behaviour (De Massis et al., 2015). Leveraging family resources, networks, and governance can present advantages in the innovation context, while multigenerational involvement introduces new capabilities that drive BMI (Calabrò et al., 2019). For these reason the BM result is shaped by family needs and contingencies and not only company autonomous decisions.

These final contributions build on existing scholarship about FFs and innovation, as indicated, which have already explored topics like incremental innovation, risk aversion, long term orientation and the family as a determinant part of the FF's nature. However, no prior studies have specifically delved into these aspects in the context of BMI. In our work we demonstrate that BMI in FF is not always a natural choice, but often an obligatory adaptation to ensure market survival. This reality pushes families to face new challenges, where traditional risk aversion must be put aside, particularly when new generations influence decision-making processes. The process of BMI is revealed as the outcome of a “cause an effect” dynamic where actions are not always deliberate, and both family and business systems continuously drive change in one another. By contextualizing the established theories within the specific domain of BMI, and illustrating these dynamics with case studies, the research provides a deeper understanding of how family and business systems interact and influence each other, often unintentionally, shaping BMI in a way that is crucial for long-term sustainability and competitiveness in changing markets and conditions.

2.8) Appendix

Appendix 1

ALPHA			
N° Episodes	Macro-Events	Data Narrative description	Quotations
1 1.1) construction of residential areas in the company; 1.2) development of new technologies and markets; 1.3) years of market development legacy of the previous generation.	Firm as family	The strong bond between the 3 owners and their massive presence in the company to develop their business has created a new family among the owners' respective families. The enterprise is considered a nucleus in its own right as important as the original families.	<i>"How many Saturdays and Sundays we spent at the company...the workload was so much and everything had to be built...I would say that the effort paid off but this we could only do because we were passionate about what we were doing...except sleeping, my time was spent at the company while at home often only in passing" Director I., Alfa</i>
2 2.1) dropping out of studies; 2.2) family quarrels; 2.3) internship in the company; 2.4) acceptance by other administrators.	Family Quarrels	Family quarrels, due to a rigid view on one's own positions by the son and father, regarding university studies and other personal issues lead to clashes. Despite differing views, entry into the company follows. Arguments and the fact that the son no longer wanted to study lead to his inclusion in the company.	<i>"I explained to my father that it's not the piece of paper that makes the difference but it's the man himself...but unfortunately he never wanted to understand...I question what would have changed to this day work-wise for me...nothing for sure." Construction Manager A., Alfa</i>
3 3.1) quarrels between new entrant and daughters Admin 2; 3.2) daughters' abandonment from work environment; 3.3) arguments between admins and current construction manager; 3.4) look at new opportunities both of directors and new generation; 3.5) abandonment of historical commercial due to tense work environment.	Difficult work environment	Misunderstandings and disagreements between owner 1's son and owner 2's daughters leads the latter two to leave the company, and difficult situations and strong personalities ensue. In the turbulent climate, the sales manager also leaves the company. The family faces a very turbulent period, which also reverberates on the company organizationally.	<i>"I admit that initially it was hard, I recognize that I have a difficult personality, but the impression was that I was only the black sheep...besides, they (the daughters of Manager 2) really had no intention of staying on to work for the company...let's just say that as they had not yet decided this was the most comfortable solution" Construction Manager A., Alfa</i>
4 4.1) son's marriage; 4.2) further relational distancing; 4.3) construction manager's new family; 4.4) incentive to find solutions starting with bentonites; 4.5) distancing from foundry.	Marriage	The marriage and family change of Holder 1's son reinforces his now total belonging to a new family unit. The division with his own father comes out even more pronounced. The approach of division to isolate his work activity begins. To keep the owner's children in the enterprise, a new business organization is created. And the family as a result of marriage is even more disrupted with effects on the enterprise.	<i>"We never wanted to sacrifice the future of the company for selfish gestures and so we decided to try new solutions to go ahead without arguing. We therefore decided ... to push A. away, leaving him his spaces but at the same time obtaining our own" Director P., Alfa</i>
5 5.1) from bentonites, to insulators and construction technologies; 5.2) corporate reorganization; 5.3) approaching owners' retirement; 5.4) succession stand-by; 5.5) complete BM development.	New operational BM	The new BM rests on the services of the enterprise (administration, warehouse, logistics) and sees isolation both organizationally and in terms of relational ties. The family is thus split in half and separated (between old and new generation) but still close in the same work environment. The organization of the new Bm influences family relationships.	<i>"They are better off working apart than having to deal with each other on a daily basis. Once a month for reports to the Board of Directors is more than enough... The merit, if we want to call it that, is not due to this product but to the two of them who pushed the organization to find new opportunities. Even if with some risks and many difficulties" Director E., Alfa.</i>
6 6.1) hiring new foundry manager; 6.2) plant technology development; 6.3) new areas of Italy; 6.4) good relationship between new manager and construction manager; 6.5) BM construction expansion for building bonus.	New Foundry manager	The needs of the business and the realization by the owners that they cannot, due to incompatibility, leave the role as manager of the traditional Business to the son of Owner 1 force the hiring of a new manager for the Foundry branch. The foundry manager, not a member of the family, is finding a balance with the construction manager. Hiring the manager highlights the separation of households but keeps relationships calm.	<i>"I wanted to give my son my place in the board. We have always been a company in the foundry sector and despite having innovated many times we had never pushed ourselves as far as today from our traditional sector" Director I, Alfa</i>
7 7.1) the company acquires some real estate; 7.2) the new BM equalizes and surpasses the original BM in alternating stages; 7.3) the company prepares for succession; 7.4) the test-and-isolate approach is used for new opportunities.	Isolation and Test of opportunities	The need, given the proximity to retirement, of owners and their strong unit forces them to find new ways to make their business more versatile. By remaining owner and in control they attempt to shift the focus from operations to more financial control. Isolating a business area and testing new activities is well picked up by these who invest in real estate and new directions of their business activity. Owners' bonding with each other and with the business leads them to test new opportunities by discharging themselves from full business operations.	<i>"We started with an experiment ... as we always did, one test at a time, to see how the market responded," Director I., Alfa</i>

Tab A1.1 – Episodes, Macro-events, Quotations and Thematic Nodes in the business model

innovation trajectories between family and firm in Alpha

BETA				
N°	Episodes	Macro-Events	Data Narrative description	Quotations
1	1.1) 2° generation joins the company; 1.2) first sales role toward some customers; 1.3) connections that make the new generation reconsider the opportunity; 1.4) purchase of lots of butter and trials; 1.5) market regulation of parmesan.	Initial Vision	The founder and his son, who has now joined the company on a permanent basis, have a different vision for the company's future. They begin to question the cheese business in order to approach the butter production business. Although not adequately convinced, the father gives the son more room for exploration and maneuver. Recognize greater autonomy and space for the new generation.	<i>"At a certain point you have to focus on what can have the best future...I admit that even for me it was not easy to leave the Parmesan market to which we were all attached and which gave us prestige, perhaps more than today...but you have to realize that this choice has made us grow and leaves a lot more space going forward" Director S., Beta</i>
2	2.1) marriage; 2.2) daughter's birth; 2.3) wife's inclusion in production and administration; 2.4) founder approaches retirement.	Change's of son family	The founder's son gets married and inserts his wife permanently into the business. The founder begins to slow the pace. The wife enters to support the founder's son in a beginning succession process.	<i>"The company had contracts and relationships in place...I wanted to go in that direction but we had to do it with the right timing and especially by verifying that my intuitions were correct" Director S, Beta</i>
3	3.1) illness; 3.2) healing and health regression; 3.3) second generation officially takes the reins; 3.4) trials of butter and derivative markets bring positive results; 3.5) first investment for new product trade.	Father's illness	A rapid decline in the father's health forces the son to comprehensively assume responsibility and management of the company; the need to review roles, structure, responsibilities and opportunities will arise. The company effectively begins the journey of changing the business model. The founder's health status changes the organization of the enterprise.	<i>"The industry has changed a lot, and it was not easy for my father to realize that the path taken years before was to be changed...in spite of this over time, the philosophy and care we put in and that has been passed on to us has never changed" Director S, Beta</i>
4	4.1) production plant investment; 4.2) modification of family building; 4.3) reduction of cheese business relations; 4.4) expansion of the structure and motor vehicle maneuvering area; 4.5) new hires and setups for butter production.	Investments	The son's vision regarding the future of the enterprise leads to initial investments that interact not only on the enterprise but on the entire family home positioned in the same building. The business and family structure is reorganized. Business relationships and the company's market presence begin to change. The family building and the company begin to transform.	<i>"I soon realized that my father's company was no longer adequate for the needs of the market and that by now, given his health, I had to take responsibility for making changes" Director S., Beta</i>
5	5.1) further downsizing cheese ripening; 5.2) 4.0 exhuming tumbler; 5.3) insertion of son (3rd gen.) as sales and support; 5.4) insertion of daughter (3rd gen.) as administration and marketing; 5.5) family real estate valuation.	New family support	Over the years, the cheese trade market is being increasingly downsized. In contrast, the butter production market grows and offers greater profitability. These needs lead the children of the current generation (now of working age) to join the company in professional roles appropriate to their educational backgrounds. The new family is called into the company to offer support and new skills.	<i>"The business has certainly grown but it has also always required new investments and help...that's why we pushed for G. and B. to join the company...better to work for themselves than for others...after all, tomorrow will be theirs," Director E., Beta.</i>
6	6.1) butter production lines improvement; 6.2) third-party, organic, glute-free, and foreign markets; 6.3) family stable modification photovoltaic system, parking areas, and new factory hall; 6.4) preparation for possible generational transitions.	Internal contribute	The sons' expertise given by their studies and willingness to fit in more consistently allowed the company to pursue other market lines such as abroad and offshoots of the green and organic and gluten-free markets. The company began to pursue other projects and opportunities such as energy investments, advanced machinery, and new areas to improve logistics for customers and suppliers. The company prepares for further periods of renewal and change. Sons bring their knowledge to the enterprise and determine new directions for it. The company makes larger investments.	<i>"today the board of directors is composed of all of us, so we have the strength to follow projects together by dividing the functions" Director G., Beta</i>

Tab A1.2 – Episodes, Macro-events, Quotations and Thematic Nodes in the business model innovation trajectories between family and firm in Beta

GAMMA				
N°	Episodes	Macro-Events	Data Narrative description	Quotations
1	1.1) leaving work; 1.2) family support; 1.3) supplier support for goods credit and helping; 1.4) determining business area; 1.5) idea of offering more than just product.	Initial Experience	After some experience spent in a foreign location the founder, with the approval of his family, decides to quit his job as a commercial agent and open a trading company abroad. Relationships from the territory also play an important role, allowing him an economic credit on the goods to be sold. Family and contacts play an important role in the go-ahead for the constituent society.	<i>"I understood that in order to be competitive in the future and not to compete on the cheap, it would be necessary to accompany the customer step by step in the use of products they did not yet know how to use" Founder, Gamma</i>
2	2.1) years of study of culture, industry and language; 2.2) engagement; 2.3) market development through degustations marketing; 2.4) warehouse and business expansion; 2.5) inclusion of partner in the company.	Engagement	The founder having to run a complex business in a foreign market brings the partner into the organization so that he can have a trusted and supportive person to also help him in managing relationships, language and daily tasks. The needs of the enterprise assign a role to the founder's girlfriend.	<i>"My project had been defined for some time, but the company every day offers challenges and requires energy...without trusted support I could hardly have dedicated myself to this business as I am doing today" Founder, Gamma</i>
3	3.1) marriage; 3.2) business reorganization and roles; 3.3) training and courses for wife with new roles; 3.4) partial shares transfer to wife; 3.5) inclusion of first consulting services; 3.6) new large clients needing more support and strategy in menu development.	New company responsibilities	Marriage and consolidation of the relationship leads the founder to share more structurally the business project by dividing the ownership shares. The commercial, administrative and service branches are determined in a new and more substantial way. The company changes by basing itself on both partners and adding step by step the service as a new business model.	<i>"The spark and the best years of the firm have followed through mutual trust and roles 'division...it is not possible to take care of everything in such a complex project...at least for now we can say we have done well" Founder, Gamma</i>
4	4.1) market scouting for niche markets; 4.2) consulting on product use; 4.3) hiring professional chefs to talk to customer's chefs; 4.4) warehouse expansion; 4.5) inserting food accounting service, improving all-around service for kitchen management; 4.6) Management through two roles of the couple: wife's administrative at headquarters and founder's strategic and commercial.	Market scouting	The product assortment is made richer and characterized by niche products that must be carefully researched through much longer stays in Italy by the founder. This is because the company is still administratively supported by his wife in Russia. The need also arises to weave ties with collaborators and expert figures in various fields on the use and processing of goods. The founder to make his brand more diverse, original and sophisticated can afford long stays in Italy thanks to the support of his wife.	<i>"I had already started working for the company ... when things changed the skills load required was very different ... I was holding responsibility over control and administration and for this I had to take courses and learn as best I could" Director T., Gamma</i>
5	5.1) forced estrangement of spouses during relocations to develop new areas and markets; 5.2) geopolitical crisis Russia; 5.3) new local and foreign suppliers; 5.4) family choices about future and children.	New Business Areas	The company opens new markets in Qatar and Dubai by re-proposing the current model. The distance and organization of these areas forces one to attend appointments vicinously and follow the headquarter. This great commitment to the business makes it difficult to follow personal interests and continue the family. Business development influences spouses' choices.	<i>"In this case, we can say that the marriage has done more for the enterprise than for us...the sale of the 360-degree service came about when M received back energy that he could dedicate to development," Director T., Delta.</i>

Tab A1.3 – Episodes, Macro-events, Quotations and Thematic Nodes in the business model innovation trajectories between family and firm in Gamma

