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**STRATEGIC RENEWAL IN A FAMILY FIRM:
TACKLING THE CHALLENGE OF INNOVATING THROUGH
TRADITION**

*Tensions and obstacles for leveraging tradition as a source of new competitive
advantages during generational transitions*

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1. ABSTRACT

Research in the family business field has recently started to explore the relationship between traditions and innovation, overcoming the idea that the attachment to the organization past can only bring negative consequences. In particular, scholars have introduced the concept of Innovation through Tradition, which explains the use of tradition as a valuable asset to foster innovation. In this study, I analyze this process in the family business Monzino SpA, investigating the role of tradition during the strategic renewals which occurred in its history, and highlighting the tensions that emerged within its subsystems. The research was conducted with an historical methodology approach, which implied the study of the entire history of the family firm, from 1750 to the current days. Evidences from my data collection shows tensions and obstacles the use of tradition in a strategic renewal moment, able to affect the stability of the business, the family and the ownership of the organization. This thesis aims to inspire an in-depth study of traditions exploitation, highlighting the possible issues that a firm may encounter when it decides to rely on its past as a source of competitive advantage.

2. INTRODUCTION

Today, family businesses are major players in the global economy. In a constantly evolving and vibrant market, companies run by families have managed to survive thanks to their intrinsic characteristics. Their hybrid nature, built on the three subsystems of business, family and ownership, make these firms a working system always able to grow, where the points of strength are, among others, their long-term sustainability, their ability to preserve value across generations, a strong socio-emotional attachment, and their history, that comes together with values, culture and tradition.

Until recently, the relation between family firms and innovation has been limited with existing literature showing mixed opinions about family firms capability to innovate (e.g., Leonard-Barton, 1992; Gomez-Mejia et al., 2007). Scholars have long stated that being innovative is a vital and indispensable source of competitive advantage (e.g., Calantone, Chan & Cui, 2006). However today, in a world characterized by global and digital disruptions, strategic renewal process is necessary to ensure firm with a future: firms need dynamic capabilities, a flexible structure, fighting inertia and organizational stress, and the right mindset to be ready for a change. Evidences have proven that family firms actually own these characteristics but are less willing to use them, they are actually affected by the so-called ability-willingness paradox (Chrisman, J., et al. 2014). Moreover, existing research on innovation in family businesses is divided into two categories: innovation inputs (such as R&D investments) and innovation outputs (such as new product introductions and patent registrations).

According to studies concentrating on innovation inputs, family businesses invest less in innovation than non-family businesses (Kotlar, De Massis, Frattini, Bianchi, & Fang, 2013). However, research on innovation outputs has revealed that family businesses outperform nonfamily businesses in terms of innovation (e.g., Block, 2012). These studies highlight what some researchers refer to as the "family innovation dilemma" (Duran, Kammerlander, Van

Essen, & Zellweger, 2016), defining the peculiar characteristics of family firms that have specific qualities with a positive influence on the reaction to innovation, while at the same time they own characteristics that are detrimental to innovation. In addition, innovation has been seen for a long time as a synonym of future and the contrary of past. This assumption influenced researchers to think that the relevance given to past and history by family businesses was a symptom of an innovation-adverse mindset and an obstacle for renewing and innovating. Until recently, literature has stated that relying on knowledge from the past was a source of inflexibility, conservatism and path-dependence, all enemies for a successful innovation (Leonard-Barton, 1992) and for a functional alignment with the current demand and expectations of the market (Sorensen & Stuart, 2000). However, scholars have recently recognized knowledge deriving from the past as a unique source of innovation advantage (Messeni, Petruzzelli & Albino, 2012), especially in the current environment where customers are developing a deeper interest in the past, looking for answers in it as representation of a less chaotic and more stable time (Brown, 2001).

In this research, I investigate the relationship between tradition and strategy, as it has proven to have a dual nature. There is a positive side where history is an honor to enhance and be proud of, but also a heavy drawback as it is a responsibility and a source of pressure. I therefore aim to answer the research question: *is tradition always a source of competitive advantage and an input for innovation?* To do so, I rely on a single case study of Monzino SpA, a 250 years old family firm from Milan working in the musical instruments field. The firm was born as a little lutherie workshop in the center of Milan by Antonio Monzino I, and across the generations it increased its popularity and authority in its working field. Its bisecolar history is marked with radical changes in its core capabilities, different strategies and a strong commitment to its values, ingredients that have given rise to a troubled path made of successes and failures, that have currently led the firm to a major turning point, in terms of business, ownership and

family. Working closely with the firm and its actual president, Antonio Monzino VII, allowed me to gather a huge amount of data and historical sources, through which I rebuilt the history of the Monzino family and firm. In order to fully explore this issue and especially its influence on strategic renewal and innovation, I have analyzed the family firm according to qualitative research and in particular following an historical research method.

In the following chapter, an overview of characteristics of family businesses will be presented, as these kinds of organizations appear to be really suitable for the purpose of this study, due to their longevity and their capability to collect knowledge from the past and transforms it in resources for the future (e.g. Zellweger, Nason, & Nordqvist, 2012). Then, I will provide a literature review on strategic renewal, as it represents the process that firms need to experience in order to innovate themselves, understanding which are the pillars and must have attributes for a successful innovation. Finally, I will investigate the role and meaning of traditions in family firms and their relationship with innovation, to the concept of innovation through tradition.

3. LITERATURE REVIEW

In the first chapter of my thesis, I review the existing literature regarding family firms, giving a general overview on the peculiarities of the family-controlled organizations. I further explore how family firms deal with internal changes and strategic renewal. Resources and capabilities, triggers and negative aspects of this renewing process will be reviewed. Finally, I describe the trending theme of innovation in family business and the relationship with history and traditions. My literature review highlights that the academic knowledge has given little attention to innovation in family firms, as distinct from the innovating process in non-family businesses, and it has lacked in studies regarding the role of traditions and family history in this complex moment of transition. This review outlines the major theories on strategic renewal and the history role quoting the authors that produced the articles of finest value for this research.

3.1 Insights on Family Firms

Nowadays family businesses are one of the main actors in the world economy. Today they constitute 65-70% of all firms in the world (Family Firm Institute, 2007) and, more specifically, according to the analysis by IFERA (2003), they count for 93% of all Italian firms. Indeed, a growing attention for this kind of organizations has been dedicated in the past decades, as scholars have recognized their influence on the global economy and their interesting peculiarities if compared to non-family firms. Currently, the family business literature is quite extensive, even if the empirical maturity of the field is far from being reached (Holt et al., 2018; Neubaum & Micelotta, 2021; Payne, 2018).

3.1.1 Insights on Family Firms: Strands of Thought and Definitions

Initially, when scholars started approaching to the family business world, the relationship between the family and the business systems was the main focus of the the reserach, as it was seen as the main difference from the non-family organizations. Later, it has emerged that each family firm generates a different dynamic between the family and business systems, defined by a specific relationship among these two elements and by how they influence each other and the firm itself.

The existing research on family firms has used several lenses and models to analyze this form of organization, such as agency theory (Morck & Yeung, 2003; Shulze, Lubatkin, Dino & Buchholz, 2001), stewardship theory (Miller & Le Breton-Miller, 2006), and the resource-based view of the firm (Habbershon & Williams, 1999; Habbershon, Williams & MacMillan, 2003). For instance, De Massis et al. (2012) adopt the following six criteria to define family firms: ownership, management, directorship, self-identification, multiple generation, intra-family successions. The most popular and general definition of family business has been generated by Chua, Chrisman and Sharma (1999), who described a family firm as: “A business

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”.

The definition underlines some key aspects characterizing family firms: the intention, the vision, and the sustainability across generations. These pillars influence all the aspects of a family firm, starting from the governance, which is characterized by the parsimony that is the influence of family’s personal wealth on the strategic decisions; the personalism, which incorporates the unification of ownership and control in the person of an owner-manager or the family; and the particularism, which is the tendency of the owner-managers to view the firm as “our business” (Carney, 2005). In addition, it emerges the long-term vision that characterized family firms, suggesting the relevance of the temporal dimension for family businesses. The family business literature indeed uses several temporal as the Davis and Stern’s model (1988) which focus on family business adaptation, growth and survival, characteristics that distinguish family firms from the other organizations. The authors highlight the importance of the future perspective for these organizations, which is shown in the intergenerational process of families and interpersonal dynamics. They also consider the external environment, such as the influences of market forces and technology. However, a full and satisfying knowledge of family businesses dynamics is still far from being reached and presently the cumulative knowledge that was born around family companies is still giving light to new definitions. Table 1 lists a collection of the main definition found in literature. From the table, it is evident that there is an outstanding number of points of view through which family businesses have been analyzed until now. This is a symptom of how family businesses stand out for their heterogeneity.

Table 1: Definitions of Family Business

Definition of family firm	Reference
The owner/CEO identifies the firm as family firm	De Massis et al. (2021); Harveston et al. (1997); Mahto et al. (2013)
The CEO is a member of the family and there is more than one generation actively involved in the firm	Calabrò et al. (2013)
The founder or a family member is an officer, a director, or the owner of at least 20% of the firm (individually or as a group), and the CEO identifies the firm as a family firm and affirms that the ownership will most likely pass to heirs	Caselli and Di Giuli (2010)
At least two family members are employed in the firm and the ownership is in the hands of the family	Eddleston et al. (2008); Kellermanns and Eddleston (2006)
A family owns at least 5% of the voting stocks of the firm	Berrone et al. (2010)
A family owns at least 20% of the firm and a family member is involved in the board of directors	Tiscini and Raoli (2013)
A family owns more than 25% of the firm	De Massis et al. (2013)
A family owns at least 25% of the firm and the CEO is member of the family	Ansari et al. (2014)
A family owns at least 25% of the firm and at least two members of the family participate to the management of the firm and/or to the board of directors	García-Ramos and García-Olalla (2011)
A family owns at least 50% of the firm	Cruz and Nordqvist (2012); Ling and Kellermanns (2010); Sciascia et al. (2012)
A family owns at least 50% of the firm. The threshold is reduced to 25% for listed firms	Miller et al. (2013); Naldi et al. (2013)
A family owns at least 50% of the firm. The threshold is reduced to 30% for listed firms	De Massis et al. (2021); Minichilli et al. (2010a)
A family owns at least 51% of the firm and there are family members on the board of directors or in management	Basco (2013)

3.1.2 Insights on Family Firms: Hybrid Working Systems

Recently, scholars felt the need to define family businesses as “hybrid” organization, focusing on the opportunities and challenges that family firms have with the overlapping subsystems, which are the business, the ownership, and the family (Gersick, Davis, Hampton & Lansberg, 1997). As a consequence, due to this intrinsic nature, family companies embed business relationships in family relationships, trying to serve both family and business needs (Bork et al, 1996; Chua et al., 2003). In the past decades, the complexity and the hybrid nature of family firms has been described by the system theory through the Three-Circle Model. This tool shows the three subsystems of family organizations - ownership, business, family – and is

considered a clear and immediate representation of the dynamics at work in any family company.

The Three-Circle Model

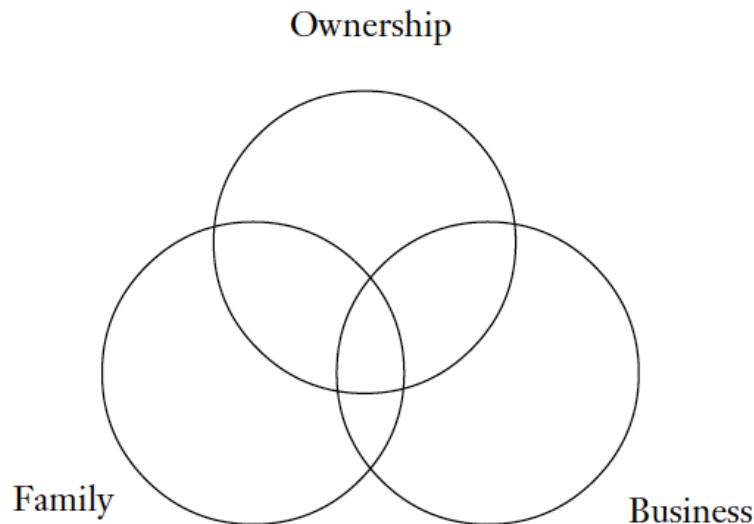


Figure 1- Three circle model

As it is shown in Figure 1, each circle maintains boundaries, resulting in an internal division between the subsystems. Though, there are overlapping spaces which suggest that some individuals are dedicated to different duties in different circles. In order to make the organization perform positively, an integration between the circles is required so that the entire system is unified and can work properly.

3.1.3 Insights on Family Firms: The Value of Socioemotional Wealth

The latter representation of family businesses as hybrid systems leads to another fundamental characteristic of these organizations. Aside from financial considerations, family businesses are distinctive from non-family business due one reason of existence: the preservation of their family identity, values and unity; these values are so vital that anything or

anybody who disrupts them might throw the family business into disarray. Alvesson (1993; p. 6) defined culture as “a shared and learned world of experience, meaning, values and understanding which inform people and which are expressed reproduced and communicated in partly symbolic form”. Family businesses culture is the result of their history, which along the time build the identity of the family. In general, family or firm identification refers to a cognitive or emotional attachment that a person feels with a group that share same attributes (Nahapiet & Ghoshal, 1998), and more specifically for family members, such feeling arises from the time of their birth. Moreover, while growing in a family context, the family member goes through a socialization process where older generation teaches norms, values, beliefs, history and traditions, all resources that define the family culture and strengthens the children’s attachment to the family (Collins, Maccoby, Steinberg, Hetherington & Bornstein, 2000; Leaptrott, 2005). Depending on the family firm, the level of intensity of the relationship between family and business may change, but in general the more connected the family is with the company, the stronger will be the attachment and recognition of identity.

Literature encompasses all these non-financial aspects of family organizations under the concept of Socioemotional Wealth (SEW), defined as “non-financial aspects of the firm that meet the family’s affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty” (Gomez-Mejia et al., 2007; p.106).