DELTA				
N°	Episodes	Macro-Events	Data Narrative description	Quotations
1	1.1) sons enter the business; 1.2) the great arcade game era begins; 1.3) business volumes increase; 1.4) one of the founders retires.	Son's entrance	The company's founders introduce their sons as support in the business given the significant growth in work volumes and prospects. Sons are led by their parents within the activity.	<i>"In addition to there being four of us, and thus having more arms, everyone had specific skills; A. and I in electronics, D. and M. had had experience in clubs...let's say we didn't have the experience in our fathers' field but still we had something new to bring...and like it or not we had to do it," Director L., Delta</i>
2	2.1) share distribution with the new generation begins; 2.2) the other founder leaves; 2.3) the 4 children and their respective families are very close; 2.6) purchase of a new warehouse; 2.5) the market stalls.	Firm as a family	The enterprise involves in an increasingly structured way the 4 sons of the two founders who are becoming more and more autonomous given the retiring parents. The family that is generated is now one and the new generation takes on different roles and markets. The Sons begin to run the business more independently, and a single family is created.	<i>"We always wanted to remain united for reasons of bonding but also opportunity ... the paths taken were always for everyone just as our fathers had also always cooperated with each other" Director L, Delta</i>
3	3.1) the first consoles come out; 3.2) the arcade market is in decline except for rare exceptions; 3.3) heavy regulations on VLTs also continue; 3.4) the difficulties of the 4 holders begin.	Market decline	The decline of the market and the commitment of all the sons within the business forces them to find new ways to be able to allow everyone a satisfactory income. Management of an entertainment club begins. The family must find a new business to support itself.	<i>"The market for games grew exponentially from the 1970s to the 1990s...in the new millennium, however, with the sale of private consoles there was an opposite but equally intense effect. If we wanted to hope that we could all work in the business we had to invent another source of income," Director A., Gamma.</i>
4	4.1) knowledge of customers and suppliers suggests new business; 4.2) the first game room inside an entertainment center opens; 4.3) the entire entertainment center is run totally; 4.4) the two business branches support each other.	Investments and new opportunities	The new entertainment center draws directly from the main line of business to nurture and renovate its games and services; in this way, the added value of the traditional business and the family's labor is exploited so that the income comes both as managers to the public and as renters of attractions. The chosen games and attractions provider is obviously the other branch of the company.	<i>"Early in our role as company executives we made business connections with more varied businesses such as shopping malls or simply the Bowling chain. This experience made us very familiar with certain realities from the inside until our success of managing one" Director D, Delta</i>
5	5.1) one of the owners leaves after management discussions; 5.2) a new owner is identified to run the center; 5.3) job and family reorganization.	Organization change	The decision by one of the owners to move away from the business as a result of disagreements in the management of the entertainment center forces the family to reorganize and identify a new one of them as the next manager to continue the outlined strategy. This disrupts the schedule and habits of one of the owners that is also a family man. The family needs to reorganize its business since it currently remains uncovered new entertainment center.	<i>"M. was the one with the most experience in the clubs and that is why we had entrusted him with the management of the center...after discussions about careless management and his decision to go back to work in Tuscany we remained the three of us. We had a meeting and out of that meeting the name of the next manager had to come out...even if that meant very different schedules and commitments from before...well as you know it was my turn" Director D., Delta</i>
6	6.1) the company invests in new opportunities; 6.2) investment in new products such as EscapeRooms; 6.3) openness to participation in other synergical companies.	New activities	The business also benefits from new investments in fields more or less adjacent to those in the entertainment and video game worlds through shares in other companies and interests with the new BM becoming more and more refined. This is always as a family and never as individuals. Investment choices in Bm and new business are always made as a family business and never individually.	<i>"Since the decline of video games, we realized that we were hanging by a thread...so since that time we have always kept our eyes open to mutually beneficial opportunities and relationships to discover new innovations and trends" Director D, Delta</i>

Tab A1.4 – Episodes, Macro-events, Quotations and Thematic Nodes in the business model innovation trajectories between family and firm in Delta

ALPHA						BETA						GAMMA						DELTA					
N°	TN1	TN2	TN3	TN4	TN5	N°	TN1	TN2	TN3	TN4	TN5	N°	TN1	TN2	TN3	TN4	TN5	N°	TN1	TN2	TN3	TN4	TN5
1						1						1						1					
	CO-FA		X	X			FA-CO		X	X			FA-CO			X			CO-FA	X	X	X	
2						2						2						2					
	FA-CO	X	X	X	X		FA-CO	X	X	X	X		CO-FA	X	X	X	X		CO-FA	X	X	X	X
3						3						3						3					
	FA-CO	X	X	X			FA-CO	X	X				FA-CO	X	X	X	X		FA-CO	X	X	X	
4						4						4						4					
	FA-CO		X	X	X		CO-FA	X	X	X			FA-CO	X	X	X	X		FA-CO	X	X	X	
5						5						5						5					
	CO-FA	X					CO-FA	X	X	X	X		CO-FA	X					CO-FA		X	X	X
6						6						6						6					
	CO-FA	X	X	X	X		FA-CO	X	X	X	X		CO-FA	X	X	X			FA-CO	X	X		
7						7						7						7					
	FA-CO	X	X		X		FA-CO	X	X	X	X		CO-FA	X	X	X			FA-CO	X	X		

TN 1: FA-CO: family influence corporation in the innovation path; CO-FA: corporation influence family in the innovation path
 TN 2: Incremental Nature of BMI in Family Firms; TN3: Long-term Orientation and Sustainability Focus
 TN 4: Role of Family Values and Legacy in Shaping BMI ;TN 5: Family Entries Influence on BMI

Tab A1.5 –Thematic Nodes in the business model innovation trajectories between family and firm in the study cases

Appendix 2

Alpha	Original BM	Macro-Events							New BM
		1	2	3	4	5	6	7	
VP	Trade products, market niches, consulting, mechanical and foundry service.	X			X				Trade products, market niches, consulting, service building technologies adjacent to the original BM.
A	Purchasing from primary manufacturers of foundry parts and components, dispensing customized consulting, customer supervised step by step.			X		X			Researching cutting-edge technologies, building technology suppliers, providing customized consulting, customer followed step by step plus the same in the foundry field.
R, Co	Company set-up, just-in-time warehouse, product showcase, technical product analysis, and strong historical and up-to-date product and industry experience.		X	X	X	X	X	X	Adapted flexible business structure for various business branches and improved administrative facility, improved managerial and commercial facility, just-in-time warehouse, product showcase, technical analysis, new branches of expertise and upgraded experience.
P	Foundries, consultants and technicians.			X	X		X		Technology companies, manufacturers, consultants and technicians and what is indicated for traditional BM.
CS	Mechanical companies, foundries.		X		X				Builders, professionals, condominium managers, construction companies and what is indicated for traditional BM
CR	Lasting and consistent relationships but segmented over many buyers, plus rare spot dealings for advanced industrial plant construction.	X			X				Enduring and spot relationships for the purchase of repair and improvement technologies, ongoing relationships with companies and manufacturers, and more varied and sometimes enduring business ties.
Ch	Own channels.	X	X		X	X	X		Agents and outsiders, own channels, through third parties.
Rev	Revenues from consulting, continuous product sales and plant parts.		X		X	X		X	Revenues from consulting, site and construction technology sales, real estate and plant sales strengthened and what is indicated for traditional BM.

VP: value proposition; A: activities; R, Co: resources and cost structure; P: partners;
CS: customer segments; CR: customer relationships; Ch: channels; Rev: revenue streams.

Tab A2.1 – Change in BM over time Alpha

Beta	Original BM	Macro-Events						New BM
		1	2	3	4	5	6	
VP	Retail and wholesale of parmesan cheese.	X	X	X	X			Production and sale of edible butter and other products from semi-finished sub-processing.
A	Purchasing from consortium producers, seasoning, re-branding, selling.				X	X		Purchasing raw materials, production, processing, branding for own account and third party, sales.
R, Co	Maturing facilities, contacts with producers, links with buyers and the large-scale retail trade (italian GDO), a market of excellence.		X	X	X		X	Advanced production facility, contacts with raw material producers, strengthened connection with the large-scale retail trade and food groups, improved business administrative facility, marketing and product knowledge.
P	Consortium producers and Large-scale retail.					X	X	Raw material producers and large corporate buying groups and large-scale retailers.
CS	Large-scale retail, individuals, small businesses.					X		Large-scale retailers, industrial groups, companies, and rarely individuals or small businesses.
CR	Lasting and consistent relationships but more segmented on many small buyers.	X				X		Strong and lasting business relationships with higher volumes.
Ch	Own channels.					X	X	Own channels, customer group channels, online.
Rev	Revenues from sales of Parmigiano Reggiano purchased from producers and aged.	X		X	X		X	Revenues from sales of produced butter and other food derivatives and from branding of produced lots.
VP: value proposition; A: activities; R, Co: resources and cost structure; P: partners;								
CS: customer segments; CR: customer relationships; Ch: channels; Rev: revenue streams.								

Tab A2.2 – Change in BM over time Beta

Gamma	Original BM	Macro-Events					New BM
		1	2	3	4	5	
VP	Trade of Italian food products in the Russian market.	X		X	X		Trading of Italian food products of higher consumption, niche, market excellences, menu creation consulting and semi-processed foodservice products. Support services, teaching expertise and uses, cost accounting, budgeting and venue operations.
A	Purchase products from Italian producers.	X	X			X	Purchasing products from Italian producers, researching market excellences, connecting with chefs and industry professionals, technical analysis
R, Co	Commercial company with administrative structure.			X	X	X	Sales company with improved administrative structure, just-in-time warehouse of considerable volume, service and support channels, availability for tastings and events, improved marketing, increased expertise.
P	Local and foreign producers.				X	X	Local and foreign producers of various types, large foreign restaurant groups, major restaurants or sizable chains.
CS	Restaurants of sellers.		X			X	Restaurants, chains, groups and businesses.
CR	Occasional and ever-changing relationships as they are linked to products of lesser added value (tomato,		X				Very strong business relationships tied by constant servitization and consultancy and niche referral offerings.
Ch	Own channels.		X			X	Own channels, customer group channels, online.
Rev	Revenues from sales of Italian products abroad.	X				X X	Revenues from selling Italian products abroad, selling services, selling consultancy, selling excellence and niche markets, selling analysis service and supporting food proposal creation.
VP: value proposition; A: activities; R, Co: resources and cost structure; P: partners;							
CS: customer segments; CR: customer relationships; Ch: channels; Rev: revenue streams.							

Tab A2.3 – Change in BM over time Gamma

Delta	Original BM	Macro-Events						New BM
		1	2	3	4	5	6	
VP	Video game rental and repair.			X	X	X	X	Rental and repair of video games, sets and equipment, management of entertainment centers and activities toward the public.
A	Purchase games from producers.		X		X	X		Purchase of games from producers, direct relationship with the customer public, partial foodservices, entertainment and events organization, birthdays and shareholdings in companies.
R, Co	Games storage warehouse and repair point.			X		X		Game storage warehouse and repair point, entertainment centers, online and marketing channels, more flexible and improved business structure.
P	Managers of clubs and amusement arcades, producers.	X	X		X		X	Managers of clubs and amusement arcades, producers, bowling alleys, entertainment product and service providers, end-user service providers, other entertainment partner companies and related industries.
CS	Managers of clubs and amusement arcades.				X		X	Managers of venues and amusement arcades, larger facilities and end users.
CR	Long-lasting and constant relationships.		X		X	X	X	Long-lasting and constant relationships and paying customers in entertainment centers.
Ch	Own channels.	X	X		X		X	Own channels, limited external channels, online.
Rev	Revenue from game rental and repairs.			X	X	X	X	Revenues from rental of various equipment and games, repairs, paying private customers and equity investments in associated companies.
VP: value proposition; A: activities; R, Co: resources and cost structure; P: partners;								
CS: customer segments; CR: customer relationships; Ch: channels; Rev: revenue streams.								

Tab A2.4 – Change in BM over time Delta

Appendix 3

A more detailed explanation of the narratives of the study cases is presented through the lens of the family system and the business system.

1 - Alpha Case Study

Family Involvement: Alpha is a historic family business, founded in 1946 and run by the third and fourth generations. Family members are deeply attached to the enterprise and this has significantly influenced its evolution leading to a strong attachment of the owners themselves and the employees. The new generation has introduced a new perspective, geared toward expansion and innovation. However, this also happened as a result of conflicts between father and son, which having led to internal tensions required the isolation of the latter in the

management of a new division. The family is thus divided in relationships but united in the work environment and in the larger family called the “enterprise.”

BMI outcome: The establishment of the Construction Division represents a real innovation in the BM. This division, focused on innovative products in the construction sector (such as insulation, energy-saving technologies, new materials, and paints with nanotechnology), has outgrown traditional business volumes, demonstrating the company's ability to adapt to new markets and leverage in-house expertise and business resources to innovate, despite family strains. For all intents and purposes, a new and parallel BM to the traditional one has been created that functions autonomously while resting on the company's core services such as warehousing, administration, and logistics.

2 - Beta Case Study

Family Involvement: Beta has undergone a generational transition since the 2000s, with the transition from the founder to the second generation following a decline in the former's health. The son thus took over the reins of the company beginning by investing in his own ideas, later integrating his wife full-time into the organization in an operational and supervisory role, and only recently integrating the children. One of these has taken a key role in sales and purchasing, while his daughter has focused on digital branding, communication, and foreign contacts; choices have been based on her educational background and personal inclinations. This family structure has fostered a collaborative climate, with a division of roles based on individual skills making the best use of available internal resources and laying the foundation for growth.

BMI Outcome: The most significant innovation in the BM was the transition from the marketing of “Parmigiano Reggiano” cheese, where the only processing step was full or partial maturation (which in any case involves long times starting from 12 months), to the production of butter and derivatives. This transformation required huge investments in new machinery and a reorganization of the company. Thanks to the vision of the founder's son and the family's internal resources of the present and next generation, Beta was able to adapt to new market dynamics, improving profitability and embarking on a path of expansion, in part by adopting diversified solutions attentive to the needs of new customer sectors. Currently, the company is undergoing further expansions, including the construction of a new factory and the installation of photovoltaic panels for energy sustainability.

3 - Gamma Case Study

Family Involvement: Gamma, founded about 15 years ago (between 2008 and 2009) by an Italian entrepreneur, began as a company marketing Italian food products. The company saw the support of the founder's family as an important springboard for its establishment and development. As a result of relationships established in Russia, the founder, first through engagement and then following marriage, integrates his wife incrementally within the business. The model developed has a focus on international expansion but especially on differentiation. The entrepreneur integrated his spouse, now one of the owners, for an organizational and controlling role that allows him business and strategic development even while absent for long periods.

BMI Outcome: Gamma has transformed its BM from a simple trader of Italian food products (mainly the classic products that make Italy famous abroad such as tomatoes, mozzarella, oil, pasta etc...) to a full-service provider of menu creation, technical advice and in the use of specific techniques and products applications, niche raw materials, preparation of analytical accounting systems for the menu dishes, cost centers of the business and daily venue operations. The already rich service was also further developed by investing over time in a large warehouse to cover the emergencies of its customers just in time. This process of “servitization” has enabled the company to differentiate itself in the market by offering personalized advice and support to customers, significantly increasing satisfaction and loyalty real driving force behind long and loyal business relationships. This evolution has led Gamma to assume a position of utmost importance in the Russian and adjacent markets and to now aim to enter new markets, such as Qatar and Dubai, further expanding its reach.

4 - Delta Case Study

Family Involvement: Delta, founded in the 1960s, has seen a gradual transition from the first to the second generation. The 4 children, close to the same age, of the 2 founders were integrated into the business at working age, taking on increasingly autonomous roles in management. The decline of the arcade rental market prompted the extended family composed of the respective families of the 4 owners to find new ways to ensure the continuity of the business. The family organized internally the roles and positions that the 4, later to become 3 following some individual discussions and choices, had held respectively in the 2 business branches to make the best use of the resources already available internally.

BMI Outcome: Delta diversified its BM from simply renting and repairing games to directly operating and managing a large entertainment venue. Over time, the company had woven relationships to expand the number of entertainment venue in which it had direct or indirect interests. This innovation enabled the company to create a more resilient model, capable of adapting to changing market preferences and ensuring business continuity in part and above all through the added value created mutually between the two lines of business. The company's success has been sustained by maintaining both BMs, demonstrating the flexibility and adaptability of the family structure.

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Chapter 3 – Relational conflict within Family Firms: A Business Model Innovation case study of an Italian S.m.e.

- 3.1) Abstract**
- 3.2) Introduction**
- 3.3) Theoretical Framework**
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3.1) Abstract

This research project employs a qualitative methodology to explore an innovation process initiated within the family sphere through the development of a new Business Model (BM). Using the lens of Paradox Theory, the study focuses on the context of Family Firms (FF), specifically within the framework of family involvement. It emphasizes the role of conflict within the economic activity domain, highlighting how such conflicts can generate positive value when properly managed. The objective of this research is to gain a deeper understanding of the dynamics and potential outcomes of these phenomena. A single case study approach was adopted, revealing important insights into the dynamics of relational conflict among family members in an established FF. The findings suggest that effectively managing conflict, through targeted isolation and resolution of specific areas of tension, can serve as a catalyst for the successful development of a new BM.

3.2) Introduction

In recent years, both scholars and practitioners have increasingly recognized business model innovation (BMI) as a crucial driver of firms' competitiveness and development. Innovating through the creation of a new business model involves establishing a new value logic for the firm and all its stakeholders (Casadesus-Masanell and Ricart, 2010). This is achieved by defining an entrepreneurial architecture capable of generating profit over time (Laasch, 2018; Spieth et al., 2019), which includes a new value proposition—both internally and externally—a new commercial model, new competencies, and new resources.

Scholars emphasize that product or service innovation alone may not be sufficient to sustain competitiveness (Foss and Saebi, 2017). Instead, it must be integrated into a specific business organization and development framework. The innovation presented in this case study focuses on a comprehensive new value proposition embedded within the new BM: new markets, value propositions, products, services, and commercial partners represent significant departures from the existing model. Entering new markets, referred to by scholars as "value migration"

(Hacklin, Björkdahl, and Wallin, 2018), incentivizes established firms to develop new BM processes to adapt and establish new competitive advantages.

This research aims to address the following questions: How and why can FFs leverage intense and potentially destructive family conflict to generate BMI? How can conflict be managed to initiate an innovation process in a cause-and-effect manner? These questions are explored through a case study of an established Italian FF in the foundry sector. The study highlights the impact of family-originated conflicts, subsequent management decisions, and key actions taken by principal actors that facilitate BMI.

The contributions of this research are situated within the BMI and FF literature, an area still in need of further exploration to achieve full theoretical understanding. While much of the existing research on innovation in FFs focuses on general innovation, including its drivers and obstacles, studies specifically addressing BMI in the context of FFs are rare. Consequently, this aspect of the literature is still developing.

Regarding innovation and FFs, the literature highlights the unique challenges faced by FF, which perceive innovation as necessary to maintain competitiveness across generations (Jaskiewicz, Combs and Rau, 2015).

A family business is governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families. (Chua, Chrisman and Sharma 1999).

Family involvement impacts various aspects of entrepreneurial activity, including innovation (Calabrò et al., 2019; De Massis, Frattini and Lichtenthaler, 2013). These firms are inherently linked to the past (tradition, shared stories), the present (the need to sustain economic activities and achieve financial and non-financial goals), and the future (long-term orientation spanning generations) (De Massis et al., 2018). This complex and heterogeneous nature makes it challenging for scholars to fully explore and understand innovation in FFs, leading to a lack of comprehensive research on their specific innovation management practices (Dieleman, 2019).

Family involvement is often studied separately from FFs and viewed as a potential source of intense conflict (De Massis, Di Minin and Frattini, 2015). The "dominant coalition" implies an asymmetrical relationship where conflicts are inherent, arising from power imbalances (Qiu and Freel, 2019). Research frequently posits that family conflicts lead to organizational problems, such as weak decision-making, high turnover of non-family employees, and suboptimal economic performance linked to non-financial goals (Kellermans and Eddlestone, 2007; Rizzotti, Frisenna and Mazzone, 2017). However, some studies have highlighted the potential positive effects of family conflict in fostering strategic planning and enhancing innovation (Kellermans and Eddlestone, 2004; Cosier and Harvey, 1998). Recent literature suggests that family members can contribute to resolving conflicts and emphasizes the need to

integrate conflict management and family conflict studies within the context of FFs (Qiu and Freel, 2020).

The topic of conflict within FFs remains underexplored, with only 2.5% of FF papers from 1961 to 2008 focusing primarily on conflict (Benavides-Velasco, Quintana-García, and Guzmán-Parra, 2013). This gap persists despite the recognized importance of understanding conflict to advance knowledge in the FF research field (Kubicek and Machek 2020). One major shortcoming is the lack of integration between FF-specific dynamics and broader conflict literature, coupled with excessive theoretical fragmentation due to a proliferation of FF studies that lack sufficient depth on these specific issues.

There is also limited focus on BMI within FFs (Meroño-Cerdan et al., 2024; Leenen, 2005), and FFs should be compared to mainstream innovation studies to understand family involvement in these processes (Calabrò et al., 2019). BMI studies have largely overlooked the unique dynamics of decision-making and innovation processes in FFs (Chrisman, Chua and Sharma, 2005), and other forms of innovation within FFs have received more attention (De Massis, Frattini, and Lichtenthaler, 2013). In conclusion, this study highlights existing gaps in understanding the dynamics of FFs engaged in BMI (Xie, Zhang and Blanco, 2023). Recent studies have mainly focused on factors such as dynamic capabilities and their role in BMI (Soluk et al., 2021), without sufficiently considering the interactions between family involvement and their firms (Xie, Zhang and Blanco, 2023; Rondi, De Massis and Kotlar, 2019) or key factors such as tradition (De Massis et al., 2016).

This research project adopts a qualitative approach through a single case study to analyze the relationships, phenomena, and mechanisms that link family conflict to BMI in FFs, aiming for a deeper understanding of these complex interactions. The research area remains difficult to encapsulate within a singular, comprehensive theoretical framework due to the heterogeneity of FFs. The contributions of this research are twofold: first, it extends FF innovation literature by focusing specifically on BMI, highlighting the role of conflict arising within the family sphere; second, it provides insights into how conflict is managed in FFs, examining both organizational and non-organizational factors that positively influence the innovation process. Recent literature has emphasized the limited knowledge on conflicts (Filser, Kraus and Märk, 2013; Xi et al., 2015) and the lack of focused contributions in this scientific area within key FF journals (Short et al., 2016).

There is a growing literature focused on the effects of family involvement connected with innovation themes (Aldrich and Cliff 2003; Wiklund et al. 2013) and we hope this work will help promoting a major comprehension of how it affects the business system.

3.3) Theoretical framework

Theoretical Lens and context: Paradox theory inside family firms

Family firm's nature is pervaded by various type of paradox that can be an engine for different opportunities and at the same time they could be different types of challenges (Distelberg and Sorenson 2009; Nordqvist and Melin 2010; Zellweger, Nason and Nordqvist 2012). The emergent literature underlines the tight relation between paradoxes and innovation (Gotsi et al. 2010; Lewis 2000). The literature defines the paradoxes in this way: "*contradictory yet interrelated elements that exist simultaneously and persist over time*" (Smith and Lewis 2011). During the life-cycle of a firm many paradoxical situations can occur and in these situation instead of the traditional logic there is the need of a specific dual behavior. Paradoxical tension arises from this dual nature and has to be resolved with a paradoxical thinking that is a mindset that "*leverages the distinctions and synergies between elements in search of both/and solutions*" (Ingram et al. 2016). Paradoxical thinking and management of the opposites are a strong engine for business adaptability and innovation (Schuman, Stutz and Ward 2010) and reflect the possibility of negative outcomes if only "one side" is nurtured with a growing need of the other pole demand.

The paradoxical nature arises from the "*juxtaposition of competing yet complementary systems of family and business*" (Ingram et al. 2016) with the continuous interrelation between the familiar links/ties and the economic activity specific needs. As theorized by scholars the "*coexistence of family values and goals alongside firm aspirations can lead to various tension in family firms*" (Erdogan, Rondi and De Massis. 2020). For this reason, FFs live contrasting tendencies in different areas and for different themes that arise paradoxes (Lewis 2000; Smith and Lewis 2011) and permit to the scholar the beginning in the research area of opportunities and challenges linked to this topic. Paradox differs from dilemma because the second one needs a solving solution while the first one could not be solved because is not a problem but a characteristic element of the specific nature of something (in this case of FF nature). It has to be explored and understood instead of being suppressed or neglected. The paradox is useful to face up situations with contrasting tensions that have to coexist. Managing a paradox and escaping paralysis requires exploring rather than suppressing tensions (Smith and Berg, 1987).

The theoretical lens used is the paradox theory because we think it will help us explain better this contrasting nature of the topic illustrated. This theory has seen an important growth inside the research areas of strategic management and innovation (Andriopoulos and Lewis 2009) confirming the adequacy of the approach of this paper. The most recent studies confirm that the paradox should not be treated either as a problem or as a solution tool (Cunha and Putnam 2019). Literature remarks that this has to be considered a natural characteristic of the investigated phenomena. Researchers and practitioner sometimes act as if this phenomenon requires a solution (Fredberg 2014; Tse 2013) by implicitly ignoring the instability and dual nature inherent in it, with the risk of not considering its typical characteristics.

The emerging literature therefore calls for the study of the ways in which organizations respond to paradoxical situations or phenomena and not how they suppress them. Paradoxes have a dynamic nature, are connected to a specific phenomenon and are very heterogeneous (Pina e Cunha and Putnam 2019). Paradoxes have not to be made homogeneous but studied in their facets. In taming the paradox, scholars have privileged rational organizational models in the development of the theory and have paid little attention to the critical role that power plays in contradictory relationships (Cunha and Putnam 2019). The father and son relationship of the study case, which will be illustrated below, can certainly be placed among these phenomena. Studying daily routines and the before and after episodes could reveal the paradox as a process and not as an immutable and static phenomenon. Indeed, research shows interest in the exploration of how paradoxes evolve, interact, change and challenge each other in the everyday economic realities in which they arise (Jarzabkowski, Lê and Van de Ven 2013).

Innovation in family firms and Business Model Innovation literature under the theoretical lens

Scholars have produced many contributions about the topic of “innovation” inside the FF literary field, but, as it has always happened inside this area, the nature of FF has made it difficult to find a univocal driver or a univocal specific systematization. Innovation literature has focused principally on SME with the aim to explore the specifics of these kind of firms (Lee et al. 2010; Thorpe et al. 2005) but in the area of FF the “*innovation literature deserves a stand-alone discussion that would benefit from a confrontation and integration with main stream innovation literature*” (Calabrò et al. 2019).

Some of the vast contributions of literature theorized that the presence of multiple generations inside the business (especially inside the management) help to develop a higher rate of innovativeness (Salvato, 2004) because new generations could be collector of the business knowledge arising from the tradition and at the same time they could be representative of new ideas and opportunities (Chirico and Salvato 2016; Salvato and Melin 2008). The heterogeneous nature of FF, made of contrast and important differences, leaves always the possibilities to analyse the other side of the coin in which authors have stated that multiple generations could be associated also with nepotism (Dyer 2006), competing emerging interests and pattern of rising conflicts inside succession process (Kellermanns et al. 2012), that are negative factor for innovation (Kellermanns et al. 2012; Kosmidou and Ahuja 2019).

Other positive factors are associated with long term orientation and with the climate of trust and shared goals meanwhile the conservative posture, the risk aversion and the willingness to keep control are negative factors of innovation. “*The ambivalence of some aspects, however, makes it difficult to define an integrative picture of the state of art*” (Kosmidou and Ahuja 2019). The paradoxical thinking theory in line with this dual and contrasting nature where from one side there is the will to survive over time to preserve prosperity and in the other side an avoidance of risks to preserve endowment; innovation is boosted from the long term orientation and decreased from the risk avoidance (Sirmon et al. 2008).

Paradoxes are a natural element of FF with their challenges and opportunities for the owners/managers; some authors studied them underling the conflicting prospective of opposites (Schuman, Stutz and Ward 2010) and so many couple of them stems from the research: tradition-innovation (Erdogan, Rondi and De Massis. 2020), family – economic activity, willingness – ability (Chrisman et al., 2015), innovation and family paradox (De Massis, De Minin and Frattini, 2015) and many others.

Paradox theory studies the relationship between paradoxical tensions and innovative behaviour (Ingram et al. 2016) and the need to keep alive both the poles. As stated from Martin (Martin 2007) leaders should foster innovation managing confronting tensions *“and, instead of choosing one at the expense of the other, generate a creative resolution of the tension in the form of a news idea that contains elements of the opposing ideas but is superior to each other”*.

Literature highlight a specific connection between this topic and FF and some authors theorized the concept of creativity as the ability to combine opposites (Ward, Finke and Smith 1995). The topic is still on-going and some gaps appears in connection with FF; in facts, authors suggest studies on different couple of poles, on perceived paradoxical tension on different individuals, on the strategies that can be put into play to resolve or limit this tension and also on a deeper understanding of the possible moderation role between paradoxical tensions and innovative behaviour by the hand of paradoxical thinking (Ingram et al. 2016). A specific focus for this research project is given towards a deeper understanding of actions and strategies put in play to resolve a situation of paradoxical tension as a starting point for a BMI process and towards the role of paradoxical thinking behaviour.

BMI involves the configuration of multiple components, and the existing organization can either facilitate or hinder the development of a new BM. The presence of conflicts within FF adds another layer of complexity. Conflicts can be destructive or constructive and can serve as a key driver for innovation. Conflict management within FF is crucial for their evolution and growth. Resolving conflicts and managing tensions are essential for successful succession planning, innovation sparks and for the overall management of FF dynamics (Kubicek and Machek 2020). This analysis calls for a deeper understanding of the interplay between paradoxes, conflict, and innovation within FF. It emphasizes the need to study how organizations respond to paradoxical situations (Cunha and Putnam 2019) and explores strategies to resolve or limit tension. The study also highlights the role of paradoxical thinking behaviour and the management of conflicts as drivers for BMI providing valuable insights into the complex dynamics of FF and offering a deeper understanding of the role of paradoxes and conflicts in fostering innovation (Martin 2007) and BM evolution.