Socioemotional Wealth has a strong relevance in business’s strategy. Beyond financial wealth (FW), owners and managers of the family firms are influenced by the preservation of the SEW in taking strategic decisions. As a matter of fact, family businesses frame problems and consequent actions in order to protect their socioemotional properties. Whereas there is a threat, family owners are inclined to implement risky decisions. On the other hand, family-owned firms could also choose the opposite attitude and do not take risky decision to avoid aggravating the risk in order to protect their emotional endowment. Socioemotional wealth is a broad

concept, and several family business' peculiarities can be traced back to it: the family member's desire to exercise authority, the enjoyment of family influence over the business, the identification with the firm that often has the family's name (Gomez-Mejia et al., 2007), the appointment of trusted family member to important posts, the retention of a favorable family and firm reputation, the continuation of family dynasty. While some of these feelings could be shared by a non-family business owner or manager, "the value of socioemotional wealth to the family is more intrinsic, its preservation becomes an end in itself, and it is anchored at a deep psychological level among family owners whose identity is inextricably tied to the organization" (Berrone et al., 2010, p. 87).

3.1.4 Insights on Family Firms: The Stages Along their Life

During the last decades, researchers have expanded the Three Circle Model, exploding the three subsystems in three axes, where each of the subsystems moves through a sequence of stages over time (Gersick, Davis, Hampton & Lansberg, 1997). Family businesses are a growing and evolving system, and their path must involve business, ownership and family. The picture below shows the Developmental Model (Gersick, K.E., Lansberg, I., Desjardins, M. & Dunn, B., 1999), that represents the stages through which all the subsystems must go through. For a family company is fundamental to understand the path to follow in its development. In this way, the uncertainty between the stages can be reduced and better managed.

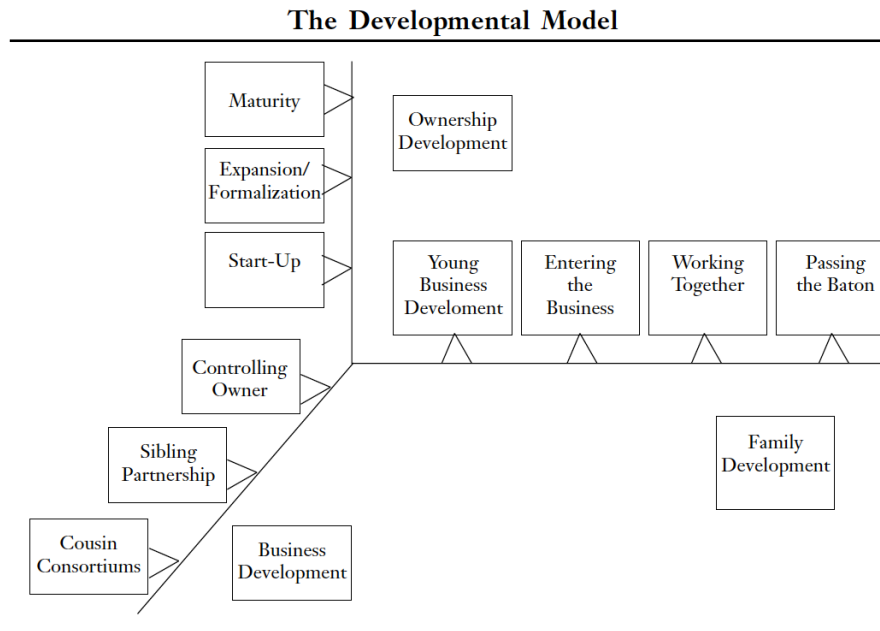


Figure 2- Developmental Model (Gersick, K.E., Lansberg, I., Desjardins, M., & Dunn, B. 1999)

A growing system, in a continuous interaction with external environment such as a family business, is pushed by developmental pressures, that create the needs for change. These pressures can be temporal, like the process of aging or the psychological and family changes, or environmental, like economic or political changes. Once the trigger is activated, strategic alternatives are explored and chosen, when a decision is made a new commitment and stability are reached again. Periods of transition are the most challenging and critical moments in the development of family enterprises. Due to the uncertainty of these periods, the owners of the company or the decision makers often feel anxious and vulnerable, as they are making choices that will shape the future of the organization. Transitions are those moments in the middle of two stages, where the firm is committed to a particular ownership structure, and they usually lead the firm to a period of growth and later to a period of stability. Transitions and growth are both essential for a firm survival and success.

Phases in a Transition

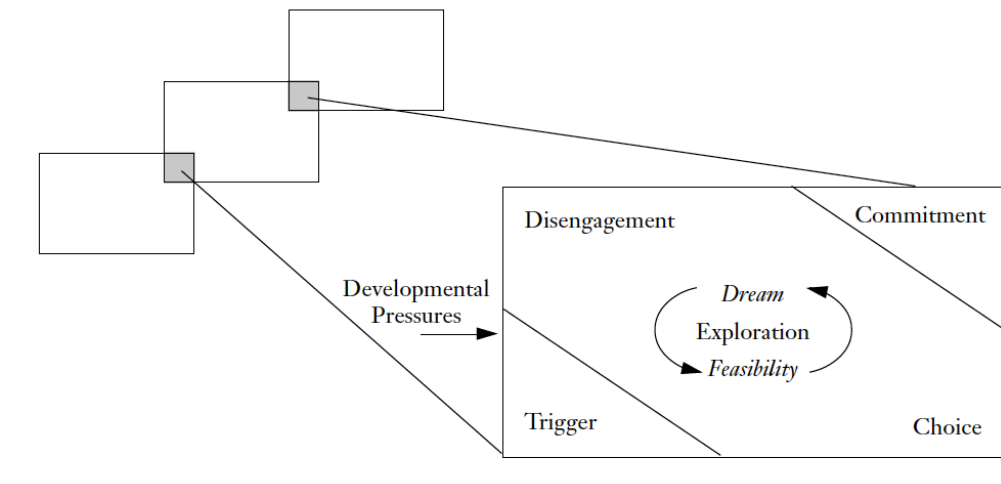


Figure 3 - Developmental Model, phases in a transition (Gersick, K.E., Lansberg, I., Desjardins, M., & Dunn, B. 1999)

3.1.5 Insights on Family Firms: Family Firms' Resources in Building a Competitive Advantage

The Resource-based view has helped scholars in understanding why some firms outperform others, focusing on the resources and their role in building a potential competitive advantage. In particular, a resource is defined as “strategic” (Black and Boal, 1994; Chi, 1994) when it satisfies four characteristics: value, rarity, inimitability and non-substitutability (Barney, 1991). First, resources must be valuable helping firms to increase their efficiency; second, they must be rare enough to be unavailable for competitors; the last two characteristics describe the difficulty for competitors to imitate or substitute the resources. Thus, according to this definition, family businesses have a unique strategic resource, the Familiness. The importance of this construct has been highlighted by Pearson, Carr and Shaw (2008, p. 949) who state that “[the] identification and isolation of a construct [familiness] unique to family firms is both groundbreaking and important for family firm research”. Familiness represents the idiosyncratic internal resources gained through the interaction between family and business

dynamics, that contribute to the creation of the capabilities of the enterprise and, as a consequence, to the creation of the competitive advantage (Habbershon and Williams, 1999).

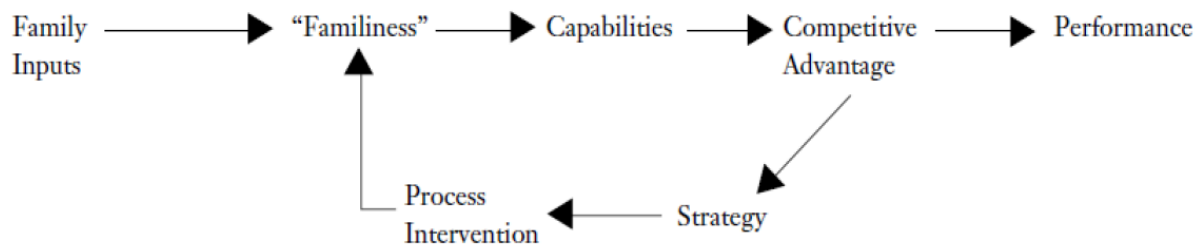


Figure 4 - Familiness

As it is shown in the model from Habbershon and Williams (1999), the final performance also depends on other actors, such as the managers' strategic decisions, but the Familiness is often used as an element that can differentiate family and non-family firms, and also discriminate performing from underperforming family firms. As Micheal Porter noted, "the value of a particular resource is only manifested if you have a particular strategy which realizes that value" (Argyres and McGahan, 2002 p.47). Hence, in order to reach a successful result, the ownership of strategic resources is not enough, also an efficient plan to define how to use them is needed. Though, this model doesn't consider the external environment, which is a contingency that can have a huge impact on the value of the resource (Priem and Butler, 2001). Sirmon and Hitt (2003) defined five clusters of resources through which family firms can take advantage and how: human capital, social capital, patient financial capital, survivability capital and governance structure & cost. In their model, both the positive and negative facts related to each cluster are shown and compared with non-family firms.

Resource	Definition	Positive	Negative	Nonfamily Firms
Human Capital	Acquired knowledge, skills, and capabilities of a person	Extraordinary commitment; warm, friendly, and intimate relationships; potential for deep firm-specific tacit knowledge	Difficult to attract and retain highly qualified managers; path dependencies	Not characterized by the positives, but have fewer limitations
Social Capital	Resources embedded in network, accessed through relationships	Components embedded in family; legitimacy with constituencies enhanced; development of human capital	Limited number of networks access; often excluded from elite networks (i.e., Fortune 500 CEOs)	Networks can be more diverse; maybe opportunistic in accessing and leveraging; sometimes used for managers' benefit—agency costs
Patient Financial Capital	Invested financial capital without threat of liquidation	Generational outlook; not accountable to strict short-term results; effective management of capital; allows pursuit of creative and innovative strategies	Nonfamily investors excluded; limited to availability of family's financial capital	Largely do not have the benefits or limitations
Survivability Capital	Pooled personal resources family members loan, contribute, and share with business	Helps sustain the business during poor economic times or redevelopment of the business; safety net	Not all family firms have it	Do not enjoy due to lack of commitment by employees and stakeholders
Governance Structure & Costs	Costs associated with control of firm; examples include incentives, monitoring, and controls	Family owned and operated firms' structures, trust, and family bonds reduce governance costs	Some family firms may not have an effective structure, trust, and strong family bonds, thereby producing greater governance costs	Professional management and capital diversification often increase governance costs

Figure 5 –Family firms' resources, Sirmon & Hitt (2003)

3.1.6 Insights on Family Firms: The Importance of Managing Succession

Regardless the aforementioned importance of the long-term perspective and the attachment to the firm by the owners, research observes that only 30% of family companies survives into the second generation, and only 15% reaches the firm maturity stage (Family Firm Insitute, 2004). This poor rate of success is due to multiple reasons and controversial aspects of family businesses. One of the main issue family firms have to face is intergenerational succession. Ingram et al. (2016) identify intergenerational succession as a hard balance between keeping family liquidity and business growth, but also among managing the founder control and successor autonomy challenge. In fact, the moment where two generations coexist inside the organization is usually a hard time for the business as it creates tensions and conflicts.

Moreover, new generations are often considered inadequate to preserve the entrepreneurial spirit of the founding generation (Zahra et al., 2008), or they are not interested in taking over the family business (Zellweger et al., 2011). The conflicts connected with intergenerational succession are in part associated with the so-called “founder’s shadow” (Davis P.S., Harveston P.D., 1999), which exacerbates internal relations if the founder's presence or influence within the company continues, causing dissension in future generations. Precisely, this phenomenon happens when a new generation of leaders is supposed to take control, but is hampered by the founder, or the previous generation, who resists and keeps being present in the background influencing the family firm and the strategic decisions that are made within it. In addition, the 43% of family firms does not have a succession plan, and the majority of those who has it, has only a partial succession plan focused on a small number of roles (PWC Family Business Survey, 2007/2008).

The reasons behind the complexity of this process are numerous, from financial conflicts, to a lack of trust between generations and also the emotional attachment and strong commitment of the previous generation who is resistant to abandon the leadership. On the other hand, the phenomenon of nepotism factor can hamper the future of the firm. Indeed, in order to keep the business inside the family, the members are reluctant to hire or consider non-family components. This behavior can be detrimental if potentially more qualified candidates are excluded, especially if there are no interested or similarly skilled members in future generations (Vinton, 1998). As a matter of fact, blindly hiring family members can result in inexperienced and poorly qualified managers leading the firm (Kets de Vries, 1993). The consequences of nepotism are felt also by non-family employees, especially the ones who have worked in the firm for many years, as they see this process unfair, and perceive the new leader as someone who has not “paid his dues” (Martinko, Douglas, Fort & Gundlach, 2004). This perception can be exacerbated by other family attitudes, as the tendency to not share precise information

concerning selections or promotions (Daily & Dollinger, 1992; Gomez-Mejia, Nunez-Nickel & Gutierrez, 2001; Lubatkin et al., 2007), or the often centralized governance that leaves the decision-making responsibilities only to a small group of family members (Daily & Dollinger, 1991).

3.1.7 Insights on Family Firms: Internal Issues

The business historian Alfred D. Chandler has affirmed that the economic decline of Great Britain is partly ascribable to family businesses, on their lack of scale, backwardness and inability to preserve capital. However, history then demonstrated how successful these kinds of organizations can be, with their particular attributes and values they constitute the 35 to 40 percent of the Fortune 500 and S&P 500. Still, the ground for improvement is huge. As mentioned before, the survival rate of family-controlled business is threatened by many controversial factors that characterized these companies and by the challenging balance between the family, the business and the ownership. Empirical studies have demonstrated that family firms frequently encounter organizational crises, displaying a high rate of firm failure (Ibrahim, Soufani & Lam, 2001; Shanker & Astrachan, 1996). Indeed, a resource loss can lead to organizational decline (Cameron, Whetten & Kim, 1987), which consequently brings to a crisis that can threaten the survival of the business.

Literature has also shown that failure of organizations is due to internal problems, such as failures in updating products, wrong investments in core competencies, and control cost (Hedberg, Nystrom & Starbuck, 1976). However, managers tend to attribute the fault of the decline to external factors out of their control, like the increase of competition and changes in the market.

In particular, in family businesses there are evidences that show that the organizational decline is often due to two factors, the overconfidence and the straying from a successful business

formula (Miller & LeBreton-Miller, 2005). Nonetheless, literature is still investigating this topic as only limited knowledge exists concerning whether and how specific characteristics of family firms affect their decline and mostly their ability to recover.

3.2 Strategic Renewal in Family Firms

Nowadays, companies must align their capabilities and resources to the current reality. In other words, a constantly evolving and vibrant market requires firms to have dynamic capabilities, fight inertia and stress and most of all be prone to changes and innovation. In the next chapter I concentrate on two streams of literature defined as “Strategic renewal” and “Strategic entrepreneurship”, which are very similar in their meanings and contents. For the purpose of this study, I will consider both of them as the same thing.

3.2.1 A General View: Strategic Management Process in Family Firms

Before deepening the argument of strategic renewal in family firms, it is useful to obtain broader view on how these organizations manage their strategies despite of the non-family businesses. While the steps to build a strategy are similar between the two types of organizations, therefore the formulation, the implementation and the coherence with the context and the objectives, in the family businesses there are some variables to be considered, which arise from the need to satisfy the family interests. Hence, the strategy formulation must include a succession plan, the implementation phase, where the governance and the organizational structure are built, must take into account the culture and the dynamics of the family. Moreover, during the goal formulation and the organizational performance phases, the strategy has to consider also the socioemotional wealth and family goals, which comprehend financial family’s goals as its wealth and control, but also non-financial aims, like the harmony, social status and identity linkage of the family (Kotlar J., De Massis, A., 2013).

The additional elements that family businesses have to consider in a strategic management process are described in the model from Sharma, P., Chrisman, J.J. & Chua, J.H. (1997), represented in the figure below.

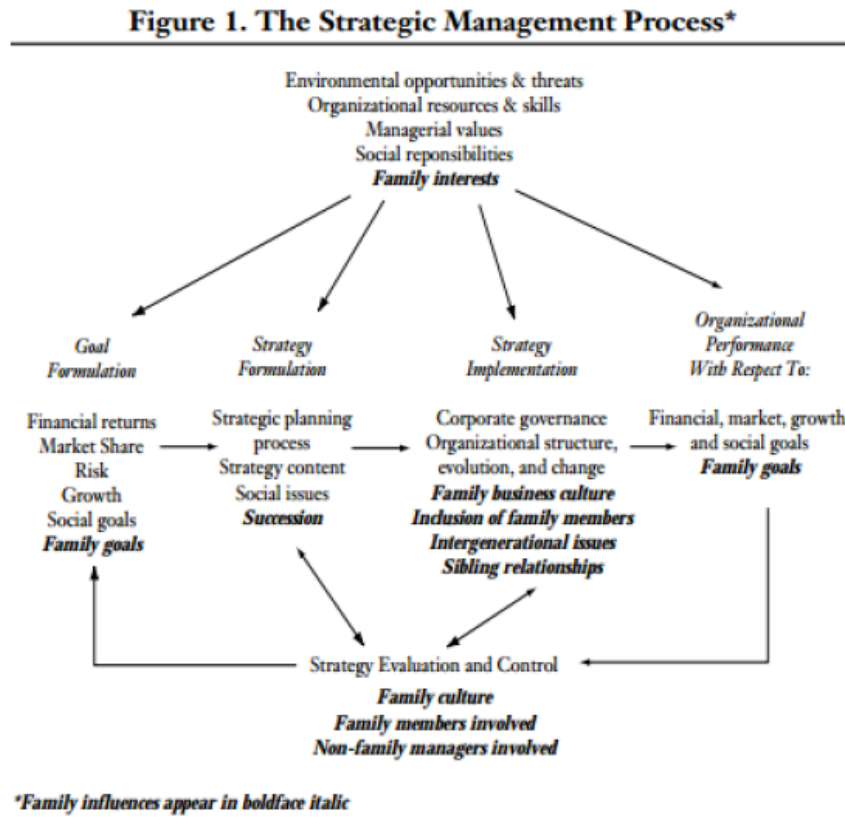


Figure 6 - Strategic management of the family business. Sharma, P., Chrisman, J.J. & Chua J.H. (1997)

The model shows several variables that must be taken into account in a family business when a new strategy has to be decided. On one hand, the figure highlights the additional complexity that a family organization have to face in a strategic decision-making or strategic renewal if compared to a non-family business. On the other, family businesses show a higher level of trust between the family members and whether there is a strong identity, a high behavioral integration may be expected, which increases cooperation and an effective communication (Ensley & Pearson, 2005). These characteristics can decrease the possibility of a cognitive conflict based on the differences between individuals, such as a different education,

experience, propensity to take risks and so on. Though, there are also evidences that these kinds of disagreements can lead to more comprehensive decision-making processes and result in more effective decisions (Amason & Sapienza, 1997).

3.2.2. Strategic Renewal in Family Firms

In the last decades, scholars have come to the realization that, in order to obtain an evolution with positive results, it is not enough to seize an opportunity (e.g., Shane & Venjataraman, 2000) or a good strategic elaboration of a competitive advantage (e.g., Porter, 1980). On the contrary, family firms must engage in strategic renewal as well. This means that companies not only must foresight future opportunities, but also consider their actual strengths and domains to exploit, so to reach a superior performance (Ireland & Webb, 2007; Schendal & Hitt, 2007). This kind of evolution can be obtained in many ways, for instance through an innovative or a diversification strategy, but also through mergers, acquisitions, or cooperation with external firms, though the outsourcing of external assets.

According to the extant literature, in order to accomplish a strategic renewal, family businesses need three main elements:

- An appropriate mindset within the firm, through which interpreting future and current knowledge and finding balance between short and long-term objectives (Ireland et al., 2003). Several studies have demonstrated that executives who can shift between creative exploration and focused exploitation have better possibilities to succeed. The study of Zahra et al. (2004) demonstrated that an organizational culture characterized by more individualism, an external orientation, a long-term orientation, and an orientation toward decentralization is correlated with a higher strategic renewal attitude. In addition, the culture is often imprinted by founders and/or their descendants. Imprinting is “a process whereby, during a brief period of susceptibility, a focal entity

develops characteristics that reflect prominent features of the environment, and these characteristics continue to persist despite significant environmental changes in subsequent periods” (Marquis and Tilcsik, 2013, p.8). This attitude is reflected in the behaviors of the firm, such as implementing research and development, building reputation and broadening market share (Miller & Le Breton-Miller, 2005). These activities are meant to solidify the business for the future and pass the company to the next generation.

- A balance between exploration and exploitation, that means the need to counterbalance a creative process with a pragmatic one. Indeed, the exploration’s objective is to identify potential future activities and new competitive niches for the firm (March, 1991), by experimenting and searching inside and outside the firm. On the other hand, exploitation looks for the efficiency, by focusing on the present and the existing capabilities. The success of this process is shown by the incremental enhancements of the current competences.
- Continuous innovation, nowadays this is considered an essential element for companies to survive in a dynamic market. Innovation must involve all the components of a firm, such as operations or the culture, to build a solid competitive advantage. For example, a requirement to reach this process is the ownership of dynamic resources, defined by Teece and Pisano (1994: p. 541) as “the subset of the competences/capabilities stocks of complementary know-how and other assets, which allow the firm to create new products and processes and respond to changing market circumstances”. In other words, having this type of capabilities would mean knowing that a change is necessary and taking actions to reconfigure existing capabilities.

Though, there are some inner characteristics of family-controlled organizations that can influence the ability to accomplish these three elements. Literature have detected identity,

nepotism, justice and conflict as potential obstacles for exploration and exploitation, due to their role in knowledge communication and interpretation. In this context, scholars do not refer to the general definition of identity, but to an “entrepreneurial identity” (Navis and Glynn, 2011), which means that individuals are “acting to fulfill the expectations of the role, coordinating and negotiating interaction with the role partners, and manipulating the environment to control the resources for which the role has responsibility”. These dimensions result to have both positive and negative effects on strategic renewal. On one side, they ensure a strong loyalty to the firm, which motivates the willing to ensure a long-term orientation, a unity among the members that helps avoiding conflicts, and an informal environment inside the family which helps the experimentation that underlies exploration (Lubatkin et al., 2007). On the contrary, these characteristics can bring a lack of heterogeneity and the absence of an open-minded group, which, as a consequence, can result in a decrease in terms of innovation, limiting the quantity and diversity of knowledge available, its interpretation and application.

3.2.3 Discontinuous Strategic Transformation and Incremental Renewal

External factors that have an impact on an organization’s life are many and different one each other. From the globalization to the technological change, or political and social factors as well, they consist in variables that companies have to take in consideration in their strategy, giving them the relevance proportionally to the size of the change. In fact, these external elements, and especially the major external changes, concur to shape the customer demand as well, forcing the organizations to transform many of their assets and consequently affecting their long-term perspective. As a matter of fact, there are many examples of industries harmed by environmental changes, and “competence-destroying change” (Tushman, M.L., 1986), which can be considered an obstacle for strategic renewal, as these circumstances can make the core capabilities of the firms useless in its current market (Agarwal and Helfat, 2009).

For instance, Kodak had to go through a harsh time before regaining its market share back when there has been the digital camera revolution (Deutsch, 2005).

Hence, there are two main types of strategy through which industries can face the external environmental changes: the “discontinuous strategic transformation”, which is most analyzed in research and consists in a sudden and major strategic change in the organization (e.g., Floyd and Lane, 2000), or the “incremental renewal” (Agarwal and Helfat, 2009), which is a method companies can apply to keep the pace with external changes, avoiding to completely renew themselves when a major change occurs, facing a more difficult transformation. Academic studies analyzed this way of facing changes as “ambidexterity” (Tushman and O’Reilly, 2004; O’Reilly and Tushman, 2008), which consists in how firms can develop new businesses while working in mature businesses. Some examples of how an incremental renewal can be done are experimentation outside of the core business of the firm, for instance by building a corporate venture, or an incremental alteration of the core business, for instance through flagship products (Agarwal & Helfart, 2009).

However, incremental renewal could negatively affect firm’s routines which allow the correct efficiency of the operations (Nelson and Winter, 1982). As Helfat (1998) supports, this contrast between routines and change is to institutionalize continuous renewal through routines (e.g. routines for search), or by focusing on organizational structure (e.g., specific organizational units that take care of renewal activities, like alliances), and incentives to increment the renewal activities. In addition, dealing with such activities could enhance dynamic capabilities within the company that help firms to face more efficiently the activities renewal; for instance, research and development (R&D). These kinds of activities are fundamental for cumulative innovation and for developing dynamic capabilities. Helfat et al. (2007, p.4) define a dynamic capability as “the capacity of an organization to purposefully create, extend, or modify its resource base”. Furthermore, an incremental renewal strategy

could bring huge changes along time: running up all the little transformations done over time, companies could end up with a completely different strategy than the starting one. Hence, organizations have to pay attention also to the coherence of organizational identity and cognition (Tripsas, 2009)

3.2.4 The Triggers

As previously shown within the Developmental model, the triggers are actions or events that start a transition period. Once there is a trigger, the pressure is activated, and the system starts moving to reach a new stage. According to Gersick et al.'s (1999) research, the trigger could be temporal, like the approach of a mandatory retirement age or the trusts or legal enactment dates, or an event, such as an economic crisis or a health issue. After the triggers, there are three phases: disengaging, exploring alternatives and choosing. In the first one, the awareness that a new organizational structure is needed. Considering the ownership subsystem, it is often denoted by the retirement of a family member, a share transfer date, or a career advancement of leadership candidates in the next generation. The second is the most critical phase where the several possibilities are analyzed considering the dreams, talents and capabilities of the participants. This exploration phase involved testing, learning, and revising. Finally, in the third phase a choice is made and the path to follow is decided. When this happens, the family must commit to the new structure, that means implementing the decision and helping the environment to deal with the new system.

In the specific context of strategic entrepreneurial, literature has identified internal and external conditions within triggers arise:

1. While the entrepreneurial identity is important to motivate this process, it is the entrepreneur's recognition of resource synergies that really allows an entrepreneurial behavior (Baert et al., 2016).

2. A challenging economic environment is essential to push the family to a renewal; however, external environment is not always considered in many studies because family business remained entrepreneurial across generations, as entrepreneurial families that have this attitude as a legacy, are motivated to remain entrepreneurial. In this way, the organizations will be less intimidated by external challenging conditions, and better able to adapt their resources and plans (Jaskiewicz et al., 2015).
3. Finally, the trigger is based on the family's business development stage. Indeed, entering and moving through the life cycle stages, will motivate the family to leverage available resources. Furthermore, the behavior of business families is cyclical: the family's ownership gives the motivation, and the cross-generational cohesion influences the senior generation to invest.

3.2.5 Stress and Inertia

The need for renewal is never ending, and organizations always need to align themselves with internal and external demands. Incumbent firms can exploit strategic renewal as a self-defense from the “gales of creative destruction” (Schumpeter, 1934), and from the threat of new entrants in the market, increasing not only their performance but also the future of the whole market. On the other hand, research has also highlighted how new entrants can manage to outperform the existing market leaders when a technological change takes place (Christensen and Rosenbloom, 1995; Cooper and Schendel, 1976; Henderson and Clark, 1990; Tushman and Anderson, 1986; Utterback, 1994). For instance, Huff et al. (1992) built a model to conceptualize renewal, based on the assumption that in every firm simultaneously exists the willing both to maintain the status quo and to change. Thus, the key drivers of strategic renewal and its dynamic motion can be summarized in terms of the tension between inertia and stress.