A BMI value creation can be based on resource capture, utilization, and cost reduction, reflecting the traditional profit-maximization paradigm (Andreini et al. 2022), or on sustainable innovation, which considers stakeholder’s relations as priorities (Andreini et al. 2022; Schneider and Clauß, 2020) or finally it emphasizes co-creation of value through collaboration with multiple stakeholders, often employing triadic BMs (Andreini et al. 2022). Developing practically a new BM involves configuring multiple components and can either replace or

coexist with existing models (Brenk et al. 2019). The existing organization may facilitate or hinder BM innovation due to the potential unknown interactions between components (Andries and Debackere 2007; Cavalcante, Kesting and Ulhø 2011). The existing configuration can create structural barriers and cognitive inertia, impeding the adoption of different BMs (Brenk et al. 2019; Chesbrough, 2010). Similarly, in FF, the previous BM can either support or hinder BM innovation, depending on the level of component sharing and the presence of structural barriers (Kim and Min 2015; Markides and Charitou 2004; Sabatier, Mangematin and Rousselle 2010).

In the field of management, there is a growing interest in comprehending the differences between the innovation processes of family and non-family firms (De Massis, Frattini and Lichtenthaler 2013). BMI introduces risks and uncertainties but contributes to long-term economic performance. FF, known for their long-term orientation and risk-taking (Miller, Le Breton-Miller and Lester 2011), are particularly interested in exploring new BM. However, there is a lack of research on BMI in FF as indicated above, highlighting the need for further investigation in this domain, given its significant potential for future research (Gudmundson, Tower and Hartman 2003; Leenen 2005). The topic is increasingly gaining relevance and influence and that there is the need to understand family involvement inside innovation processes (Calabrò et al. 2019).

FF Conflict and FF conflict role as a driver for innovation under the theoretical lens

In this fertile scenario, as called from scholars (Großmann and Von Schlippe 2015) is collocated the topic of conflict, that arises from the familiar sphere and brings its influence inside the economic activity area. *“The entwinement of the family and business systems opens up space for a range of disagreements such as rivalries among family members”* (Levinson, 1971). The conflict is, as scholars theorized, a distinctive element of FF generated by a familiar involvement inside the business (De Massis, Di Minin and Frattini, 2015; Zattoni, Gnan and Huse 2015) strengthening at the same time the images of the dual and paradoxical nature characterized by opposites and conflicts. So conflict can be considered an internal factor of functioning and a natural engine for growth and improvement inside a FF; nevertheless, also a key tool for innovation process (Kubicek and Machek 2020).

Authors have already theorized the dual effect of conflicts talking about both the destructive and the constructive side. In this background scholars suggest also to consider conflicts themes not only as isolated but in relation with other strands (Qiu and Freel, 2020). That doesn't mean that no-one has already done it; in fact, the cited topic has already been linked as a possible driver on innovation as stated before. Authors have also inserted the topic of conflict inside the conflict management literature where some of them define two different type of it: the collaborative and the competitive (De Clercq and Belausteguigoitia 2015). These two natures of conflict management are associated with an increase of innovation or a reduction of it inside the enterprise.

Other researchers analysed how FF innovativeness is affected by the involvement of conflict management, also considering it through multiple generations with the social capital theory (Calabrò et al. 2019) and others studied the role of different type of conflict for innovation (Kammerlander et al., 2015). Conflict has been use also inside the topic of BMI (Brenk et al. 2019) but in logical characterization and not in a relational one. Overcoming conflicts is a stemming theme inside FF in fact other authors already studied it through study case (Dias and Davila 2018). This paper inserts the cited theme inside the heterogeneous and complex terrain of the FF with the multiple interaction between business and relations. Specifically, we focus on a new BM that develops alongside an old one as a cause-effect of relational conflicts within family members.

3.4) Methods

Research Design

This research was carried out using a qualitative approach involving a study case. As indicated by the literature (Yin 2018), this method of analysis is precisely functional to investigate "how" certain events occur and has found fertile ground in the scientific area related to family businesses (De Massis and Kotlar 2014). In this literature it has been recognized as an adequate approach to highlight and explain complex and specific phenomena, typical of these entrepreneurial realities, with the aim of developing and continuing the knowledge on the subject. The literature states that contradictions and paradoxes, of family businesses, and qualitative methods, such as the one in question, can be a functional combination to deepen the complex reality of these organizations (Fletcher, De Massis and Nordqvist 2016).

The choice of a single case study follows a precise methodological approach that is well-established in the literature. As Tsang (2014) states, a case study is an effective tool for exploring new ideas and generating hypotheses in emerging research areas. Contrary to common belief, the case study approach is not weaker in terms of generalizability. Instead of empirical generalization, it provides theoretical generalization, which aims to develop concepts and theories applicable in similar contexts. Case studies enable a deeper exploration of different layers of reality, enhancing our understanding of the mechanisms underlying specific phenomena. Regarding empirical generalization, it is crucial to remember that correlation does not imply causation. A longitudinal single-case design can provide even stronger evidence than multiple or cross-sectional designs, as it allows for a deeper comprehension of the phenomenon. After the theory-building phase, multiple case studies and quantitative research designs may be more suitable for identifying regularities (correlations) and testing the theory. The true added value of a qualitative case study lies in its ability to examine the phenomenon within its natural context.

The study case has been selected precisely after a careful verification of the characteristics since the "randomization" is not useful to underline specific elements of the analysis (Eisenhardt 1989). As the literature suggests, we tended to look for a case that could help explain one or

more phenomena with the aim of being able to generalize the results obtained and replicate the analyses performed (Yin 2018) to add further future pieces to this research address.

The selected study case is the result of a selection process of over 15 family businesses in the area, at least in their 2nd generation and belonging to the SMES group (small and medium-sized enterprises). At the end of March, the sample of firms collected has been filtered through 3 main requirements. The final criteria to reach the selected case study were:

1. The transparency and completeness of the information provided already during the preliminary meetings;
2. The focus on the issue of conflict and innovation of the BM which at the same time represents a generalizable situation and not typical characteristics of a particular and isolated case;
3. Willingness to undergo the process of scientific investigation.

At the conclusion of the selection process, Alpha was chosen as the case study for this research project because it is expected to clearly illustrate the investigated phenomena without exhibiting exceptionally unique or non-generalizable characteristics (Mason 2017; Yin 2018). It should be noted that this research focuses more on theoretical generalization rather than empirical generalization (Tsang, 2014). While empirical generalization assesses whether the specific characteristics of the sample are typical of the broader population, theoretical generalization aims to 'develop explanations of the relationships between variables observed in... studies' (Sharp 1998). Theoretical generalization and theory building based on case studies is 'an increasingly popular and relevant research strategy that forms the basis of a disproportionately large number of influential studies' (Eisenhardt and Graebner 2007). As Tsang (2014) asserts, case studies can produce the best theory, as they 'offer a better channel than quantitative methods through which researchers generalize theoretically.' This approach allows for a deeper exploration of the natural context to understand the 'how and why' of phenomena, rather than merely the 'what' (Harrison and Easton 2004), which presupposes a well-developed theory and extensive knowledge of the phenomenon for application to other contexts.

The selected case effectively demonstrates the phenomena of relational conflict and the development of a new BM within a relatively simplified organizational and relational structure. It also allows for an in-depth analysis of behaviors, decisions, types of conflict, and relationships that were instrumental in developing the BM, as well as the ways in which these factors contributed to achieving the desired outcome (Brenk et al. 2019).

Research site

Single study Case: Alpha

Alpha is an Italian family business based founded in 1946 and therefore with more than 75 years of history at the time this paper is written. It is located within the Smes and has a turnover volume of about 5-10 million euros.

The company has always been specialized and competent in the sector of supplying foundry products and equipment, for the processes of casting, die-casting, and moulding/stamping of metal parts and for all types of sandy, clayey and mineral materials that support these processes. Over the years and with the growth of the experience of its staff, the company has managed to expand and bring its service to many regions of Italy.

The company deals with the production of foundry equipment essential for the creation of precise and functional products. The company's foundry equipment is made after a careful study of the customer's needs, the ultimate goal is in fact to optimize production processes and reduce design times. The company solidly established in the territory is an important part of the mechanical, automotive production chain and in many other supply chain. Alpha also deals with foundry products such as: refractory paints, binders, hardeners, resins, glues, thinners, release agents and additives.

It has always stood out in the area for a very high level of attention to the customer who is willing to pay slightly higher prices in exchange for high quality products and a technical, consultancy and transport service that is very attentive to needs.

The company then began to develop between 2011 and 2012 a new BM focused on civil engineering and more specifically on the marketing of innovative products with high qualitative and technological value in the construction field. To date, the sector has seen such a development that it has gained ground compared to traditional business to the point of equalling and even surpassing it in terms of volumes. From now on we are going to call them as indicated by the firm's managers: Foundry division and Construction division.

The family business in question is currently located between the 3rd and 4th generation of 2 main families who hold all the shares and the management of the company. The owners, that are also the board members, are 3 and they are all between 65 and 76 years of age having all joined the company between 1965 and 1975 firstly as employees and then as owners. The fourth generation of the family is represented by the actual manager in charge the Construction division, as well as the son of one of the owners, and he is the one who has been able to create such a solid and competitive new business branch in such a short time.

The conflict, subject of this paper, arises from the familiar sphere and then goes to tangle some specific working aspects. The conflict we are investigating is certainly intense to the point that a peaceful relationship cannot be made possible between the father, one of the owner and a board member, and the son, who is the manager of the Construction division. The conflict was present at the family level even before the start of the son's career and has progressively worsened over time as a result of other specific internal events, such as the decision to drop out of university studies, and because of the two extremely edgy and strong characters and therefore not complementary. After the marriage of the son there was a further distancing of views given by the fact that the wife has not encouraged a reconciliation obviously siding with her husband.

Despite a compromised internal family relationship characterized by quarrels, intermediaries acting as word of mouth between the two and continuous demonstrations of personal incompatibility, the company is experiencing a moment of great business success.

Data collection

This research project employed a combination of heterogeneous data sources, incorporating both primary and secondary data collection methods. This approach aligns with the methodological guidance of Yin, emphasizing the need for diverse data sources to enhance the robustness of case study research. The primary data collection involved semi-structured interviews, while the secondary data collection consisted of supporting documentation, ensuring a comprehensive view of the studied phenomena.

For the primary data, semi-structured interviews (Yin, 2009) were employed to provide a structured yet adaptable method for exploring participants' perspectives, thereby fostering an open dialogue that captures nuanced insights. This approach allows for capturing rich, in-depth qualitative data, suitable for understanding complex organizational contexts (Creswell and Creswell, 2017). The intent was to avoid a rigid model or strict interview structure, thereby maintaining a level of freedom for respondents to elaborate on the issues they considered most significant. Maintaining this flexibility ensures that unexpected themes and insights can emerge, enriching the overall understanding of the phenomenon (Eisenhardt and Graebner, 2007). Nonetheless, a framework of ten core questions was established to guide the conversation, ensuring both coherence and the ability to reorient the interviewee if the discussion strayed, ultimately allowing the researcher to effectively track key topics.

Each interview lasted between 45 minutes and over two hours. During the triangulation process, the data gathered from the interviews were validated using multiple complementary approaches. This included photographs of products, informal interactions with employees and other company figures both within and outside the workplace, as well as observations of customer interactions. The use of such diverse data sources allows for a deeper understanding of the tensions between continuity and innovation in FF, reflecting the approach discussed by Erdogan et al. (2020), where tradition and innovation coexist through strategies that honour family legacy while fostering new developments. This triangulation helped to ensure the credibility and reliability of the findings by corroborating the data through diverse sources, a method strongly recommended by Yin (2018).

Interviews were conducted with all key employees, managers of both divisions, the board of directors, as well as external stakeholders like the historical consultant, statutory auditor, and family members. Following the initial round of interviews, a second, more targeted series of interviews was carried out with participants who had demonstrated greater transparency and provided more detailed insights. This aimed to deepen the exploration of behaviors, events, and phenomena relevant to the study. Berends et al. (2016) emphasize the importance of combining experiential learning and cognitive search to understand complex innovation processes. In this research, interviews served to capture both practical insights and cognitive reflections,

contributing to a comprehensive view of the innovation trajectories within the FF context. The interviews were transcribed verbatim, and qualitative coding and multiple data analysis techniques were applied, with thematic nodes helping to capture the core elements of each interview, thus allowing for a systematic interpretation of the data.

Secondary sources, including documentary data, were leveraged to validate key aspects and provide additional context for triangulating interview data. Supporting documentation included meeting minutes, product records, and internal reports, which were essential for verifying specific claims and providing a contextual background to the primary interview data. Finally, all collected data were synthesized to generate coherent findings that capture the complexities of the investigated phenomena, aiming for a holistic understanding in line with best practices for qualitative research (Creswell and Creswell, 2017).

<i>Cases</i>	<i>Informants</i>	<i>Additional Data sources</i>
	<i>First Half of the 1° round of interviews</i>	
ALPHA	<i>Members of the Board of Directors</i>	Balance Sheets
	Director n°1 (father)	Budgets and Business Plan
	Director n°2 (cousin)	Reports
	Director n°3	Historical documents
	<i>Managers in charge of company divisions</i>	Commercial catalogs
	Construction manager (son)	Products
	Foundry manager	Internet sites and business channels
	<i>Employees</i>	Follow-up conversations
	Accounting and administration	Pictures and events documents
	Logistics and abroad clients	
	<i>Relatives and related not in the company</i>	
	Wife of the Construction Division	
	Chartered accountant and consultant	
	Statutory auditor	
	Construction division important client	
	<i>Commercial agents</i>	
	Commercial agent n°1	

	<i>Second Half of the 1° round of interviews</i>	
	<i>Employees</i>	
	Switchboard and orders	
	Logistics and abroad clients	
	Accounting and administration n°2	
	Warehouse and internal logistics	
	Commercial and transports	
	Cleaning and preparation locals	
	<i>Relatives and related not in the company</i>	
	Daughter of the Director n°2	
	<i>Commercial agents</i>	
	Commercial agent n°2	

Respondents/ Interviewees	1°	minutes	2° turn	minutes
<i>Members of the Board of Directors</i>				
Director n°1 (father)	1	115	1	130
Director n°2	1	90	1	80
Director n°3	1	70	1	50
<i>Managers in charge of company divisions</i>				
Construction manager (son)	1	75	1	70
Foundry manager	1	80	1	55
<i>Employees</i>				
Accounting and administration	1	60		
Switchboard and orders	1	45		
Logistics and abroad clients	1	65		
Accounting and administration n°2	1	45		
Warehouse and internal logistics	1	50		
Commercial and transports	1	60		
Cleaning and preparation locals	1	45		
<i>Relatives and related not in the company</i>				
Wife of the Construction Division	1	85		
Daughter of the Director n°2	1	75		
Chartered accountant and consultant	1	125	1	90
Statutory auditor	1	75		
Construction division important client	1	50		
<i>Commercial agents</i>				
Commercial agents n°1	1	45		
Commercial agents n°2	1	55		
Totals	19	1310	6	475
<i>Total hours of interviews</i>	29,8	<i>h</i>		
<i>Total number of interviews</i>	25,0			

Tab1: Interviews schedule

Data Analysis

The data were analyzed using an abductive approach (Locke, Golden-Biddle and Feldman, 2008), iterating between the collected data and theory (Eisenhardt and Graebner, 2007; Eisenhardt, 1989) until a refined understanding was achieved. An abductive approach is instrumental in bridging theory and empirical evidence, allowing for the iterative refinement of concepts (Eisenhardt and Graebner, 2007; Locke, 2001). Initially, data related to the research theme, conflict effects on BMI in the FF, were highlighted and extracted from the interviews and from other sources of collection. Subsequently, the data underwent thematic grouping, which allowed for the definition of findings according to relevant literary topics. The findings were then re-evaluated, with the assistance of firm members, against the primary data from which they were derived to confirm their consistency and ensure logical accuracy (Lester, Cho and Lochmiller, 2020). Involving participants in the validation process is crucial for ensuring the accuracy of qualitative findings and for establishing trustworthiness.