In the business field, inertia is defined as “the level of commitment to current strategy, reflecting individual support for a given way of operating, institutional mechanisms used to implement strategy, monetary investments and social expectations” (Huff et al, 1992 p.56). Hence, when there is inertia, a firm tends to resist innovation and remain with the status quo: managers are encouraged to work with what they have inherited as current commitments become more difficult and riskier to change, as administrative systems are put in place and satisfying results become more predictable. In the period immediately following the adoption of a new strategy, organizational inertia is relatively low; but as time goes on, inertia and the associated resistance to changing a satisfactory strategy will tend to follow a classic “s-shape” adoption curve. Inertia binds organizations to one strategy for long periods of time.

Organization stress is defined as a summarizing concept that expresses ways in which current strategy is not satisfactory; it reflects the dissatisfactions of individual actors and imperfections in the fit between the organization and its environment (Zapf, et al. 1996, Huff, 1992). Stress is always present because no strategy is perfect, it will increase if implementation falls short of expectations, and is dynamic (current strategy becomes immediately underscored as there are always new opportunities and technologies in the market). Accumulating stress over time is likely to lead more and more people in an organization to perceive the benefits of strategic renewal, in contrast to the processes that increase commitment to current strategy. Because this stress tends to be associated with specific event, its upward course can be initially thought of as a series of uneven steps. Stress can be reduced by strategic renewal, and in particular by homeostasis which is defined as “the tendency of a system to maintain internal stability owing to the coordinated response of its parts to any situation tending to disturb its normal condition or function” (Stein, 1966 p. 679).

3.3 The Role of Traditions in Strategic Renewal

3.3.1 Family Business Paradoxes

As the former paragraph has highlighted, innovation is an essential element in the process of strategical renewal. While this theme is largely studied and deepened in non-family organization, in this chapter we will see how it is still discussed in family businesses. Indeed, there are controversial thoughts that arise from the nature of family companies. The hybridity that characterized the family-controlled companies often has an impact on strategic decisions, highlighting the presence of internal paradoxes. As a matter of fact, scholars are increasingly suggesting using the paradox lens as a criterion for studying family companies (e.g., Ingram, et al., 2016; Zellweger, 2017). Paradox is defined as “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382). Literature categorized paradoxes in four main groups:

- Learning: this cluster includes the paradoxes concerning knowledge, such as the dynamics of change, innovation and renewal;
- Belonging: here are included the paradoxes about identity and interpersonal relationships;
- Organizing: these paradoxes are the ones referring to processes and how to reach the desired outcome;
- Performing: in this group there are the paradoxes about conflicting demands of internal and external stakeholders.

Pooles & Van de Ven (1989) research identified four different kinds of reaction to paradoxes. The first one called ‘acceptance’ as the paradoxes are embraced and accepted, scholars exploit their nature as a source of learning. The second is called ‘spatial separation’, where companies allocate contrasting resources across different organizational units. Third, there is the ‘temporal separation’, which consists in selecting one pole of tension in a specific moment in time, and

then switching. Finally, there is the ‘synthesis reaction’, where a view that accommodates the contrasting poles is pursued. For the purpose of this study, I will concentrate on the learning paradox and on the belonging paradox. In the next paragraphs I will review the extant literature about the innovation paradox, which highlights the contrast between family traditions belonging to the past, and the need for innovation, which implies a future vision.

3.3.2 The Importance of Traditions

In the last decades, scholars have been deepening the theme of legacy and history and their relationship with organizations, especially revealing the strength of the past when firms reproduce and transmit their traditions and heritage throughout generations. Defined as “consciously transmitted beliefs and practices expressing identification with a shared past” (Dacin, et al 2019 p. 356), traditions include both tangible resources (e.g., objects, books, and paintings) and intangible resources, like stories, histories (Kammerlander et al., 2015), events, rites (Harrison, 2013), stocks of knowledge and competencies (Messeni Petruzzelli & Albino, 2012). Traditions are generated in sensitive periods, which are time intervals with high influence on external inputs, for instance the founding stage (Marquis & Tilcsik, 2013), when the organization creates attributes that survive in the future (Stinchcombe, 1965).

In long established family firms, traditions communicated across generations, are not only the pillars of the organization’s identity, but also they cover a fundamental role in preserving the family’s beliefs and practices. This is particularly true in craft-based industries, where core capabilities are centered around mastery and savoir-faire which create the uniqueness of the firm. Moreover, a shared history and all that this brings with it, have a strong impact also in the subsystem of the family dynamics, as they enforce connections within family members and generation, creating unity (Dacin et al., 2019). In light of all these evidences, it is clear that family firms should safeguard their traditions, as family members perceive them as

“a bequest from past generations to be shielded and bequeathed to subsequent generations” (Erdogan, et al., 2020).

Past literature has identified custodians as the ones who play the role of protectors of traditions. These are defined as “individuals or groups who are vested in the continuity of traditions and who carry, invent, guide, adapt and protect them” (Dacin et al., 2019, p. 351). The instruments through which they are transmitted along generations are many, for instance storytelling (Kammerlander, Dessì, Bird, Floris & Murru, 2015), physical objects and rituals (Fiese et al., 2002). Custodians also provide an important contribution in the life of a firm, as they can constitute the basis for an internal change or process, where traditions can both be erased or enhanced (Soares, 1997). It is interesting that even if traditions seem to be erased from the current organization strategy and capabilities, traces of the original tradition can re-emerge through stories, physical objects, rituals, temporal connections, linkages to place, sentiments and memories and establish a new tradition, even decades later (Dacin & Dacin, 2008). Hence, traditions create a strong feeling of commitment and protection towards the business in family members, which results in a stronger willingness to enhance their firm along the years than the one of non-family businesses owners. Literature defines the sense of belonging to a family and the legitimacy of a belief and/or practice handed down or inherit over time, with the term filiation, and it is an inner characteristic of traditions (Shils E., 1981). Past research has shown that traditions help family businesses to persist over time, building the way and the commitment for continuity, strengthening the long-term orientation that characterizes family businesses. On the other hand, according to conventional thinking in innovation, being too bonded to the history and heritage can be an obstacle for innovative changes and hamper the future of the firm, causing path-dependence, inflexibility and conservatism (Leonard-Barton, 1992).

3.3.3 Strategic Traditions

A long-term perspective is grounded in socioemotional factors, including traditions and values of the firm. In a resource-based view, these assets are also considered as sources of competitive advantage (Miller & Le Breton-Miller, 2005; Zellweger, 2017). In this regard, Lumpkin and Brigham (2011) developed the Long-Term Orientation (LTO) construct, claiming that values can extend time horizons and give a greater relevance to the future. In other words, they recognized how past and present assets and resources are key actors in the future of the firm. They theorized three dimensions connected with the long-term orientation of the firm: continuity, futurity and perseverance.

- Continuity defines the ability of a company to connect the past, present and future, leading to constancy and longevity.
- Futurity defines the willing to plan and envision future-oriented goals.
- Perseverance defines how a company values cumulative effort and shows desire to invest for the future.

As explained in previous chapter, in order to accomplish a successful process of strategic renewal, some unique resources, capabilities and processes are requested. When this process is aligned with the culture, identity and family firm's objective, it will have a better performance outcome. Indeed, as mentioned above, a resource is defined as "strategic" when it satisfies four characteristics: value, rarity, inimitability and non-substitutability (Barney, 1991). The embedded nature of tradition makes it difficult to imitate and substitute, and from its definition which involves a cumulative knowledge preserved across generations and a contribution in shaping organizational identity, it emerges the rarity and value of this asset. Uniqueness is actually one of the most powerful sources of bargaining and also a key asset in innovation (Teece, 2006; Minin & Faems, 2013), especially for small or medium-sized firms that are often affected by disadvantages compared with larger competitors concerning

bargaining for complementary assets (e.g. manufacturing capacity, brand awareness, access to distribution channels) (Arora et al., 2009). The value of the past is not only an important resource in the economic field, but also in sociology and psychology. It has indeed been proven that consumers when unhappy with their present or worried about their future, look for a comfort zone in the past relying on nostalgia (Brown, Kozinets, & Sherry, 2003), as a tool to reaffirm social identities hampered by the instability of the present.

3.3.4 Innovation in Family Firms

Innovation is defined as “the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations” (OECD & Eurostat, 2005) and usually begins with the integration of more and different resources and knowledge. Innovation can be either a radical new innovation, which is based on new assets and resources without a strong bond with existing and past knowledge, or an incremental innovation, which is based on a current body of knowledge that undergoes little improvements.

Concerning the focus of my thesis, the relation between family firms and innovation is still quite unexplored in the literature. Even if the research on this topic is gaining momentum (Calabrò et al., 2018), it is still far from reaching a considerable deepening and knowledge, and most of the studies are focused on the comparison between family-organizations and non-family ones without deepening the underlying mechanisms (e.g., Classen, Van Gils, Bammens, & Carree, 2012; Chirico et al., 2018; Mazzelli, Kotlar & De Massis, 2018).

However, past evidence show that family involvement has an impact on innovation input, output and activities (De Massis, et al, 2015), and findings show that family business can be more capable of innovating as they have higher discretion to allocate resources, yet they are more averse to do so, phenomenon defined as “ability-willingness paradox” (Chrisman J., et al.

2015). This paradox highlights the family firm's ability to innovate, and the minor willingness to do so (Chrisman, Chua, De Massis, Frattini, & Wright, 2015). Indeed, this family businesses controversial tendency is now intriguing researchers, who used to think at family firms as conservative and risk-adverse systems, while now they have demonstrated to be sensitive to innovation in order to survive across generations and remain competitive in this constantly evolving market. Considering the resources at their disposal and their intrinsic characteristics, scholars' conclusion is that, on one hand, family firms invest less in innovation and, on the other, they have a more efficient structure to transform innovation input into innovation output (De Massis et al., 2018b; Duran et al., 2015). Literature refers to it as the "family firm innovation dilemma" (König A., et al, 2013).

Past research has used "Four Cs" model (Miller & Le Breton-Miller, 2005) to study how family influence is related to the adoption of innovation. In this model, the main family firms' issues are represented:

- Continuity, "pursuing the dream"
- Community, "uniting and tending to the tribe"
- Command, "acting and adapting freely"
- Connections, "being good neighbors and partners"

According to König et al.'s (2013) study, these characteristics are negative factors regarding the recognition of discontinuous change and on time spent on decision making concerning the innovation adoption. Though, they are positively related to the final innovative output. However, further in this chapter we will see how and why innovation research suffers from a significant gap.

3.3.5 An Innovation that Fits

Innovation can be studied and categorized through several lenses and points of view.

For instance, Wright (2017) created a model that considers as parameter the organizational form for innovation, in terms of new venture or established business, and the ownership context, meaning independent existing owners or independent new owners. Concerning the ownership, he identifies four main clusters: academic spin-offs, management buyouts, firms owned by habitual entrepreneurs and Family Firms. De Massis, Di Minin and Frattini (2015, p.6) proposed the Family Driven Innovation Framework (FDI), defined as “an internally consistent set of strategic innovation decisions that allow family firms to resolve their innovation paradox by ensuring a close fit between these decisions and the characteristics of the family firm”. In this framework, three aspects are considered. The “where”, which stands for the willingness of the family to pursue a precise path, concerning their goals and intentions. It is related with the knowledge’s source; the “how”, which is linked to the organizational structure and how the innovation is processed. Finally, the “what”, relates to the capabilities and resources. The Family Driven Innovation framework proposes two main stages to enhance and exploit innovation potential. First, it requires internal consistency between family firms’ intrinsic characteristics and the strategic decision, then a fit between the heterogeneous dimensions has to be found. Hence, as it has been shown for tradition, also in the innovation coherence is a key aspect in the future performance.

3.3.6 Tradition & Innovation Approaches

Given the potential of traditions in family businesses, scholars have started to investigate about the relation between innovation and traditions, and how the influence of previous generation can impact the future generations’ behavior (Diaz-Moriana et al., 2018). It is proven that the ability to develop new knowledge is linked to the type and level of knowledge currently held (Cohen & Levinthal, 1990). A process to access an already existing and intrinsic knowledge is called “temporal search”, defined as the process through which firms “search for

and access knowledge created at different points in the past in order to create new products” (Katila, 2002 p. 995). Using the past as a source of knowledge implies some benefits, such as an increased reliability, and a reduced risk from a wrong application of new knowledge (Heeley & Jacobsen, 2008). The study conducted by Erdogan, Rondi and De Massis’s research (2020), which is based on the study of eight long-established Turkish family firms operating in the craft industry, reveals that traditions can be approached according to two different methods:

- The preservation approach, where the family demonstrates a continuous commitment to the values and beliefs imprinted by the founders;
- The revival approach, where traditions have not survived the time passed, but the family considering them valuable, starting an active search to discover past elements and recreate the bygone traditions.

In their study, Erdogan et al. (2020) also observed two approaches through which family firms behave in front of innovation (see Figure 7), enhancing the use of past and history:

- The segregation approach, where family firms distinguish their iconic products or processes from the innovative ones, treating them as two different offers. This kind of approach is mostly followed by firm characterized by iconic products on which they built their reputation and perceived from the current generation as a pillar for the firm and family’s identity.
- Integration approach, where firms reinterpret the traditional products or processes through the innovation. Different from the segregation approach, the integration approach is followed by firms that do not have an iconic product in their current offer. Hence, they use innovative technologies and processes to restore and revive the past traditions.

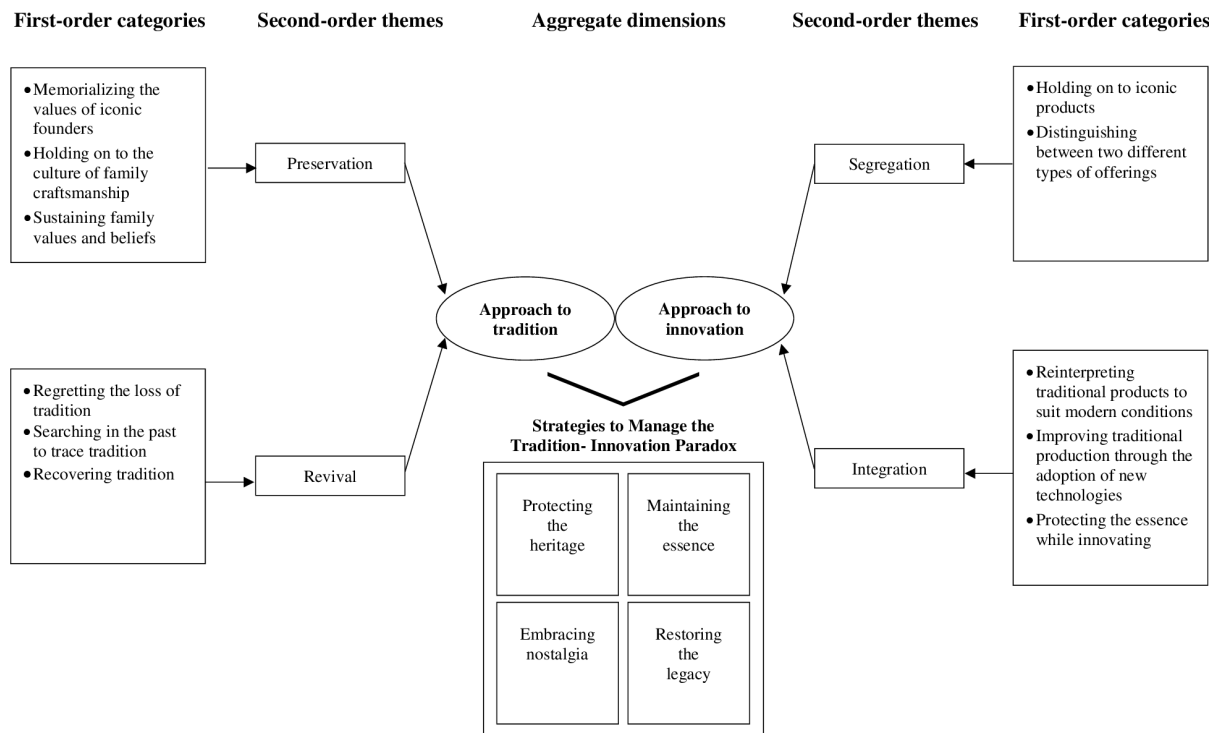


Figure 7 – Strategies to Manage Tradition-Innovation Paradox (Erdogan et al., 2020)

The resulting strategies to manage the tradition-innovation paradox are shown in the matrix.

The researchers label them as:

- Protecting the heritage, where the founders have a great influence on the current generation and firms' aim is to protect traditions through the business and its products. Therefore, innovation is made outside the core traditional activity to avoid contamination in the received heritage.
- Maintaining the Essence, where traditions and values are preserved by the family and exploited as a resource for their business. Merging traditions and new products requires a greater caution to maintain the essence of traditions.
- Restoring the Legacy, where firms search in their pasts documents and memories to restore traditions in order to reinterpret them in the current time, keeping attention on following innovation that do not distort their values.

- Embracing Nostalgia, where firms, while searching the past to recover old products or processes, develop new innovative solutions in parallel.

3.3.7 Innovation Through Tradition

In this review of the literature, the concept of innovation is associated with the idea of future, while in the common thinking traditions are something that belong to the past, a value to preserve but with a relative utility in the future of the firm. This is because old knowledge is considered anachronistic with the current environment’s needs and expectations, then an obsolete asset in the strategy field. Recently, scholars have proven that this bias caused a downplaying of the past in innovation process, affecting the literature with a shaded area. In fact, we have seen that traditions are an incredible source of value, and long-lasting family firms need to realize it in order to generate innovation. Family firms that are able to preserve the original contents of knowledge, overcoming the risk of misinterpretations and misapplications (Argote, 1999) may reduce the “Inventor’s ability to correctly recall, retrieve, and apply overly mature knowledge in an innovation” (Capaldo et al., 2014, p. 6). Thus, how can firms exploit their past to grow in the future? Scholars recently theorized the model Innovation through tradition (ITT) (De Massis A. et al., 2016) shown in the picture below.

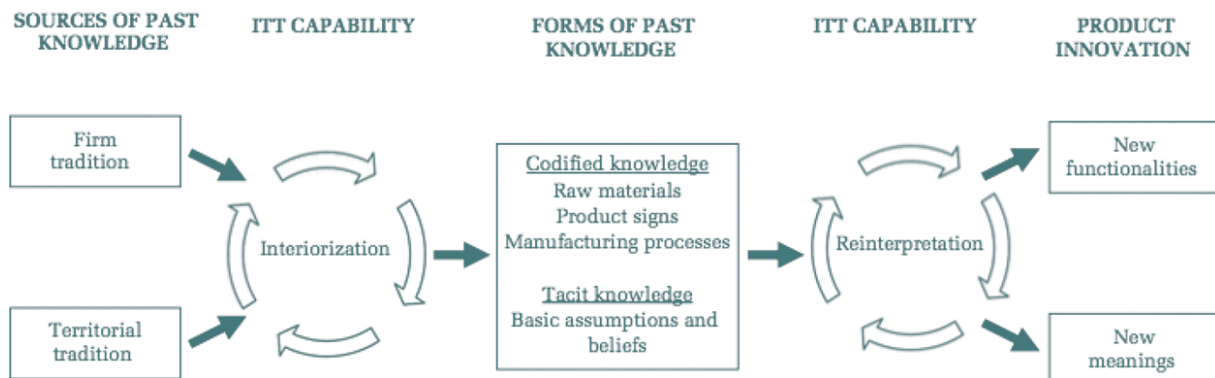


Figure 8 – Innovation through Tradition Model, De Massis et al. (2016)

Innovation through tradition involves two dynamic capabilities: interiorization and reinterpretation. The process of *interiorizing* consists in introducing and sharing the knowledge derived from the firm itself or from the territory where the firm is located within the organization, especially with employees involved in the innovation process, (Messeni Petruzzelli & Albino, 2012). Indeed, traditions are often linked to the context in which it grows, and related to historical events and communities (Hibbert & Huxham, 2011). Traditions are the product of the “accumulated cultural productivity of society” (Ashworth, 1994:20). On the other hand, *interiorization* reduces the risk of incorrect applications due to forgotten practices, lost records and staff turnover (Argote, 1999). In order to acquire this capability, it is useful for organization to adopt the traditional resources in form of common interpretations and routines (De Massis A., et al., 2016). Indeed, creating a bond between employees and past is a critical aspect of ITT, as it allows the generation of a shared cognitive and interpretative schemes, contributing to the strengthen of using past resources (e.g. Kostove & Zaheer, 1999)

As shown in the model, traditions can have several forms. These forms have been clustered in Codified and Tacit Knowledge. The first type of knowledge includes raw materials and manufacturing processes and has the benefits of reducing the costs of transmitting, storing and reproducing that knowledge (Saviotti, 1998; Zack, 1999). Tacit knowledge, on the other hand, refers to the values and beliefs of the organization’s past and it is more difficult to transmit as it has not an explicit form, but it the table below represents the typologies of ITT strategies defined by source of past knowledge and type of product innovation.

Table 2 – ITT strategies defined by Type of Product Innovation and Source of Past Knowledge

Source of Past Knowledge	Type of Product Innovation	
	Innovating Product Functionalities	Innovating Product Meanings
Firm Tradition	Interiorizing knowledge from the firm's past (raw materials and manufacturing processes) and reinterpreting these to enable new product functionalities. <i>Case examples:</i> Beretta, Lavazza.	Interiorizing knowledge from the firm's past (basic assumptions and beliefs) and reinterpreting these to enable new product meanings. <i>Case example:</i> Vibram.
Territorial Tradition	Interiorizing knowledge from the territory's past (raw materials and manufacturing processes) and reinterpreting these to enable new product functionalities. <i>Case example:</i> Aboca.	Interiorizing knowledge from the territory's past (product signs and manufacturing processes) and reinterpreting these to enable new product meanings. <i>Case examples:</i> Apremare, Sangalli.

Codified and tacit knowledge must go through a process of reinterpretation. Here, the past meets the present or future, and traditions are combined with new technologies. There are two possible methods to reinterpret knowledge: the first one is to recombine past knowledge with technologies from distant industrial fields (Messeni Petruzzelli & Savino, 2014), a process that allows companies to renew their core competences without risking an obsolete use of past knowledge but on the contrary exalting the innovative side (Ahuja & Lampert, 2001). The second possible path to follow is recombining past knowledge with technologies inside the same industrial field but usually considered as distinct from each other, creating though new connections that can give light to unexpected results (Maggitti, Smith, & Katila, 2013; Messeni Petruzzelli and Savino, 2016). The objective is to satisfy contemporary customer needs giving light to the innovation. The result can be an innovation of functionalities, where the innovation occurs on the technology by which the product is built, or an innovation of the meaning of the product, which implies a change in the reason why customers chose to buy it (Verganti, 2008; Veryzer, 1998). These kinds of innovation whereas originated from the past, may gain the advantages of uniqueness, inimitability, and non-substitutability, and trigger positive emotions in customers.

4. METHODOLOGY

This chapter firstly introduces the history of Monzino SpA with a brief description that touches on the pillars of the firm. For the purpose of this study, I will focus the research setting on the history of the current owner and leader of the firm, Antonio VII Monzino. Then, I move on narrating the methodology through which I built my research. After providing an overview on the historical research method and its relevance in the strategy field, together with a summary of the grounded theory method, I describe the path of my data collection and analysis for this study.

4.1 Research Setting

Monzino SpA is a family business born in 1767 in Milan. Throughout the years and the family generations, it has become one of the main players in the field of musical instruments production. During its two-century life, the family went through all kinds of historical events and market evolutions, happenings that impacted both the business and the strong family traditions and heritage. From a shop to a successful enterprise, Monzino made significant changes in terms of core business: it was born as a musical instruments producer (from 1767 to 1950), next it became a musical instrument and musical accessories distributor (from 1950 to 2007), and then it wanted to go back to the production but of a new kind of musical products (in 2007). However, in the last decades a severe crisis has challenged the company and its owners, evidenced by a net profit reduction of -344%. The dedication and attachment to the company by the family, most of all by the current CEO and President Antonio Monzino VII, were the strength to overcome the challenging period, and now with the help of consultants from the Politecnico of Milan, the company is implementing a new project to return to the market, starting again from its traditions. Moreover, in 1999 Antonio Monzino VII and his wife Emanuela Manenti Monzino founded Fondazione Antonio Monzino, an organization that expresses through activities and projects the values of the firm and family.

Monzino shows a long business family history, where the three subsystems are strictly linked and interconnected, that went through many different phases, from a successful growing to a harsh crisis and finally to an attempt of renewing based on an Innovation through tradition process. Along with its life, the firm has experienced the evolution of the ownership, always led by a family member and characterized by the complexity of the succession phase, the transformation of internal family dynamics aligned with the trend of the company, and finally the more renewing of the business. For all these reasons I consider Monzino SpA as a revelatory case study particularly suitable for answering my research question.

4.2 Data Collection and Analysis

4.2.1 Strategy Through the History Lenses

Investigating the strategy through the firm's history is an emerging trend in the research field. Evidence of this fact is the number of articles in the Strategic Management Journal that are cited in the title or as a keyword, the words "history" or "historical" increased from 10 in the period 2010-2014 to 26 in the period 2015-2019 (Argyres et al. 2019). The reasons for this growing interest are several and different. One of them is the study of the context in which the firm grow, and how it develops, to find path dependence and to test informed causal inferences and theories. Then, it is also due to the increasing interest of scholars in identifying the methods through which firms use their history in their strategy, and which is the influence of the past in the current decision-making process. The application of historical research methods is wide, it can investigate industry evolution, technology, strategy, dynamic capabilities, asset ownership, and the reminiscence of the past in the survival of a new firm. Monzino SpA features a great historical archive which constitutes a relevant source of knowledge. Together with its long and inspiring history, it gave me the chance to use an historical research method to accomplish this study.

According to literature, the value of history for strategy has two dimensions, labeled as "history to theory" and "history in theory" (Kipping & Usdiken, 2014): on one hand this method can offer new instruments to develop researcher's theories, for example by helping in identifying the causes of some strategic choices and their outcome. While, on the other hand, history can be involved in theoretical models as a new enriching variable in strategy theories and models. Yet, in literature there isn't a clear definition of "historical research methods". Argyres et al. (2019, p. 345) defined it as *"the class of techniques used for compilation, description, and critical analysis of primary and secondary historical sources with the intention to provide a contextualized explanation and interpretation of the phenomenon of interest."*

Analyzing historical data requires some considerations and a peculiar approach. Historical sources and data can't be created anywhere by the researcher, they can only be discovered and interpreted (Yates, 2015). They can be both oral and archival. Scholars who follow this kind of approach must always ask themselves: "Why was this document or artifact produced, by whom and for what purpose?" (Lipartito, 2015: 288)

Research based on historical data has to face three methodological challenges:

- *The validity of sources*, preferring the ones deriving from the time under study;
- *The source credibility*, classifying data as an objective source of information or influenced by a subjective intent;
- *The source context*, considering the sources in their historical environment that is possibly different from the current one.

Lipartito (2015, p.288) theorized the use of historical sources, describing them as: "[Historical sources] *come into focus through the back-and-forth process of posing questions, investigating sources, reframing questions, [and] discovering new sources*". This iterative process can be confusing when the amount of data is relevant and the sources are several and different from each other, especially when the analysis covers a long period of time and actors involved. In order to solve such complexity, it is useful to track and organize the data in databases, making the process explicit and reliable.