The analysis process followed a three-step approach. First of all, all the data collected through textual transcripts were grouped and sorted. This was followed by a coding process in which the information was divided between those relating to the conflict theme, those relating to the innovation of the BM, and those relating to the specific aspects of the FF, including contradictions and data on paradoxical elements. The coded data were then aggregated, assisted by triangulation with multiple information sources. Triangulation is a vital process in

qualitative research, enhancing credibility by comparing multiple perspectives and data sources (Yin, 2009). These represent first-order data.

The second step involved aggregating each piece of collected data with other relevant data from the same group or across different groups. This allowed for the identification and explanation of interactions, forming "thematic nodes" that represent conceptual groupings of the data. During this phase, all events with potential causal links were reviewed to identify connections crucial to the understanding of the phenomena (Langley, 1999). The thematic nodes are merged data through conceptual links obtained within the primary and secondary data collection process derived from interviews, triangulations, and supporting documentation. These thematic nodes represent second-order data; each one is linked to a specific theme.

The last step was to elaborate the evidence of the following research project which will then be the subject of discussion within the reference literary theory: the theory of paradoxes. The discussion with the literature will aim to illustrate the resulting contributions and the value of these within the reference scientific debate related to the issues of conflict and innovation of the BM. The findings are presented in the form of propositions (De Massis and Kotlar, 2014), which is an effective method for qualitative case study research.

The last step is a consistency check between the resulting evidences and the primary data collected. This took place through logical, documentary and expressed confirmations, directly by the interviewees through new confidential or informal contacts specifically made.

1° Step	2° Step	3° Step
<p><i>Data collection trough:</i></p> <ul style="list-style-type: none"> a) Interviews; b) Observations; c) Triangulation of information; d) Internal/external documents; e) comparisons made possible. 	<p>Aggregation of collected data through the:</p> <ul style="list-style-type: none"> a) determination of the 12 Thematic Nodes; b) determination of the 7 Secondary or Final Thematic Nodes; c) organization of a conceptual graphic framework. 	<p>Data Elaboration trough the:</p> <ul style="list-style-type: none"> a) comparison of the evidence got with the aid of logical, documental confirmation and with the aid of respondents final confrontation. b) determination of the evidence in the form of 3 propositions.
<p><i>The data has undergone a thematic encoding process in 3 areas: BMI, conflict themes e specific aspects relating to the FF topic.</i></p>	<p><i>The data have been aggregated until the determination of 7 stand-alone topics. These are reorganized inside a graphic illustration of the framework.</i></p>	<p><i>Completion of the data analysis and results verification through various type of confirmations. Illustrations of the results of the scientific discussion.</i></p>

Tab2: *Data Analysis Processes*

3.5) Findings

Results

This study aims to investigate how the conflict arising from a family sphere, and therefore representative of the family's involvement in the FF business system, can be a driver for the innovation of the BM. This section of the paper presents the thematic nodes, second order aggregate data, obtained through data collections. These are illustrated separately in *Tab3*. These thematic nodes, functional to identifying a conceptual "pattern", identify the main

phenomena, activities and events with a causal link. The conceptual graphic scheme and the results, in the form of propositions, are then presented and discussed in the theoretical context.

N1: Orientation to the traditional market and constant look at new opportunities
N2: Incremental innovation managed in parallel
N3: Company as a family extension
N4: Father and Son conflict and consequences
N5: Work capacity of the new BM manager
N6: Moment of economic success for both BMs: in particular, for the new BM
N7: Evidence support: conflicts
N8: Evidence support: conflicts
N9: Beginning of a career in the traditional sector
N10: Voluntary choice to isolate the conflicting aspects
N11: Reduction of working tension
N12: Learning and verification of the innovation model

N = Thematic Node number ...

Tab3: *Thematic propositions: aggregate second order data*

Detailed illustration of the thematic propositions: Primary Thematic Nodes

- *Node 1: Traditional but constant look at new opportunities*

The company has always demonstrated a strong attachment to its origins and history. The almost fraternal bond that has developed between the three owners is the result of many years of shared work experience and time spent together. They operated in a highly dynamic and ever-changing market while maintaining deep roots in traditional business practices, characterized by production techniques, materials, and products that represent the company's legacy.

Despite this deep attachment, Director No. 1, in particular, managed to convey to his colleagues the importance of being adaptable to market demands, while keeping an eye on future opportunities. Initially, this need for flexibility was not fully acknowledged, but it became essential with the collapse of the cast iron and stabilizing belts markets. This open-mindedness is exemplified by the company's simultaneous development in the expanding bentonite market and its entry into the pet care product sector, the introduction of light alloys like aluminium when cast iron dominated the market, the decision to entrust a family member with the creation of an independent BM, and the willingness to explore future projects beyond the traditional business scope. Today, the company—through the perspectives of its members and key business figures—remains conscious of its heritage while staying open to any new opportunities that the future may bring.

“We wanted to stay within what we knew best ... the casting processes of the foundry and the materials to make them. However, this did not prevent us from looking around

and often to understand if we could offer a more complete package to the customer or obtain an advantage as a company.

...

Unlike the Construction division which is something completely new and different, the innovations of our history followed a very specific track that was the one designed by the needs of the specific sector in which we have always worked.” (Director n°3, speaking about the traditional sector and the innovations).

- *Node 2: Incremental innovation managed in parallel*

The trio of owners, as well as business board members, found themselves having to make decisions several times to diversify their products or services without knowing how the market would respond. It is possible to underline this aspect because, on many occasions, the company has been a forerunner for various types of product and service (or in any case if not the first ever at least among the first in the covered area).

Over time, the policy proposed by the Director N. 1 has prevailed. He has always believed that any diversification or innovation should have intervened through a validation process and then proceeded to its integration within the organization of the company. Innovations have always had an incremental dimension before affirming and stabilizing. As much as possible, he wanted to avoid the inclusion of new fixed costs without having a real feedback from the market. The innovative process was managed by an appointed internal figure who proceeded to evaluate the opportunity and therefore to manage it in parallel with the traditional business of the company. This happened for the inclusion of all new products or services offered.

- *Node 3: Company as a family extension*

Overcoming challenging times and celebrating achievements have led the owners to spend significant time at the company, even beyond "normal" working hours, gradually transforming the business into an extension of their home. Each of them has children and a life partner, but the relationships they have built with one another and with the company are so intense that they perceive everything related to it as an extension of their family. This attitude towards business, extensively studied in the FF literature, is particularly evident in this context.

- *Node 4: Father and Son conflict and consequences*

The primary conflict within the company arises between two generations—the outgoing and the incoming—and is evident to any observer. The root of this conflict is relational and familial, rather than professional, and has no origins in the workplace.

Both individuals possess strong, straightforward, and often inflexible personalities, which has led to ongoing tension. The conflict escalated significantly when the Son decided to abandon

his university studies with only one exam remaining, following a heated dispute with the institution—likely due to his rigid behaviour. Despite attempts by his parents to persuade him to complete his studies, the Son, who had already started working in the company, repeatedly argued that what matters is not the "paper document" (the degree), but tangible results. The Father had to come to terms with this major disappointment, which affected him deeply, as he believed that a university education was a privilege. In his society thirty years ago, only the most fortunate could afford it. As a result, he found it difficult to accept his son's decision.

The conflict was characterized by frequent arguments, often with words and tones far beyond those of a typical disagreement. The Son's marriage further exacerbated tensions, as his wife consistently sided with him, hindering reconciliation efforts. Often, communication between the Father and Son occurs through intermediaries who convey messages on their behalf.

Data suggests that the initial application of bentonites was in a niche area within Foundry but soon became an opportunity for new business solutions. These products allowed the current Construction Manager to carve out his own path, developing a new branch with products and technologies focused on housing and energy savings. Bentonites served as a bridge between these two domains. The current Construction Manager began working with bentonites because they are a specific type of clay closely related to his geology studies. Interviews suggest that any type of product could have facilitated the development of a new business area, and therefore a new BM, because the key factor was not bentonites or geological expertise, but rather the desire to establish a separate role while remaining within the same firm to avoid conflict.

Initially the construction branch was born as a market niche in the foundry sector. In fact, bentonites were already used by the company in many areas. Today, however, we have reached a completely new dimension, distant from the foundry...a completely separate sector.

...

Surely Andrea's geological studies helped to define the direction but so did their relationship. They are better off working apart than having to deal with each other on a daily basis. Once a month for reports to the Board of Directors is more than enough.

...

it is often believed that this direction given by Andrea's background saved the situation but it is not so. The merit, if we want to call it that, is not due to this product but to the two of them who pushed the organization to find new opportunities. Even if with some risks and many difficulties.

...

Even if Andrea had had a different background, they would have found something to invest in and differentiate the company's business. Besides, he certainly wouldn't have

wanted to stay at home either. (Director n°3 speaking about Andrea, the actual construction manager, and his father The Director n°1)

- *Node 5: Work capacity of the new BM manager*

The manager of the new BM has a difficult character, as stated by all interviewees. He is perhaps even more direct than his father. Despite this, he is widely regarded, both internally and externally, as a tireless worker. He is also considered an expert technician who is highly attentive to customers, as well as a skilled commercial operator. The economic results, the significant development he has achieved, and his ongoing independent management of many phases of the newly established BM are strong evidence of his effectiveness.

- *Node 6: Moment of economic success for both BMs*

The investments and efforts made in the new business model (BM) did not yield significant results in the first few years. Growth began to take off only a few years later. The real success has been achieved in the last five years, particularly with the introduction of building bonuses aimed at modernizing the national real estate heritage.

The turnover of the Foundry Division has grown steadily by a few percentage points in recent years, achieving growth between 5% and 10% in the last two to three years. In contrast, the Construction Division has consistently maintained growth rates of over 10%. In 2017/2018, revenues were composed of 65% from the Foundry branch and 35% from the Construction branch. This balance, already positive for a recent BM, shifted by 2021, with 45% attributable to the Foundry and 55% to Construction.

The 2022 data shows that this trend has further widened the gap, resulting in 35% of revenue from the Foundry and 65% from Construction. It is important to note that the Foundry sector has not declined; rather, the Construction sector has experienced growth in turnover, specifically driven by the surge in fiscal real estate bonuses.

The new Foundry manager has also been intensively working to enhance the plant engineering market. Even in the event of a reduction or elimination of the Italian fiscal measures, the Construction Division has established itself as a key player in the local market and beyond. It deals with niche products that use advanced technologies and is well-positioned to maintain its market presence in the future.

The final data for 2023 shows a slight decline in the Construction sector following the return to a pre-bonus situation. Additionally, there has been growth in the Foundry sector, particularly in the area of industrial plant systems. Currently, both business branches are positioned at approximately 50% each.

- *Node 7: Evidence support: conflicts*

The data collected during the interviews is useful for comparison purposes in relation to the gathered evidence. The entry of other employees, family members, and members of the new generation into the company has also been confirmed.

The two daughters of Director No. 2 held different roles: the first worked part-time supporting logistics and administration, while the second, who worked full-time, held various roles, including functions directly related to sales, purchases, and market interactions. Currently, neither of these individuals works in the company. One of the daughters felt that the job was not suited for her, while the second, who was working full-time, had several conflicts with the son of Director No. 1. Although their conflict was not direct, the ongoing disputes between the son and his father, which indirectly involved the board (including her mother), led her to harbour animosity toward the current Construction Manager. This ultimately resulted in her decision to leave the company to pursue other career opportunities.

Another internal conflict arose with the former Commercial Manager of the Foundry. He also found it appropriate to leave the company due to an unsustainable climate of conflict and after an unsuccessful attempt to purchase company shares.

The responses gathered during data collection confirm that the innovation was led by the current Construction Manager, who, despite his difficult and rigid character, never intended to leave the company. Instead, he consistently demonstrated his commitment through hard work, as evidenced by those who know him well. The daughters of Director No. 2, despite several years of employment in the company, never showed a strong attachment and had previously expressed doubts about their fit for this type of work. On the other hand, the former Commercial Manager of the Foundry, while a highly skilled and professional employee, was never a family member. For this reason, his attachment to the firm was naturally weaker, and he did not perceive it as an extension of his family. Consequently, as the internal business climate deteriorated, he preferred to seek a position better suited to his needs.

“My daughters have always been serious workers and the culmination of their decision to leave was due to this indirect conflict between them and Andrea. In my family certain behaviours would not have been accepted and therefore they, having recently entered the world of work, could not understand certain lack of respect.

...

However, I would like to clarify that I have always seen another type of career more suitable for them because this was certainly not the sector that reflected their real passions” (Director n°2, speaking about her daughters and about their reason to leave).

- *Node 8: Evidence support: traditional business*

Before the current Foundry Manager, a high-level employee capable of acting as a "360-degree manager" had never been integrated into the company's organization. This role was, in fact, entrusted to the owners, particularly Director No. 1, with the support of Director No. 3 and a commercial figure (who subsequently left the company, as mentioned above).

The interviewees explained that hiring the current Foundry Manager was aimed at ensuring continuity in a sector where two of the directors are actively involved, as the board recognizes they are nearing retirement. All the owners agree that Director No. 1 initially intended to pass this role to the current Construction Manager, his son, but realized there was a gap that needed to be addressed. Five years ago, he decided to integrate the company structure with a dedicated manager.

The data also indicates that the company has never voluntarily pursued innovation without an obvious necessity. In all its operations, innovations, always linked to the traditional branch, have been driven by threats or risks to the company. Similarly, BMI emerged from the need to find a stable and decisive solution to avoid conflict. Even the opportunity to develop animal products (derived from processing bentonites used in the traditional sector) was always seen as a side project. Since it was not driven by necessity, it is probably that it ended for this reason. This was the only innovation outside the traditional business model that did not develop or take root in the long term. This outcome aligns with the "willingness-ability to innovate" paradox described in the literature.

This thematic node helps to understand how the company made a deliberate choice to isolate and separate areas of conflict.

I wanted to give my son my place in the board. We have always been a company in the foundry sector and despite having innovated many times we had never pushed ourselves as far as today from our traditional sector.