My research and data collection have been based on iterative dynamics, structuring the history of Monzino by adding pieces from different sources that came out during the study period, looking for a path dependence through which I could better schematize the whole history and find the meaning of the past choices. In these cases, data triangulation is a fundamental step in the process: this implies the overlapping of different sources of the same event, to observe it from different angles.

4.2.2 Grounded Theory Method & Data Analysis

In my thesis, I mainly relied on an historical research method coupled with a qualitative data collection and analysis, which has been made following grounded theory method. This theory is based on two principles, deriving from Pragmatism and Symbolic Interactionism: the first principle is the conception of events as elements in continual change belonging to an evolving environment. The second principle is about observing how actors respond to the changing conditions and the consequences of their actions. The role of the researchers is to understand this relationship, having in mind the goal of developing “*a well-integrated set of concepts that provide a thorough theoretical explanation of social phenomena under study. A grounded theory should explain as well as describe*” (Corbin & Strauss, 1999, p.5).

This method is flexible, though it has some solid pillars:

- First of all, the analysis starts together with the data collection, weakening the risk of not capturing potentially relevant insights that at the moment could seem useless. To help with this, it is also convenient to use memos.
- Concepts are the basic units of analysis; they must be targeted with a name and are obtained by comparing the data. When more concepts explained the same phenomena, they will be clustered into categories.
- Theoretical sampling gives consistency and the representativeness to concepts. The final aim is indeed “*to build a theoretical explanation by specifying phenomena in terms of conditions that give rise to them, how they are expressed through action/interaction, the consequences that result from them, and variations of these qualifiers*”
- Analysis makes use of Constant Comparisons, in order to avoid bias and reach a greater precision and consistency. Moreover, researchers should look for patterns and variations to order the data

- The focus is not only the case study of the research, but also its broader structural conditions, in terms of economic conditions, cultural values, social aspects and political trends.

4.2.3 Data Research Process

My analysis of Monzino history rests on several different sources. To have a general idea of the firm and its history, before approaching the primary sources, the first step was reading three historiographic books that cover the period from 1767 to 1750. The historiographic books are: “*Casa Monzino. Dalla liuteria all'imprenditoria musicale*”, Donatella Melini, Libreria Musicale Italiana, 2020. “*All'insegna della sirena. Storia ed evoluzione di una famiglia di liutai milanesi dal 1750 ai nostri giorni*”, Emanuela Manenti Monzino, 1998. “*Antonio Monzino, un protagonista del '700 milanese*”, Ugo Orlandi, Circolo Mandonilistico Italiano,/International Mandolin Club, 2015. This first step gave me the opportunity to construct a rough chronology of events and a basic case description. Moreover, it prevents me from being affected by potential selection bias when discovering the following amount of data.

The second step was a full and deep dive into Monzino's firm. I indeed had the opportunity to personally live the company daily, within to a six-month internship from October 2021 to April 2022. This experience has been fundamental for many reasons: to observe and live the internal environment of the firm, to personally know and interact with some of the main characters in Monzino history, especially the current president of the firm Antonio Monzino VII. Finally, I have had have free access to the primary source of data: the historical archive inside the firm headquarter in Lainate, near Milano. In this second phase I have had the opportunity to interview some of the key informants, suggested by Antonio VII, together with the research associate of Politecnico di Milano with whom I have worked for the entire duration

of my project. This step led to further data collection and the identification of the key events that marked the history of the firm. Here, I also start classifying the historical data through different points of view: historical data about the Monzino family, the firm's strategy, the real estate business, the firm's values, and their social role in the context of Milan.

The third step was the refinement of all the data gathered, according to their validity and importance. In particular, in order to analyze and identify the important documents, I classified the historical archive's data together with a reexamination of it, collecting also images from it, then I kept creating a chronological reconstruction of the events that have emerged. I had also participated in some events and projects organized by Fondazione Monzino, where I had the opportunity to observe how the organization operates in the field. In this last phase I also investigated the financial aspects of the firm across its history. With all the information I managed to collect and triangulate, I was able to identify the key organizational events, defined by Conkin and Stromberg, (1989) as "*distinguishable happening, one with some pattern or theme that sets it off from others, and on that involves changes taking place within a delimited amount of time*". Finally, I started coding all the data collected according to the grounded theory method.

The historical source: The Archival Data

The primary source of data for my research has been historical archival data. The archive is located in the firm headquarter in Lainate, near Milan and it can be divided into two main clusters. The first one is composed of all the documents referring to the period that goes from 1750 to 1970, and it contains different kind of document, such as personal notes, musical instrument catalogs, advertisements, and so on. The second cluster covers the period that goes from 1970 until today. Though these documents. I was able to reconstruct the history of Monzino under the 7th generation, mostly by the analysis of social books and transcripts of

assemblies. In this cluster are included all the personal documents -like articles, conference presentations and personal pictures. In my analysis, I was helped by a previous classification made by the historical researcher Donatella Melini and starting from that I classified the many documents into 11 types according to their content. Table 3 summarizes the archive in terms of documents type, number and a brief explanation of the contents.

Table 3 - Archival Data Inventory

ARCHIVAL DATA INVENTORY				
	Type	Tag	Num	Content
1	Notarial deeds	●	46	Deeds, deeds of incorporation
2	Graphics & Adv	●	4 dossiers + 17	Printing proofs, sketches, editorial inserts, postcards, clichés , prints and advertising docs.
3	Correspondence	●	42	personal letters and postcards
4	Awards & Honors	●	18	testimonials of participation in exhibitions, various awards
5	Personal Family documents	●	54	Personal family documents, such as wedding contracts, school certificates, wills
6	Catalog of musical instruments	●	39	musical instrument catalogs and inventories
7	Catalog of publishing activities	●	39	Music scores and quotations in musical works
8	Citations and mentions	●	31	Quotes and mentions of the Monzino company in books and magazines
9	Secondary cultural activities	●	7	Papers related to social and cultural engagement
10	Financial statements	●	12	Company financial statements, income statement and balance sheet
11	Doc firm's administration	●	77	Meeting reports, various administrative documents (e.g. sale of shares)

To facilitate the classification of the archive, I assigned a color tag to every typology of document. I then divided the documents based on where they are located, namely “Armadio 1”, “Armadio 2”, and “Armadio 3”. For the purpose of my research, these have been the most useful documents as they reconstruct the strategic history of the firm under the period of interest, which is the leadership of Antonio VII Monzino, the current president of the firm. As this cluster of documents covers a shorter length of time, so it has been easier to analyze and classify. While doing the classification, I gathered qualitative and quantitative data and marked on the database extracts of documents that I was interested in researching, following a “snowball” approach, in terms of adding materials to the database as long as it was relevant or aroused my curiosity.

Interview data and sources

During the period that goes from October 2021 to April 2022, me and the research associate from Politecnico di Milano have conducted 9 semi-structured interviews with 8 key informants.

From a first informal interview with Antonio VII in his office, he proposed to me a list of names that marked the story of Monzino Spa. The informants were direct and indirect family members, from the 7th and 8th generations, or non-family members. All of them have been involved in the Monzino Group (Monzino, Mogar, Fondazione Monzino), and some of them are currently working inside it. The different roles each informant covers within the organization gave me the opportunity to listen to different voices and points of view, people with different goals and personalities which offered me a broader perspective on the history of the firm. Interviews have been conducted both in person and online through the platform Teams.

We followed an interview protocol that allowed interviewees to speak about their experiences and opinions without bias. Indeed, we used an inductive approach where we listen to every informant's stories without assumptions, but at the same time, the more interviews we conducted, the more cues we had. In this way, we increasingly knew some interests point to deepen. After a brief private preparation where some key general questions were prepared to have a rough guideline of the arguments to touch on, such as the values' aspects of the family firm or their vision for the future, we let the informant provide their perspective on Monzino key milestone. The interviews have been recorded with the informants' permission and then transcribed. In Table 4, data from the interviews' transcripts are provided.

<i>Interview Transcripts</i>					
	<i>Name</i>	<i>#</i>	<i>Durata</i>		
			<i>Pag</i>	<i>h</i>	<i>min</i>
1	Antonio Monzino	2	43	4	58
2	Andrea Monzino	1	10		37
3	Laura Bove	1	7		31
4	Francesco Monzino	1	20		48
5	Marco Guazzoni	1	22	1	0,33
6	Carlo Bonomi	1	12		47
7	Nicola Monzino	1	18		51
8	Emanuela Manenti Monzino	2	23	3	27
*Interview Transcript: Calibri, 12pt, double spaced					

Table 4 - Interviews transcript

The diverse group of interviewees has been a valuable source of data and important information that played an important role in the subsequent theorizing. In particular, they have been extremely helpful in identifying the values of the family – and as a consequence of the firm – and in better understanding the internal dynamics. Unfortunately, part of the interview candidates did not respond to our invitation. This fact has surely created a limit for the research. On the other hand, the disinterest of some components of the family to participate in this project can be also seen as valuable data.

Observational data

To extend the insights gathered from the archival data and the interviews, I also collected non-participatory observations. The primary source of this kind of data has been the 6-months internship I did in the Monzino firm, from October 2021 to April 2022. This experience allowed me to daily live inside the environment of the Monzino business family and to have free access to the historical archive. Most of all, the internship has enriched my research with several informal conversations with President Antonio Monzino VII. During my internship, he used to drive me to the office, and during the travel I could ask him questions about his history, to know him better, and listen to the many anecdotes that shape his life, his family and his career. These data have been inspirational to deepen some information that emerged from the other sources., I either recorded some of them or wrote down some interesting insights from these informal conversations.

I gathered additional observations through the participations to several events organized by Fondazione Monzino. For instance, I had the chance to observe one of the event which is part of the project entitled “Mani Sapienti”, where Nicola Monzino (Antonio VII’s nephew) teaches his luthier’s trade in primary schools to inspire children in understanding the value of craftsmanship behind the music. I attended the educational workshop for two hours in the

Elementary school "Istituto Figlie della Carità Canossiane", in Milano. Additionally, I participated to a concert held at the Giuseppe Verdi Conservatory in Milan, on the occasion of the festival dedicated to the Lombard mandolin, “Il Mandolino, a Milano e in Lombardia nei secoli XVIII e XIX”. The Fondazione Antonio Carlo Monzino” was one of the promoters of the event. During the concert, a musician played a Mondolino inspired by Antonio Monzino I and replicated by Tiziano Rizzi.



Figure 9 – “Il Mandolino a Milano e in Lombardia nei secoli XVIII e XIX” concert. The musician Giacomo Giabelli playing a mandolino inspired by Antonio Monzino I



Figure 10 - Nicola Monzino during "Mani Sipienti" worklab

Coding phase

Coding of data refers to the process of transforming collected information or observations into a set of meaningful, cohesive categories. In this phase, the data gathered are linked to the theory. It is the summarization and re-presentation of data to provide a systematic description of the seen or recorded phenomenon. Coding can be applied to all sorts of data: historical documents, interviews, notes, social media messages, and so on. They can be predetermined by the researcher, or they can emerge inductively from the coding procedure. Coding is an essential part of the Grounded theory method. There are three types of coding:

- Open coding: data are broken down and extracted in pieces from transcripts and documents. Events are given conceptual labels and when similar, grouped in categories and subcategories.
- Axial coding: it implies categories related to properties and relationships among categories and tested against additional data

- Selective coding: there is a “core” category that represents the central phenomenon of the study. All the subcategories are integrated under it.

In my research, I applied the first type, Open Coding, to the interviewees with the key informants. Specifically, I used the software NVivo12 to code the documents.

First order coding

This phase includes a primary interpretation of the interviews. The first step in this process has been going through all the interviews, reading them, and paying attention to those sentences that trigger my interest and curiosity. After having highlighted these quotes, I labeled them using keywords. The labels I gave were taken from the previously reviewed theory, by the sentence itself when it was emblematic and representative, or by a label made up by me, that was descriptive of the phenomenon. In this step, I was able to see new and unexpected insights, that, during the other data collection process, I was not able to recognize. I indeed wrote down the emerging findings and cues in memos, firstly in a paper post-it, then writing them down in a word document.

Second order coding

In this second phase, I reexamined the labels made. This phase gave me the opportunity to refine the first order coding, by dividing, merging and finding linkages between the labels. Indeed, in doing so, I had the chance to discover macro-themes under which the sub-categories were grouped.

4.2.4 Theorizing the Findings

The model has been created in several steps. During the coding phase, I was writing down the main concepts, trying to establish the relationships and mechanisms that connect

them. Many drafts of the model have been made. What interested me the most were the controversial concepts that step by step surfaced, so to organize them and have a clearer idea, I built a chart: here I wrote down the topics and I try to find a connection between them, analyzing the firm and all the system around it across more levels. This process has been made through the triangulation of the data, the historical ones, those from the observations, and the interviews with the key informants.

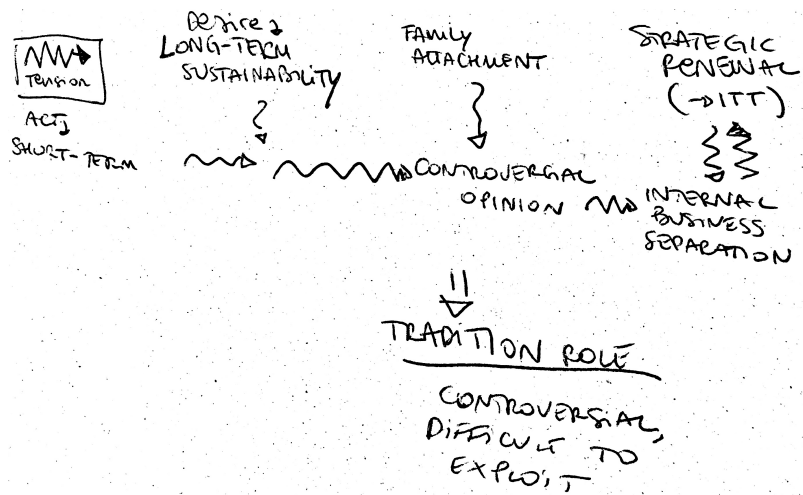


Figure 11 - Draft of the "tensions table"

Once I have completed the chart and I have identified the tensions emerged, I related them to traditions. In this way, I have been able to recognize which are the elements that constitute an obstacle for traditions' exploitation in a strategic renewal context. My objective was to make a clear representation of the concept I was describing, in a way that is extensible and replicable to other cases and as a support of the theory.