...

When I realized that it was not possible to leave my role to him, we decided to hire another figure to replace us and who could represent the foundry reference for the future of the company. (Director n°1, speaking about his son and the new Foundry manager)

- *Node 9: Beginning of a career in the traditional sector*

The son joined the company when his parents realized he would not complete his university studies due to an unshakable personal decision based on certain incidents. Initially, the current Construction Manager supported the company through an incremental and parallel approach,

managing and developing the derivatives sector of specific melting processes. Over time, he became increasingly interested in bentonites, a type of mineral material.

Bentonites are natural clay insulators with many applications and are essential as binders in melting processes. Therefore, he was assigned to work in a market more closely aligned with his studies. Some possible applications of bentonites include water insulation in civil engineering, and later he also became involved in building foundation applications. The Construction Division was established many years later, during a period of heightened conflict within the company. Director No. 1, with the support of his colleagues, decided to assign his son the development of an area that minimized interactions with other parts of the company.

The current Construction Manager decided to invest in the energy-saving sector for homes and buildings, which began to gain traction following the introduction of initial fiscal policies promoted by national and international governments. This venture, supported by the owners, led to the development of the Construction BM, which deals with high-quality, innovative, and technologically advanced products that are not easily found on the market.

Today Andrea excellently follows a Construction division that is helping to bring great results to our company. It is clear that this was not the initial goal in fact no one would have ever imagined 20 years ago that we would end up with selling insulation material and other technologies for houses or buildings. Precisely for this reason Andrea started in the Foundry sector, the only business at the time, and then by chance we got closer and closer to a market linked to his Geology studies.

...

We owe the credit to him for having understood the opportunities of this market very early on. (Director n°1, speaking about the two Divisions)

- *Node 10: Voluntary choice to isolate the conflicting aspects*

The conflict has created difficulties within the company because some employees (the former commercial Foundry and the daughters of one of the board member) has decided to resign and the quarrels touched the strategic processes and decisions. A climate pervaded by conflicting relationships and discontent risks to become inefficient and less productive. Obviously the Father-Son relation was not isolated but interfered with the whole company organization system.

When the owners realized that in any case the current Construction manager was doing his best and felt an intense attachment to the company, they decided to create a company within the company through a completely parallel management of the functions with the exception of the administration-accounting, logistics, switchboard services and transport.

The current building manager proposed the development of a branch related to insulation technologies in the building sector and independently dealt with strategic decisions, with customers and suppliers, with commercial agents and with the development of new internal business policies.

“We found ourselves in a difficult situation that needed a change ... a change that we had to implement. We never wanted to sacrifice the future of the company for selfish gestures and so we decided to try new solutions to go ahead without arguing. We therefore decided by mutual agreement (we refers to the board) to reorganize the company so that certain harmful contacts were avoided. In short, we pushed Andrea away, leaving him his spaces but at the same time obtaining our own” (Director n°3, speaking about the company and about Andrea that is the son of the director n°1 and the actual Construction manager).

- *Node 11: Reduction of working tension*

This separation restored a calmer internal environment and improved work efficiency. The newly established Construction Division creates real added value through dedicated effort and commitment. As a result, the working relationships significantly improved.

However, the relational relationship between the Father and the Son remains compromised and they continue to maintain the same incompatibility outside the work environment.

“Andrea and his father continue to avoid each other as much as possible especially outside the workplace. In any case, the working climate has improved because everyone's role has become clearer and the diversity of the two areas allows everyone to work in their own direction”. (Foundry Manager, speaking about the company and about Andrea that is the Construction Manager and son of the director n°1).

- *Node 12: Learning and verification of the innovation model*

Especially in the last 2 years, following meetings of the Board of Owners and directors and following the pandemic emergency contingencies, the idea of structuring new BMs in the future using the approach already implemented has begun to emerge. In this period, in fact, the success deriving from the new BM and the working synergy that has been created with the proposed organizational model have become increasingly evident.

It was therefore considered to start new BM innovations, in the future, in market areas completely outside the traditional Foundry Division or the current Construction sector. Obviously these projects will be able to see the light when some internal situations are stabilized, including the generational change. Subsequently, the board will decide the figures that are going to be in charge of these divisions.

The innovation path has already been determined by borrowing the example taken with the current Construction Manager. Through this approach, the company has created a pluralism in relation to the corporate decision-making (Heinze, Weber, 2016) which led to the idea of use the model learned for new parallel developments. The owners and many other important employees also state that now the firm is better prepared to manage conflictual situations due to the learning process overcame and that they feel themselves confident enough to be ready to succeed futures conflicts or future parallel BM innovations with more ease and experience.

To resolve the situation, we launched and diversified into the Construction Division. Ours trial was a bet that if it failed it would see Andrea dismissed definitively or the acceptance of the risk of this relationship.

...

We realized that it was not only what resulted from the conflict that frightened us, but also concretely trying to open new markets. We had consolidated our comfort zone with the Foundry. Today, however, we have understood how to face new opportunities in a more concrete way and our experience combined with young forces could still give the company a lot of satisfactions (Director n°2, speaking about the approach learned).

- Overall time-line of the main events

A brief table summarizing the main events follows. This should help the reader to orientate inside the main events.

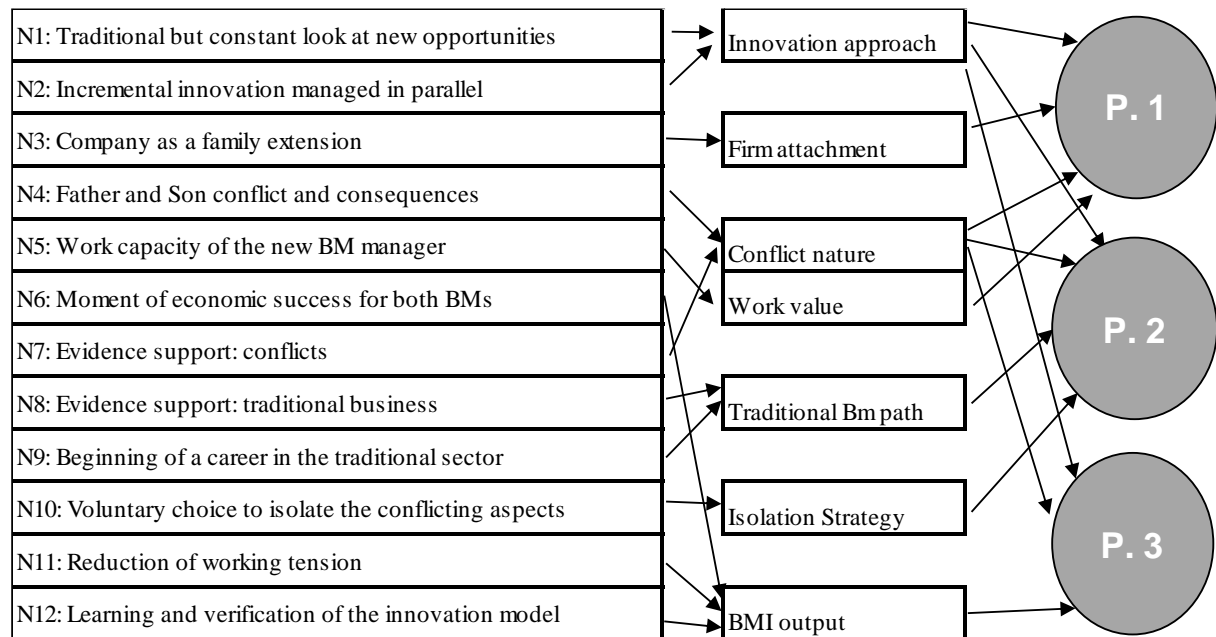
Time Line Events		
	1946	The company is founded
	1970	The 3 actual owner purchase all the shares
	1973	The actual Costruction manager was born
until	1996	Contrasting behaviours and quarrels
	1992	Beginnig of the geological studies
	1997	Decision from the Son to give up studies (University) 1 exam before gradution
	1998	Entrance in the company of the current construction manager
until	2000	Quarrels and contrasts with the daughters of the Directors n°2
	2000	The first daughters of Director n°2 doesn't continue her internship changing job
	2001	The remaining, fully employed, daughter of Director n°2 the decide to quit this job
	2003	Marriage of the actual Construction Director
from	2004	Beginning of division of the familiar nuclei and husband support that doesn't help reconciliation
from	2005	Job initial quarrels and communication difficulties
	2012	Decision to leave to quit the company from the commercial foundry figures
from	2013	Beginnig to work on Construction division as a choice to separate conflictual areas
	2017	Hiring of the new Foundry Manager to fill the void left from the Costruction manager
	2018	Economical Result of Construction area similar to Foundry Area
	2021	Considerable strengthening of the point described above
	2022	Turnover of the foundry division exceeds that of the traditional foundry branch
	2023	After the end of fiscal incentives the New BM turnover consolidates in a value similar to the old BM

Tab4: Main events time-line

Detailed illustration of the thematic propositions: Secondary or Final Thematic Nodes

The aim of this phase is to determine the evidences of the research. Following this aim, the topics of the Thematic Node have been combined to obtain propositions as results. Between these steps there is another middle aggregation as shown from the *table 5* below. Each Thematic Node can be addressable to a Secondary Thematic Node (called also Final Thematic Node for clarification) that is wider. Doing that we have found 7 Final Thematic Nodes (or Secondary Thematic Nodes). These points describe:

1. the *innovation approach* of the firm considering the link with tradition, considering the incremental approach and considering the constant view toward new opportunities;
2. the *attachment toward the firm* seen as a continuation of the natural family or seen as a family itself;
3. the *nature of the conflict* considering the characteristics and the consequences of the father-son relation (seen through other examples of firm conflicts);
4. the *work value* of the new BM manager;
5. the *traditional BM path* underlining that in absence of conflict the choices of BM separation would not be taken into consideration because the firm was oriented on its principal business;
6. the *isolation strategy* highlighting that the BMI occurs because of the conflict while it has never happened before in absence of it;
7. the *BMI output* that can be summarized as the reduction of internal work tension, while the familiar one does not sensibly decrease, and the learning process through a new BMI approach for the future.



Tab5: Data Aggregation Scheme

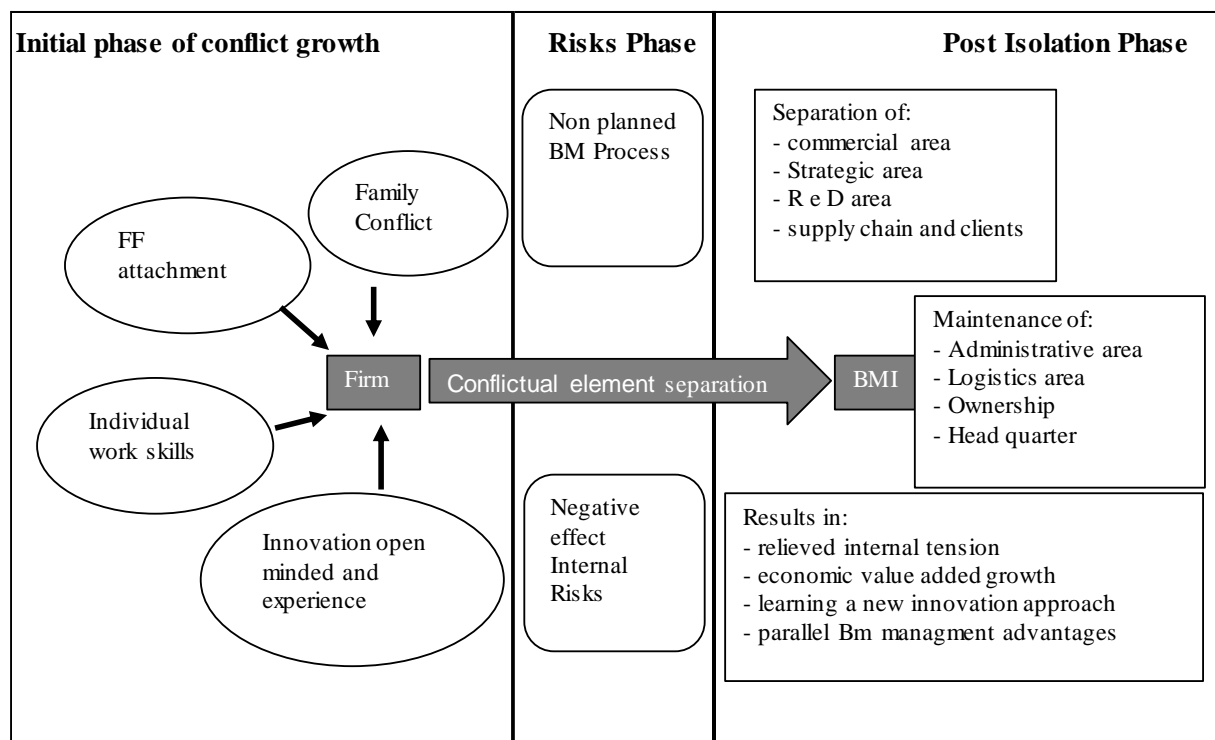
The aggregations have followed this logic:

- each Thematic Node composes only 1 Secondary Thematic Node, because these groups can be considered stand-alone topics already separated by theme in the initial data division;
- while Final/Secondary Thematic Node compose 1 or more Propositions because propositions are combinations and causal effects of these themes (and so of the data) together.

Results pattern illustration

Table 5 illustrates the data aggregation process obtained from interviews and other data sources. This table presents a structured view of how thematic nodes were identified and grouped to form Final Thematic Nodes, which represent distinct topics within the case study. This systematic grouping process provides a clear pathway from raw data to meaningful insights, showing the evolution of concepts throughout the research.

Table 6 provides a visual framework of the case study, illustrating the main elements and the causal links among them. This visual representation aims to clarify the dynamic relationships between different themes and events, offering an intuitive understanding of the processes analyzed in the study.



Tab6: Graphic Framework

The thematic nodes represent the primary aggregation of the data obtained through the interviews in a free and unordered way. The thematic nodes then underwent a process of internal connection and combination that allowed the production of the summarized results, in the form of propositions, which are then discussed at the theoretical level in the next paragraph.

This discussion allows the determination of the contributions made for the scientific debate progress and including the description of the managerial and practical implications.

The results obtained from the evidence are presented below. A textual representation of the graphic conceptual framework is provided and, at the end of the paragraph, the extrapolated results in the form of “propositions” are illustrated.

The company is strongly anchored and known in the national covered market and is attached to the traditional business even if it has passed various products and market diversifications and innovations. The company and its owners have shown an intense mental openness towards the evaluation of new opportunities. The will to keep the company alive, seen as a continuation of their respective families, in the future is their absolute priority and drives them to innovate.