5. FINDINGS

The results of my research are presented in the next chapter: from the history of Monzino to the current state of the firm. The triangulation of the data made it possible to discover new insights and to explain the tensions that characterized the last 50 years of the firm history.

The bi-secular history of Monzino family offered me several points of view and inspiration to reflect upon. Every subsystem of this complex organism had a role and an impact on the overall history; hence nothing could be underestimated. For this reason, I divided the data into different fields, creating timelines that helped me synthesize and classify the different clusters through which I analyzed the Monzino family firm.



Figure 12 - Monzino generations, from I to V

Even if in my study I focus on the firm seventh generation, meaning from 1970 to the current days, I believe it is necessary to start the analysis from the roots of the family's activity.

Here some turning themes arose: the imprinting, the family attachment, the dual nature of the history and the different feelings within the family towards it and the root of traditions. I then focused my attention on the "Foundation Antonio Carlo Monzino" and the relation between the firm and the city of Milan, which helped me to understand how the values of the firm are expressed and concretized. Next, I follow with an in-depth study on Antonio VII leadership and the strategy that marked these last years and brought the firm to its current state. Finally, an

overview of the future of the firm and the project related to an “innovation through tradition” methodology.

5.1 The Background: Root of Traditions, Family Overview and the Imprinting

Monzino SpA’s history began with Antonio Monzino I, a talented luthier who opened a shop in the center of Milan, specifically in “*Contrada della Dogana all’Insegna della Sirena, Casa 4037*”, an area of the city characterized by numerous shops and craft workshops. Here, Antonio Monzino I was immediately recognized for his craftsmanship skills, as demonstrated by his creations which are still preserved in international collections today. In addition, he was also an attentive collector, and thanks to him the family still holds instruments dating back to the seventeenth century. Antonio Monzino I started producing plucked instruments and also distinguished himself for his strong entrepreneurial spirit, and few years after the activity started he decided to diversify his business and began to produce accessories for musicians. In 1807, Giacomo Antonio II Monzino took the workshop under his guidance. He was a talented violin and guitar teacher, as well as a composer. This last passion led him to further expand the family business, opening an editorial department within the workshop, dedicated to pedagogical writings.

After a long period in which he refined his knowledge of the trade, in 1846, Antonio III Monzino, took his father place. Under the third successor’s control, the dynasty continued to increase its handicraft activities and consolidated the publishing activity, as well as the import and resale of tools and accessories for musicians. After his marriage to Adelaide Varese, who had a role in the administration of the shop, the sons Francesco and Antonio Giacomo IV were born. The eldest son showed no interest in the family business, while the second son, Antonio Giacomo Monzino IV, result to be strongly passionate about it. Here, an interesting detail about this heir emerged. In fact, in the will of Antonio III, after expressing the desire to leave his

properties to his two sons, he highlighted the interest of Antonio Giacomo IV for experimental physics. Later in this research, I will discuss the relation between physics and lutherie as it is a fundamental characteristic of the new project that Monzino SpA is pursuing. From the *Testamentary dispositions of Antonio III Monzino*, of 2nd January 1871, we can read:

"I declare that all the furniture and anything else that accompanies his bedroom and all the objects of experimental physics, even if they are not in the bedroom, are the free property of my younger son, because in part previously given to him by me, partly bought by him with his own money".

Antonio Giacomo IV was a great leader gave a great imprinting to the family culture, as I will show later in the section dedicated to values and foundation. In addition to consolidating the family business, he entered new markets and made the workshop more and more innovative. This exponent of the Monzino family is also remarkable for how he managed the business: he cared about family traditions, he gave more importance to feelings towards music and the artistic training than the economic and financial aspects, but at the same time he pursued innovation. In those years, electricity industry was developed, and Antonio IV introduced operating machines for which he obtained the patent, giving a great boost to exports. In 1906 he brought the works of art - as he used to call musical instruments - to the Universal Exhibition, gaining worldwide recognition. In relation with this event, Antonio IV called several talented luthiers, such as Riccardo and Romeo Antoniazzi, Erminio Farina, Innocente Rottola, Luigi Galimberti and Ambrogio Sironi to work in his workshop, at that time located in Via Rastrelli.



Figure 13 – workshop in Via Rastrelli, Milan 1872

At the beginning of '900, Antonio Monzino V joined the family business. In these years there was an intense activity of consolidation and expansion of the company, in particular in music publishing. Over the years, the shop has expanded more and more in terms of physical space, being, with Antonio V, 32 shops. Unfortunately, Antonio V died prematurely in 1918 due to the First World War, and Antonio IV, still at the helm of *Casa Monzino*, reassigned the company shares. That year Antonio Carlo VI and his sister Adele entered the company, though their representation of their mother, Margherita Garlandini, as they were still minors at the time. In 1926 a business name changed “*A. Monzino & Garlandini*”, and, in 1929, they decided to move all the workshops and laboratories from via Rastrelli to via Larga. During these years Antonio Carlo VI was busy with his learning activities. He decided to take the family traditions back and start learning the art of lutherie. After attending a cabinet-making

course at the Società Umanitaria in Milan, in 1925 he was sent to attend the violin-making schools of Markneukirchen in Germany and Mirecourt in France.



Figure 14 - Antonio VI, Mirecourt 1928

When he came back to Milan, he started a period of apprenticeship in the family laboratory, under the guidance of the teacher Luigi Galimberti. At the same time, he was particularly interested in the commercial and sales part of the store. In 1938, he married Maria Rossi, with whom he had five children (Antonio VII, Vittoria, Carla, Alberto, and Margherita). As the branch Garlandini decided to leave the activity, in 1950, the business name was changed in: “*Monzino & Garlandini di A. Monzino e C.*”, constituted by the members Antonio Carlo VI and his wife Maria Rossi. At this point, Antonio VI found himself in the need to set aside the activity of the luthier to personally take over the reins of the company, devoting himself completely to the commercial part. The violin-making workshops were moved to via Donatello under the guidance of the luthier Aldo Perego and remained operational until 1981. While in 1969, the company opened a new branch of business as representative, commissioning, and sales agent of musical instruments and accessories. Over the years this business grew more and more, reaching the peak of success with the entry of the seventh generation. In fact, Antonio VII took the reins of the company in 1972, together with his siblings Carla and Alberto, and carried the

company forward into the world of distribution, finally abandoning the traditional handicraft business. As distribution develops, Monzino created joint ventures with major companies in the industry, such as Japan's Roland and Yamaha, and America's Gibson. In addition, it started a secondary company, Mogar -from the names Monzino and Garlandini -to better manage the distribution business without creating problems of competition between brands. At the height of its success, however, the Company made some strategic choices that led it into a severe financial economic crisis. In fact, from the distribution business, Monzino wanted to return to the activity of producer, with the Monsound project, still in the music sector but with a strategy of horizontal diversification. The project turned out to be unsuccessful, and the resulting crisis led to a breakdown of the balance from the business, family, and ownership perspectives. As of today, still under the leadership of Antonio VII, the company again wants to return to the business of manufacturing but this time exploiting its tradition of artisans, with a project based on the Innovation through tradition process. The timeline below gives a clear synthesis of the Monzino generations. The study will focus on the seventh and eighth generations.

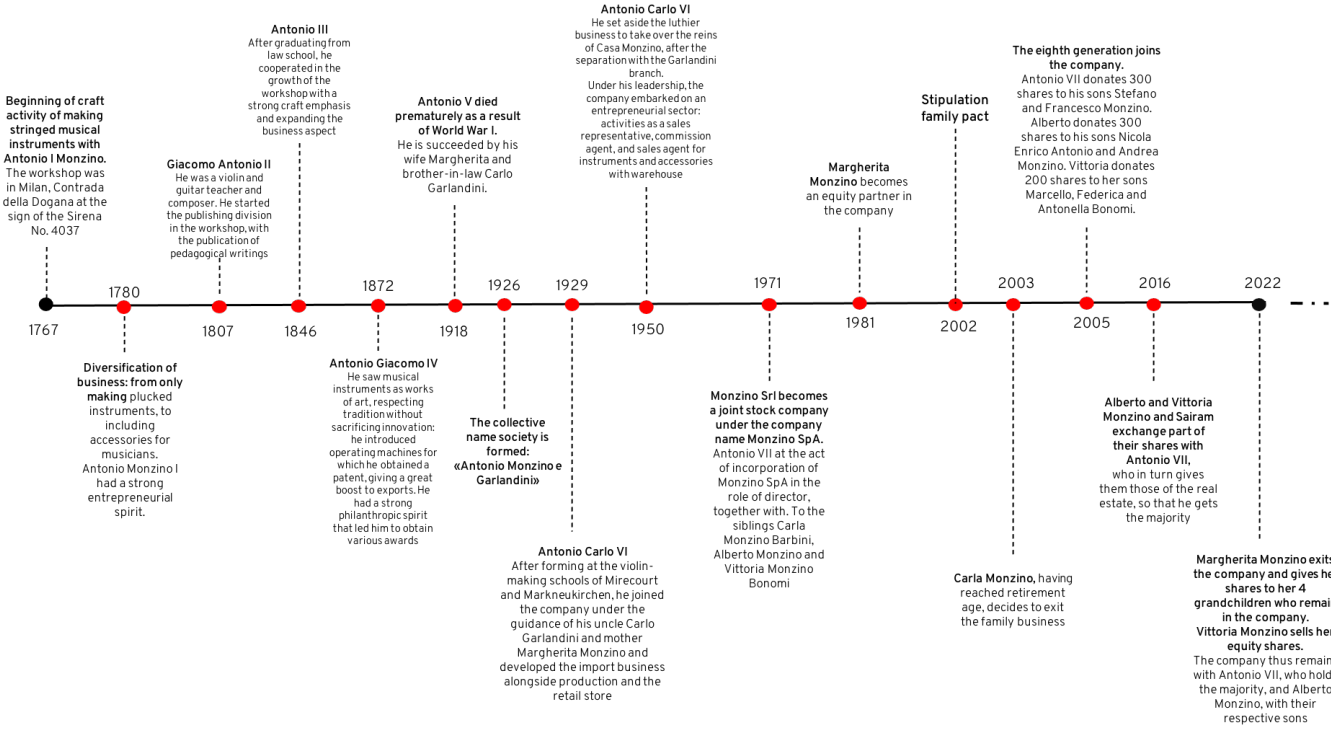


Figure 15 - Timeline Monzino family

5.2 The Seventh Generation: Success and Failures

The focus of my research is the seventh generation, as it has brought useful insights into the study of tradition and family business. The official entrance into the business of this generation was on the 30th December 1971, when the “Monzino & Garlandini di A.Monzino e C.” was transformed into a joint-stock company under the social region Monzino SpA. This change was particularly desired by Antonio VII, the eldest son of Antonio Carlo VI and current president of Monzino SpA. Antonio VII, following an accident on a scooter, left the school of accounting and decided to officially start working in the family business. This entrance has been purely an officiality, to regulate the roles, salaries, and ownership. Indeed, as I aforementioned, his father always has involved him in business travels and events: he has a lot of memories of him doing his homework in the back room of the shop, which was always frequented by famous musicians and important characters in the music field. During his studies, he also spent the summer vacation in England, working at the firm Premier and in Germany in the firm Pirastro, to learn the trade. The collaboration between Antonio VI and his son was complex at times. The two argued a lot, often bringing work issues at home, so the younger brothers over the years grew with prejudices toward the older brother, as he was always against their father and defined him as “the idealist”, due to his dreamer attitude. However, in 1972 Antonio VI left the membership fees to his sons and daughters, dividing them into equal parts. This decision was made to keep impartiality because in his opinion as they were brothers and they love each other, the organization would keep growing. Thus, it officially began the leadership of Antonio VII, with the collaboration of his sister Carla and his brother Alberto. The following timeline gives an overview of the main facts that marked the last 50 years of Monzino SpA.