The entry of the last family members, in particular the one of the current Construction manager, has raised the level of internal conflict despite an already existed level of tension arising from the family system. The company found itself in a phase in which the business operating systems were risking damages from the organizational, the strategic and the efficiency process point of view. The owners understood that the negative family relationship should not damage the working sphere and therefore, after having considered the work skills and technical knowledge of the new entrant, they decided to bet on a parallel development process of a new BM to be assigned to him as the responsible manager.

The process was inspired and built by the ways in which in their history they had already approached product or service innovations within the traditional BM: that is, without making substantial investments but testing the appreciation of the market with a reduced and experimental offer. The current Construction manager establishes with the cognitive and experiential support of other company figures and through external contacts that the new BM will find great opportunities in the sector of products and services for building energy saving.

The BM was born with the structuring of a products research and a services development, always by niche and of high quality and technology. It also built with the construction of a commercial network of agents, variable and non-fixed costs, with a defined organizational system and autonomous procedures and with the personal strategic direction of the responsible manager. A BM is therefore created parallel to the traditional one sharing with it the structure of joint logistics, of transport and of administration and accounting services. The company understands that the added value generated has made the company more flexible, that the work tension has been partially reduced and that the model used can be applied again for future parallel projects.

Propositions

P1: Family conflict, when accompanied by strong attachment, innovation-oriented management, and work competencies, positively impacts BMI in family businesses.

P2: The separation of certain areas of the business where conflict is perceived encourages a BMI parallel to the main business and contributes to conflict resolution.

P3: The resolution of conflict through the separation of conflicting aspects in BMI fosters the development of future parallel BMI and facilitates the management of potential future conflicts.

3.6) Discussion

Focus on paradoxical situation

Within the case study presented, we find well-defined elements attributable to paradox. The conflictual relationship established between father and son highlights all the typical behaviours of a relational incompatibility. There are extreme difficulties in communicating except through figures who act as intermediaries, there are loud voice quarrels, lack of contacts outside the workplace and mutual behaviours and declarations that illustrate a clear division between the two people.

Despite everything, both have a great dedication to work, great work skills and a strong attachment to the company. In this situation, the evidences gathered clearly illustrate how the father, after presenting his approach to the rest of the managers/owners, deliberately decided to carry on both the traditional business and to invest in the skills of the new generation by betting on a new business. These two poles are reflected in a working synergy, which has brought great added value to the company, and in a relational conflict, which has instead been maintained. The ability was to not preclude an innovative and a creative potential that could have occurred from this phenomenon and to isolate the centres of the conflict without dividing them from the perimeter of the company.

The main paradox of this case study can be found precisely in the personal quarrel and work synergy, the desire to create a gap and at the same time work for a common cause, the inability to communicate, the mutual respect and value perceived and finally by the internal difficulty and the great result in terms of economic added value. To be precise, it is specified that some "paradoxical" themes, already well mentioned in the literature, can also be found within the the case although they are not the main focus of this work.

It is therefore possible to identify what is called "tradition-innovation" (Erdogan, Rondi, and De Massis. 2020) since the company, despite a strong attachment, always maintains an open vision and "ability-willingness" (Chrisman et al. 2015) since the company has shown great capacity for innovation but it has been achieved only when forced by the convergence of objectives, even if not economic.

Results explication

The results are shown in the form of propositions and are explained and discussed below. The perimeter of results is the FF literature.

Proposition 1: Family conflict, when accompanied by strong attachment, innovation-oriented management, and work competencies, positively impacts BMI in family businesses.

This first result highlights aspects of a well-studied paradox: the willingness-ability to innovate (Chrisman et al., 2015; De Massis, Di Minin and Frattini, 2015). The data suggest that the company possesses significant innovation potential, supported by factors such as a rapid decision-making process typical of this kind of enterprises (Chrisman, Chua and Sharma 2005; De Massis, Frattini and Lichtenthaler, 2013). However, innovations have historically been adopted only when necessity demanded it. Throughout their history, innovation adoption has typically occurred in response to major changes in the traditional market or fear for the firm's stability.

In our case study, we identified a high level of susceptibility to innovation (Holt and Daspit, 2015), but this is mainly activated in situations of need. This is in line with findings in the literature showing that FF often exhibit both the ability and willingness to innovate, but this potential is mainly realized under pressure or in the presence of perceived threats to the firm (Chrisman et al., 2015; De Massis, 2015). This behavior reflects the balance between risk aversion and the willingness to sustain long-term competitiveness characteristic of FF (De Massis et al., 2016).

The results suggest that openness towards innovation is a result not only of proactive management but also of a culture of adaptability nurtured over generations within the FF context (Nordqvist and Melin, 2010) where leaders' paradoxical thinking is positively associated with innovative behavior, while paradoxical tensions may hinder it if not managed (Ingram et al., 2016).

Conversely, we do not need to elaborate on the concept of attachment to the FF by family members, as this has already been extensively studied and theorized by scholars (e.g., Miller and Le Breton-Miller, 2021). Moreover, the family embeddedness perspective highlights that family relationships are deeply intertwined with the business, thereby influencing not only the firm's strategic direction and goals (Zellweger et al., 2013) but also its ability to innovate and effectively manage conflicts. This embeddedness creates a unique environment where familial ties can provide both resources and constraints, facilitating innovation through shared values, trust, and social capital (Aldrich and Cliff, 2003; Zellweger, Nason and Nordqvist, 2012).

Skills are another crucial aspect of this study, and each respondent highlights the work skills of the current Construction Manager. To connect this theme with the literature, it is important to emphasize what scholars have already noted: skills can be transmitted effectively within the fertile context of FF due to frequent interactions and close collaborations (Litz and Kleysen, 2001). Moreover, such skills are fundamental in leveraging entrepreneurial orientation towards innovation (Arzubiaga et al., 2018). As Calabrò et al. (2019) argue, the combination of human capital and social capital in FF enhances their ability to innovate, particularly through the long-term relationships they establish and the transfer of skills across generations.

This theoretical framework helps explain how the Construction Manager's skill set and openness towards innovation have been nurtured within the company context, contributing to the development of a new BM and driving further growth in the organization.

In this context, we must also consider the intense relational conflict, which, as literature suggests, can be highly detrimental to the firm (Kellermanns and Eddleston, 2007; De Massis, Di Minin and Frattini, 2015). We chose to investigate this case study through the lens of paradox theory because the data highlights that when there is sufficient attachment to the firm and a strong openness to innovation, internal skills can be effectively used to create BMI and so following the paradoxical nature of the described phenomenon. Moreover, the data suggest that in the absence of attachment, there is little reason for a conflicted family member to remain within the company. Paradoxical thinking requires a specific approach that connects with creativity and innovative solutions (Ward, 2009), as creativity is often described as the ability to reconcile opposites (Ward, Finke and Smith, 1995). This inherently necessitates an open-minded management approach (Smith and Lewis, 2011).

The proposed result indicates that BMI is encouraged by the desire to remain within the firm while fostering separations strategies to reduce conflicts. This dynamic fosters creativity, the pursuit of new solutions, and paradoxical thinking. In fact, in our research we focus on the need of finding new ways to obtain a common goal that is the going-on of the company, its growth and survival across the time. In that case we discover, connecting with already specified topics of the literature, that many elements contribute to the innovation explained. Avoiding detrimental consequences is mandatory to permit the company survival and keeping the family well-being considering the short link between these two entities and that company losses are directly attributable to family losses (Sciascia et al., 2015). So the paper contributes to this scientific area showing a new role of conflicts inside familiar sphere that could be seen also as an engine for BMI because it can push members to find solutions and new entrepreneurial architecture pivoting on the firm's attachment, skills transfer and company adaptability and readiness.

According to Smith and Tracey (2016), balancing conflicting demands within an organization can foster creativity and enable long-term sustainability, providing fertile ground for new business models through innovative solutions. The gap created between conflicting perspectives can serve as a source of innovation, encouraging the exploration of distinct business approaches that culminate in new BMI. This research contributes to connecting this area of study with BM in FF, developing a more detailed understanding of how these dynamics unfold and what solutions are ultimately identified.

Proposition 2: The separation of certain areas of the business where conflict is perceived encourages a BMI parallel to the main business and contributes to conflict resolution.

Some scholars argue that previous generations could provide the new generation with freedom to explore and experiment, fostering creative solutions and opportunities, albeit at the cost of

managing increased risk (Calabrò et al., 2019). Prior studies have highlighted various creative approaches to conflict resolution; in this research, the separation or isolation of areas of conflict plays a central role. The findings suggest that isolating relational conflicts within FF can lead to positive outcomes for BMI. While Brenk et al. (2019) found that isolating logical conflicts can have beneficial effects, their study did not focus on FF or relational area. Our research extends these insights by specifically addressing how relational conflicts within the FF context can foster BMI through effective separation and management of the areas. While conflicts can arise from a variety of sources, they generally represent different viewpoints. The separation strategy can offer several benefits by effectively dividing the two opposing poles, thereby reducing tensions, minimizing direct interactions, and representing one of the preferred conflict management approaches in FF due to its flexibility and adaptability within family dynamics (Qiu and Freil, 2020). This strategy enables the coexistence of traditional and innovative paths within the business, allowing each to thrive without one suppressing the other, thus embracing the paradoxical approach of balancing old and new elements (Smith and Tracey, 2016; Cunha and Putnam 2019).

Our research extends existing knowledge by demonstrating that a separation approach within the organizational structure, designed to avoid direct interactions between conflicting parties, can foster the development of new business solutions. This enables the firm to adapt its structure toward a new business configuration. Such a need to evolve aligns with insights from paradox theory, which emphasize the importance of keeping contrasting elements active while embracing emerging contradictions through a paradoxical thinking approach (Cunha and Putnam 2019). Family businesses provide fertile ground for the development of paradoxes, largely due to the intense relational involvement within the firm and the influence of family systems on organizational functioning (Distelberg and Sorenson, 2009; Nordqvist and Melin, 2010; Zellweger, Nason and Nordqvist, 2012) such that they also involve non-financial objectives (Zellweger et al., 2013) and leverage an intense sense of belonging to this different type of family that is the company (Berrone, Cruz and Gomez Mejia 2012). The family embeddedness perspective further supports this by emphasizing how familial bonds and embedded relationships can shape the dynamics of both conflict and collaboration, impacting the firm's capacity for innovation. These relational ties, while potentially sources of tension, also serve as a foundation for fostering trust and mitigating conflict through shared understanding and commitment (Aldrich and Cliff, 2003).

The case study also illustrates that separation is a strategy that allows different areas of the business to coexist, without one suppressing the other. These areas are nurtured and maintained within the firm's boundaries, supporting both innovation and stability. As previously noted, and as suggested by the paradox management literature, fostering creative solutions often requires maintaining an inherent tension between opposing forces (Smith and Lewis, 2011). This approach has driven the firm towards a business evolution that reconciles old and new elements.

Our results indicate that this relational separation, which forces the firm to adopt a new organizational structure, can lead to new business solutions and ultimately a BMI. This finding is supported by literature on paradoxical tensions, which are often viewed as opportunities to

explore, experiment, and learn in the search for new possibilities (Andriopoulos and Lewis, 2009; Martin, 2007). In our case study, these paradoxical tensions acted as triggers for the innovation process.

The firm's management demonstrated an important ability: making rapid decisions to resolve a detrimental situation and prevent the paralysis that can occur when tensions are poorly managed, nurturing only one side of the conflict (Lewis, 2000). This has been possible due to the need to avoid losses that compromise the long-term goals of these firms that avoid risk but even more are averse to losses (Sciascia et al., 2015) demonstrating in these contexts great decision readiness and consistent adaptability, especially in the context of Smes (Calabrò, 2019). In this case the decision to rely on the skills of the current Construction Manager and to allow him the space and resources to create a new BM, rather than suppressing his distinct attributes, reflects both the old and new ways of doing business. Acceptance that traditional methods, including markets, products, and organizational structures, are not the only way to ensure the survival of the company was the key to resolving the conflict.

The result of this study can contribute to the expansion of this research area by developing a finer understanding of these phenomena, defining several connections with the relevant literature. Dias and Davila (2018) theorized that a structured resolution plan is necessary to manage conflicts, as was demonstrated in this study through organizational and business decisions. Another important aspect highlighted is the need to separate business areas to create an organizational structure tailored to each specific context as a trigger for BMI. In addition, investing in interests rather than positions, as shown by the company investigated, proved beneficial: the board of directors allowed the current construction manager to pursue his passion and skills in a completely different business branch. Finally, as pointed out by several authors, “always maintaining trust among family members” is a crucial aspect: indeed, it was only trust in the current construction manager that allowed him to explore this new market and develop a new BM. A trust that has matured toward him because of his hard work and strong attachment to the company despite awareness of friction, conflict, and character limitations. Without the trust and support of the directors, it would not have been possible to create this new business area (Kellermanns and Eddleston, 2007).

Proposition 3: The resolution of conflict through the separation of conflicting aspects in BMI fosters the development of future parallel BMIs and facilitates the management of potential future conflicts.

The results indicate that after successfully implementing a BMI that overcame a specific conflict, the firm becomes better equipped to resolve similar conflicts in the future and to leverage the experience for further innovations involving different BMs. Literature has begun to examine the learning trajectory following successful BMI, suggesting that during this process, firms must adapt their organizational structure and mind-set to accommodate new challenges (Arnold, Kiel and Voigt, 2016; Hock, Clauss and Schulz, 2016). This adaptation allows firms to effectively transition from an established value logic to a new one, reshaping the institutional logic governing how value is created and exchanged with customers, partners,

and suppliers (Casadesus-Masanell and Zhu, 2013; Spieth et al., 2019; Thornton, Ocasio and Lounsbury, 2012).

Scholars have also emphasized that "the developed BMI process should enable organizational co-creation and learning about alternative BM designs" (Brenk et al., 2019). Our findings reinforce this line of research by providing specific contributions to the learning pathway: the company unlocked a new level of awareness about innovation by establishing the Construction Division. This transformation encouraged management to consider new opportunities and innovative BMs to pursue them. Two distinct business developments, currently in a "work-in-progress" state, were presented during our study as potential future pathways for innovation within the firm. This supports the idea that a successful BMI, following the separation of conflicting elements, can facilitate subsequent innovations due to its ability to cultivate an experimental and parallel learning environment (Andriopoulos and Lewis, 2009; Smith and Tracey, 2016) that is embedded in a knowledge management context peculiar and characteristic of these types of firms (Arzubiaga et al., 2022).

Moreover, this research confirms that separation remains one of the preferred approaches to conflict management within FF (Qiu and Freel, 2020), demonstrating that this strategy plays an important role in BMI by providing a structured framework to manage conflicting parties more effectively compared to other conflict management methods. By separating conflicting aspects, FF can create an environment that encourages learning and development while reducing tension, thereby facilitating future innovation initiatives (De Massis, Frattini and Lichtenthaler, 2013).

Our results suggest that the successful implementation of BMI, which involved resolving a specific conflict through separation, equipped the company with a better ability to handle similar conflicts in the future. This is in line with the idea that organizational learning, especially in complex environments, benefits from experiential learning and continuous adaptation (Arnold, Kiel and Voigt, 2016). Indeed, as Berends et al. (2016) argue, in family businesses, learning plays a key role in the development of BMI, as it integrates precisely direct experience (experiential learning) with constant cognitive research (cognitive research), enabling the dynamic evolution and adaptation of the BM through the balance between exploration and practical application. Our paper therefore focuses on the development of knowledge that enables such situations to be managed anew by exploiting the opportunity side and managing the threat side in the context of BMI innovation for FF and more specifically belonging to the Smes.

How the firm managed the BMI

During the innovation process, the firm maintained the dominant logic of the existing BM, focusing on its efficiency and financial stability. In doing so, the firm became increasingly aware of the possibility of operating under a different value logic for doing business (Brenk et al., 2019). The literature has established that this dual approach, operating both an established and an emergent BM in parallel (Markides 2013), can be beneficial as it mitigates the cognitive

constraints that may otherwise hinder the recognition of strategic and value opportunities provided by the new business venture (Casadesus-Masanell and Ricart, 2010). This is especially important in small and medium-sized enterprises, where business model adaptation and innovation become crucial to meet challenges and improve business competitiveness (Heikkilä et al., 2018). In this scenario, management does not need to replace or suppress the existing business but rather accepts that a new business area can develop alongside the traditional one, effectively embracing ambidexterity (O'Reilly and Tushman, 2013).

The effectuation approach, which differs from the causation model, is often more suitable in uncertain environments characterized by high unpredictability (Brettel et al., 2012; Dew et al., 2009). In our case, the success of conflict isolation, followed by the initiation of a new business activity, was highly uncertain. Effectuation allowed for a practical, iterative development of the new business area, progressing step-by-step rather than attempting to fully design the business from the outset (Sarasvathy, 2001). This approach aligns with findings in the literature that highlight how incremental progress, driven by available means and flexibility, can lead to successful outcomes in complex and unpredictable contexts (Wiltbank et al., 2006) especially within the area of FF where this approach aligns with risk avoidance behaviour (Nieto et al., 2015).

The company employed a separation tactic to isolate the areas of conflict (Brenk et al., 2019), leading to several positive outcomes. First, the preservation of stability contributed to the creation of legitimacy for the BMI, which is crucial for establishing credibility and acceptance both within and outside the organization (Zott and Amit 2013). Additionally, the separation fostered an environment conducive to experimentation and learning, allowing the firm to develop new business practices in a structured and supportive setting (Andries and Debackere 2013). Finally, the reduction in cognitive uncertainty among key decision-makers helped to facilitate clearer strategic direction, ensuring that the company could navigate complex decisions more effectively (Gavetti, 2012).

The BMI approach adopted by the firm emphasized pluralism, a concept described by institutional theory as the integration of multiple regimes within organizational practices (Heinze and Weber, 2016). The findings demonstrate that the combination of effectuation and the strategic separation of internal relational conflicts is an effective approach to developing BMI within an established organization. Pluralism, through the coexistence of multiple organizational practices, proved to be fundamental in enabling the parallel development of BMI within the firm. This supports the view that organizational ambidexterity, which involves balancing exploitation and exploration activities, is crucial for sustaining long-term competitiveness, particularly in FF where tensions between tradition and innovation are prevalent (De Massis et al., 2016; Erdogan, Rondi, and De Massis, 2020).

Isolation/separation of conflictual areas

The literature identifies various pre-existing categories of paradoxes, which managers have been navigating for an extended period (Cunha and Putnam 2019; Sandoff and Widell, 2015).

In line with the observations of Pina and Cunha and Putnam (2019), who highlight the risks of exclusion and isolation in adopting predefined categories of paradox, we decided to develop our own definition of the paradox encountered, called Attachment-Conflict, which will be explained in detail below. We did not limit ourselves to a rigid category or to pre-existing categories, but focused on understanding the complexity of the tensions that emerged, ensuring a deeper exploration of specific dynamics that may not fit neatly into conventional models. As is often the case, paradoxes manifest in specific conflicts, and the management of opposing elements typically begins in response to a conflictual situation. A paradox, by its nature, is characterized by contrasting tendencies, inherently containing elements of conflict (Lewis, 2000).

In alignment with prior research, this paper underscores the benefits of separation strategies, as they help to reduce complexity, enhance efficiency, and explore new opportunities. Scholars argue that establishing clear boundaries between conflicting parties or organizational areas can significantly reduce internal friction and difficulty (Rhodes and Lansky, 2013). Separation plays a particularly critical role in managing conflicts within family organizations, where relational dynamics often complicate decision-making processes (Qiu and Freel, 2020). Our findings are consistent with this perspective, demonstrating that separation can serve as an effective conflict management tool in FF and illustrating the causal relationships and the connection with BMI.

Additionally, the data emphasize the concept of Family Driven Innovation (De Massis, Di Minin and Frattini, 2015), as the new organizational and business structure was influenced and shaped primarily by the characteristics and dynamics of the family. This highlights the need for FF to develop unique, context-specific assets, as the heterogeneous nature of these organizations prevents the application of a uniform structure for fostering innovation (Chrisman et al., 2015).

While prior literature has utilized separation as a method for managing logical conflict (Brenk et al., 2019), our results indicate that separation is also effective for managing other types of conflict, particularly relational conflicts. By implementing this strategy, the perceived tension within the firm decreased, allowing both key actors, the father and the son, to fully apply their skills for the benefit of the company, albeit in distinct areas. For the father, who has already contributed significantly to the firm and is nearing the end of his career, separation allowed continuity without unnecessary friction. Conversely, the son required an opportunity for personal legitimization and a chance to make a distinct contribution to the business, which the separation approach facilitated (De Massis et al., 2016; Zellweger, Nason and Nordqvist, 2012).

The paradox highlighted, as indicated by this research, could be described as "Attachment-Conflict," as these two concepts provide a clearer understanding of the context than other formulations. "Attachment" denotes the emotional and professional ties to the family business, while "Conflict" refers to the opposing forces that necessitate separation or other strategic solutions to manage tensions. This paradox is evident in the combination of these two elements: attachment to the family business drives the desire to remain engaged, but it also requires

proactive solutions to address conflicts, which are opposing forces to attachment. The concept of "isolation" (or similar approaches) embodies the synthesis of these contrasting energies, ultimately keeping the organizational structure and BM in continuous evolution (Smith and Lewis, 2011; Cunha and Putnam, 2019). This process reflects the ambidexterity required to balance exploration and exploitation (Chen, Liu and Chen, 2022) activities, which is crucial for the long-term sustainability of FF.

Managerial implication

The findings of this research also contribute to informing managerial practices that effectively manage similar situations, maximizing the extraction of creative and innovative potential inherent in paradoxical contexts. It is clear that managers should value the attachment (Domenichelli and Bettin, 2021) to the company of each figure in the internal organization, fostering it through appropriate practices and actions in this regard and nurturing the sense of belonging, typical of SEW theories (Gómez-Mejía et al., 2007), of these types of enterprises. This bond, in fact, typical of the perception of the continuation of the natural family, can make it possible to alleviate and limit disagreements and favour the common aim as the company is an instrument to achieving goals over time. Certainly the commitment is high for family members (Di Toma and Montanari 2010) but we have not to forget, as stated above, the copious literature regarding SEW and the attractiveness of FF also by external employees for job security and lifetime commitment (Cruz, Firfiray and Gomez-Mejia, 2011).

This premise is necessary to investigate the implications relating to the main aspect of this research, namely the influence of relational conflict in the business system as a driver for BMI. Paradoxical thinking (Ingram et al., 2016) has proved to be a coherent and adequate approach to manage a contradictory bond, typical of the paradox, which on one hand highlights a very intense relational difficulty and an incompatible personal relationship and on the other the desire to work for the same purpose as a result of a perceived attachment to the other family: the firm's one and not the "natural" one.

Being able to feed both poles (Erdogan, Rondi and De Massis, 2020) is the most correct approach to manage phenomena whose nature is extremely heterogeneous and distinctly paradoxical. Therefore, we must not fall into the trap of suppressing this potential by cutting off the energies directed towards one of the directions as it would risk compromising innovation and the added value that could derive from it, but even more it could compromise the life of the company.

There are many different approaches inherent to "paradoxical thinking" but in situations such as those described, characterized by a potentially destructive conflict, in which the relational distance is very high, we have not to forget the potential help provided by separation or isolation strategies (Brenk et al., 2019); these strategies test the synergies and functioning of the organization and alleviate the perceived tension. A strategy of this type collects energy (Ward, 2009; Ingram et al., 2016), potentially detrimental, and channels it creatively towards a new organizational model; the possibility of developing new BM happens mainly within family

businesses, where the link with the company is strong. This development is favoured to occur, at least initially, in parallel way.

This article does not focus on the issues of conflict management but in any case suggests some practices for resolving conflicts by seeing them not in a negative perspective but in a neutral way, maintaining the awareness that the effect derives from the way they are managed. This article represents an episode of a positive resolution of a family conflict, with business interactions and possible risks of damage to the corporate system, and can be useful as an experiential baggage for the reader.

The evidence also tends to suggest that the resolution of a conflict can facilitate the learning of approaches to overcome difficulties of this type by facilitating future models of innovation.

Limitations and Future research

The research presented through this article focuses on the analysis of a study case concerning a SME family business established in its economic area and with more than 75 years of activity. Surely this approach has allowed a detailed and specific understanding of the case examined, in accordance with the insights provided by Tsang (2014) providing a deep analysis of the research site investigated inside its real-life environment; thus allowing a comprehension of the main mechanisms and facets, but obviously highlighting some limitations: the empirical generalizability linked with quantitative analysis. For this reason, this paper has taken the direction of theory building and given insights for future theory testing to show a first path of theoretical generalization. Future studies could focus on continuing this path adding new study case or data base developing the empirical approach.

The single case study cannot therefore provide a complete explanation of the phenomenon of conflict as an influencing factor for the innovation of the BM even if it serves as a further study within a research area yet to be explored.

Future research could reiterate the approach of this research project through new study case or even through the analysis of multiple study case. Other possibilities that could provide added value to the development of knowledge could be to select cases belonging to different sectors or to different firm dimensions. Otherwise the research could study the couple (familiar conflict and BMI) outside from the scientific area of FF.

Other authors have already begun to study the connection between conflict, of a logical matrix, and the innovation of a BM (Brenk et al., 2019). For this reason, future research focused on the study of various type of conflicts, including those logical or familiar/relational, could help to understand how different natures of them influence the phenomenon under analysis and how organizations decide to manage or solve them.

Given the typical nature of family businesses, and to align with this literary trend, it is crucial to continue studying how relationships and themes such as conflict and BMI are influenced by phenomena like paradoxes (Cunha and Putnam, 2019). This requires an in-depth

exploration of “paradoxical thinking” to better understand how organizations can intervene and facilitate BM innovation through creative and diverse solutions (Ingram et al., 2016), while considering the unique characteristics of each entrepreneurial reality. Further research in this area will contribute to a deeper understanding of these phenomena.

3.7) Conclusions

This study examines, through the lens of paradox theory, the role of relational conflict within a BMI in a consolidated FF located in the Italian territory. The results contribute to advancing our understanding of this topic, which remains full of ambiguities and unexplored areas. The findings underline the importance of “paradoxical thinking” as a tool for managing paradoxes and as a potential approach to transforming the inherent challenges into opportunities that can unlock new innovative dimensions within organizations.

Paradoxical situations often suggest creative and divergent solutions that directly contribute to fostering innovation. In the context of FF, the ability to navigate these paradoxes becomes even more crucial due to the unique interplay between family dynamics and business needs. Given the central role of innovation within FF research, the necessity to further develop the BMI area and the importance of understanding the dual nature of challenges and opportunities presented by paradoxes, we hope that this research helps to solidify the foundations of this scientific debate, allowing for future, deeper explorations of this literature.

Moreover, we believe that these findings can provide practical guidance to managers and practitioners who encounter similar situations in complex contexts. The insights into managing relational conflicts, fostering innovation through separation strategies, and adopting paradoxical thinking could support FF in turning their challenges into pathways for sustainable growth and long-term success. By bridging the gap between theory and practice, this study aims to offer both academic contributions and practical recommendations for navigating the often intricate and paradoxical environment of FF.

3.8) References

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Conclusions

This thesis has explored the intersection of BMI and FF through a multi-faceted approach, integrating a systematic review of the literature, multiple case studies, and an in-depth single case study focused on relational conflict. This layered methodology allows for an enriched understanding of a complex and underexplored area, contributing both to theoretical advancement and practical applications.

The research begins by establishing a foundational understanding of BMI within FFs, identifying key trends, challenges, and gaps through a systematic literature review. This effort highlights the multifaceted nature of FF with its peculiar characteristics—social-emotional wealth (SEW), long-term orientation, and risk aversion—which simultaneously facilitate and constrain BMI. The literature also underscores the importance of incremental innovation, dynamic capabilities, and adaptability in fostering innovation within these unique organizational contexts. These findings set the stage for empirical exploration and provide a roadmap for addressing knowledge gaps in this field.

Building on this, the multiple case studies delve into how FFs implement BMI in diverse contexts, offering insights into the mechanisms through which family dynamics, governance structures, and market opportunities interact. The cross-case analysis demonstrates the importance of flexibility, stakeholder engagement, and the integration of family values into business strategies. It also reveals that BMI in FFs is rarely a linear process; instead, it involves iterative adjustments and careful balancing of tradition and innovation. These findings not only validate key themes from the literature but also enrich them by offering empirical depth and nuance.

The single case study adds a new dimension to the discourse by examining relational conflict as both a barrier and a driver of BMI. Through the lens of paradox theory, the study demonstrates how the coexistence of conflicting forces, such as attachment and disagreement, can catalyze creative solutions and foster innovation. The decision to isolate conflicting elements within the organizational structure proved pivotal, enabling the development of a parallel business model that aligned with the company's strategic objectives while mitigating relational tensions. This approach not only ensured organizational stability but also served as a platform for future BMI efforts.

The collective findings of this thesis highlight the need for a nuanced understanding of BMI in FFs, one that accounts for the interplay of family dynamics, organizational capabilities, and external pressures. They also underline the importance of adopting a tailored, context-specific approach to BMI, one that leverages the unique strengths of FFs while addressing their inherent challenges.

In sum, this thesis contributes to the growing body of knowledge on BMI in FFs by offering a multi-level analysis that bridges theory and practice. It underscores the significance of incremental innovation, adaptability, and paradoxical thinking as critical tools for navigating

the complexities of FFs. By doing so, it provides a robust framework for understanding and facilitating BMI in these organizations, paving the way for future research and practical interventions.

I hope that this work, despite its limitations, can contribute to the ongoing academic discourse on BMI in FF, providing a foundation for future studies and practical insights to help these organizations thrive in an ever-changing business landscape.

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