- Proprietà
- Business
- Decisioni manageriali
- Exit familiari

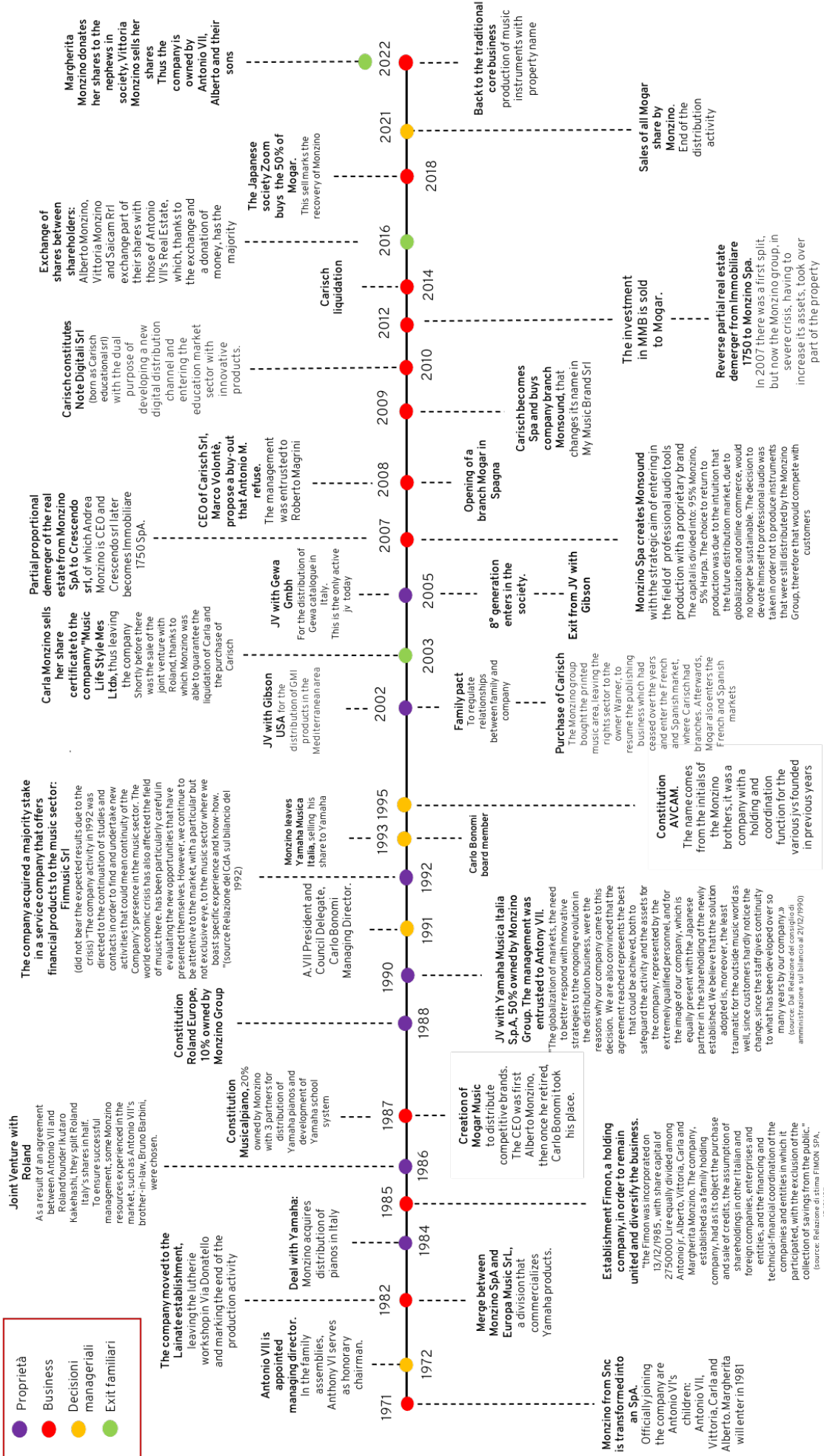


Figure 16 - Timeline 7th generation

In 1982 the firm established a new building in Lainate, leaving the laboratory in Donatello street and marking the end of the production activity.



Figure 17 - first board of directors, Antonio VII, Alberto & Carla Monzino

At this point, the core capability was totally dedicated to the distribution and commerce of musical instruments, and Antonio VII's ability in public relations and good strategic choices brought Monzino SpA to a successful period. This first strategic renewal has followed an incremental path. From an intuition of Antonio VI, who recognized a new need in the market connected with an increase in professional instruments demand. Thus, he began to participate in some events and exhibitions, increasing the awareness of Monzino. When Antonio VII took the lead, as he was trained only in the commercial field and he and his brothers and sisters had not any experience as luthiers, the production activity was definitely closed. Indeed, the generational change of 1972 can be considered a milestone in the company's history, decreeing a net change in the core business and ownership. For the first time in Monzino's history, there was no longer a predominant figure in the management, but 5 brothers. According to Antonio VII, even if he was the one suggesting this change, this has been a debilitating fact. During a

meeting in AIDAF (Associazione Italiana Delle Aziende Familiari), the President Maurizio Sella refers to this choice as the end of a family business. As Antonio VII remembered:

“We could not believe to the words we heard from Maurizio Sella in a meeting in AIDAF "a father who leaves the company to 5 children in equal shares appoints its end”

“Né potevamo entrambi immaginare le parole che ho ascoltato da Maurizio Sella in un incontro in AIDAF *“un padre che lascia l’azienda a 5 figli in parti uguali ... ne decreta la fine”* (pag. 5)

5.2.1 The Joint Venture Era: a Successful Collaborative Innovation

To improve the business, Antonio VII had a good vision. The market started to be more open to foreign producers and Monzino SpA enjoyed an excellent reputation and fame on the Italian territory, which were great attributes with whom they could negotiate. Already at the time of Antonio VI, Monzino had begun to distribute important brands at European level, such as Premier (England), Epfner (Germany), and Pilastro (Germany). Moreover, Antonio VII was skilled in the public relations field, allowing the family business to build strong relationship with other companies. In the following timeline, you can find the main steps of the distribution period:

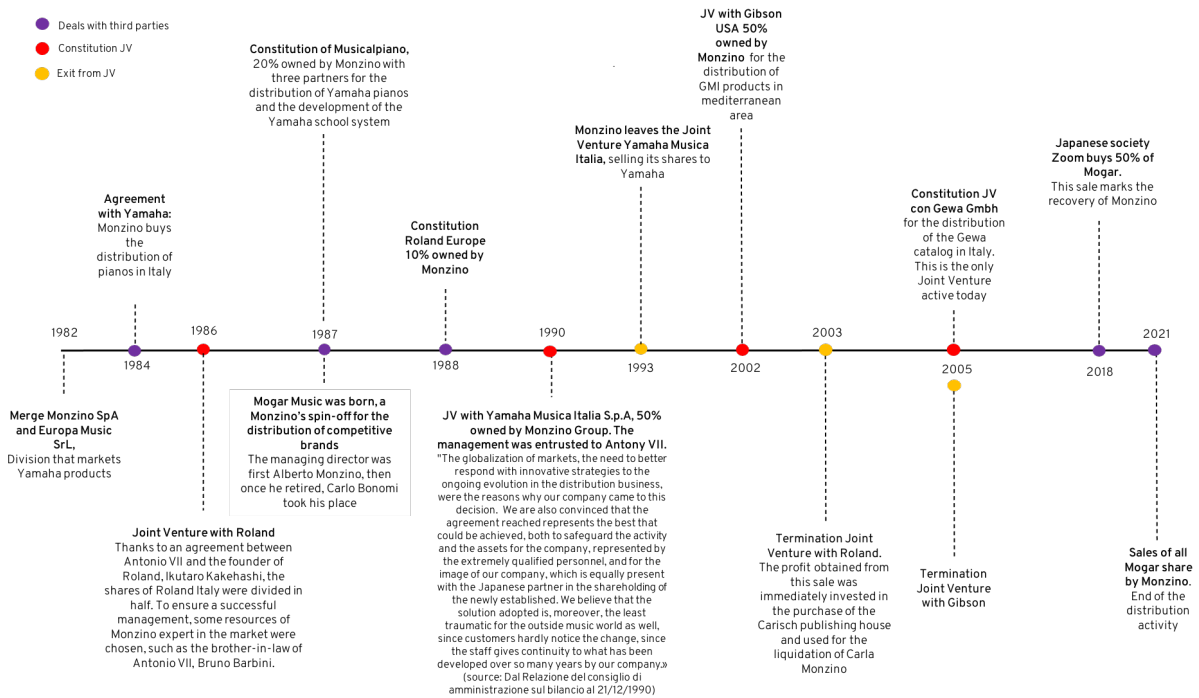


Figure 18 - Timeline Joint venture

As can be seen from the timeline, a fundamental step in Monzino history was the creation of Mogar Music Italia – from the surnames Monzino and Garlandini – in 1987, a spin-off of Monzino created to be able to distribute competing brands. Initially, the management was entrusted to Alberto Monzino until 2002, when Carlo Bonomi (Vittoria Monzino’s husband) passed from commercial director to CEO. Mogar appears as a young company that, taking advantage of Monzino's name and reputation, makes its way into the world of music distribution with extremely positive results. At the same time, Antonio VII began the Joint Venture period. This choice was made because large manufacturing companies were expanding, both geographically and in business, starting not only to produce but also to globally distribute. Therefore, Antonio VII decided to create these agreements to prevent the loss of his distribution business. The trigger was an evolving external market and the desire to remain the market leader. Francesco Monzino describes this moment with these words:

“My father's great fortune and dowry were going to fairs and finding those brands that would later become number one over time. It was an epochal transition, since that moment the company's business has been just trading.”

“La grandissima fortuna e dote di mio padre è stato proprio andare alle fiere e scovare quei marchi che poi sarebbero diventati nel tempo i numeri uno. È stato proprio un passaggio epocale, da quel momento l'azienda è solo stato commercio.” (pag. 14)

In 1986 Antonio VII made a deal with Ikutaro Kakehashi, the president of the Japanese production company Roland, and they created the first joint venture of Monzino SpA, “Roland Italy”. The participation fees were equally divided, 50% owned by Roland and 50% by Monzino SpA, according to Kakehashi idea who claimed that splitting the fees in half was the same thing as having the 100% of the ownership. Antonio VII, fascinated and influenced by the Japanese manager, applied the same method in all the future Joint Ventures. As Antonio VII remembers:

"During the morning breakfast we were just talking about this and that, and I said" what do you think if we do a joint venture? " and I cannot forget his words. He is a very intelligent person, a visionary and also skilled from an organizational point of view. He said to me "are you sure that our products will be sold without the Monzino name?". He had the Roland brand, and on the one hand it showed that at that moment the Japanese were very intelligent and humble in approach, they knew they had to have a partner. I replied "do not worry, we will also put the right people".

“Nella colazione del mattino proprio parlando del più e del meno, gli ho detto “che ne pensi se facciamo una joint Venture?” e non posso dimenticare le sue parole, è una persona molto intelligente, un visionario e capace anche dal punto di vista organizzativo. Mi ha detto “ma sei sicuro che i nostri prodotti verranno venduti senza il nome Monzino?” cioè lui aveva il marchio

Roland, e da una parte dimostrava che in quel momento i giapponesi erano molto intelligenti e umili nell'approccio, sapevano che dovevano avere un partner. Gli ho risposto “non ti preoccupare, metteremo anche le persone adeguate”. (pag. 9)

Following the agreement, some resources belonging to Monzino SpA were transferred to the new society, among these there was Bruno Barbini, husband of Carla Monzino. The following years were marked by great growth.

In 1986, there was another important deal between Monzino and Yamaha, which gave birth to “Musicalpiano”, a society 20% owned by Monzino with three partners in it, for the distribution of Yamaha pianos and the development of the Yamaha school system and products. In 1990 Monzino constituted a joint venture with Yamaha Musica Italia SpA, whose management was entrusted to Antonio VII. In the Report of the Board of Directors on the Budget of the 21st December 1990, the choice of this deal was explained with these words:

"The globalization of markets and the need to respond better with innovative strategies to the evolution in the distribution business were the reasons why our company has come to this decision. We are also convinced that the agreement reached represents the best that could be obtained, both to safeguard the business and assets for the company, represented by highly qualified personnel, both for the image of our company, which is equally present with the Japanese partner in the shareholding of the new company. We believe that the solution adopted is, moreover, the least traumatic even for the external musical world, since the customers do not notice almost the change, as the staff gives continuity to what has been developed in so many years by our society».

The deal was officially closed in 1993 when Monzino sold its participation fees to the Japanese firm. Moreover, in 2002 Gibson and Monzino founded a Joint Venture to distribute American products in Italy. This agreement was closed in 2005, and the issue connected to it led the two

presidents to discuss it in court. During the same year, the last Joint venture was set up, with the German company Gewa GmbH. This is the only joint venture is still ongoing.

During this period the family's internal dynamics were linear and peaceful, and the exponential growth of the company allowed to give jobs also to indirect relatives, such as the brothers-in-law Bruno Barbini, Carlo Bonomi, and Marco Guazzoni. However, Carla Monzino decided to sell her participation fees, which Monzino SpA paid with the money gained from the closure of the Joint venture with Gibson. Due to this event and in anticipation of the entry of the eighth generation into the company, in 2002, the family decided to stipulate a family pact. The following list shows the aim of this agreement:

- Spirit of solidarity
- Sobriety in customs and behavior
- Stability in behavior
- Work culture, spirit of sacrifice and dedication for the common good
- Participation in business capital and any work activity as an opportunity for personal growth and effort to increase the wealth received for the benefit of future generations
- Commitment to avoid and work towards preventing conflicts
- Maintenance of the financial independence of the company
- Development the professional skills of family members
- Attraction of family members with greater skills to the company
- Foster of the entrepreneurial spirit, pushing them to undertake new activities
- Always take care and attention to quality and excellence
- Keep family members well informed about the situation of the company and its prospects
- Maximum respect for the corporate governance bodies and for those who perform roles of responsibility

- Development to the ability to adapt to change and evolution of the market and the company
- Commitment to the collaboration and the support of the activities of the Foundation and Onlus in pursuit of the statutory objectives as a tool for social promotion with a return of image also in the Group's business sector
- Compliance with the system of rules and principles signed in the Family Pact with commitment to periodic verification
- Maintenance and development of the social relationships in associative areas aimed at the concept of lifelong learning and in order to activate strategic alliances
- Compliance with governance rules, inferable from best practice, both at individual company and Group level, also taking into account related parties
- Avoidance of direct relationships of dependence between direct ascendants and direct descendants

5.2.2 The Crisis: from Distribution to Production

After the great period of the Joint Venture, a period of crisis has followed. The reasons for the crisis are several. According to Carlo Bonomi, previous CEO in Mogar, the problems started with the purchase of the publishing house Carisch, an Italian company based in Milan, founded in 1887 by the Swiss G.A. Carisch, together with A. Jennichen for the trade of musical instruments and texts.

It enjoyed a great reputation, in the 1960s Carisch was the first record label in Italy to distribute Beatles records. In 1989 it was purchased by Warner Chappell Music Italiana (AOL Group), and later in 2002 by the Monzino Group. The Carisch Group carries out the following activities: the production, marketing, and distribution of musical scores, lyrics with chords, Midi-Files,

DVDs, CD Roms, Methods, light music educational videos, and backing tracks, as well as the distribution of educational musical instruments and accessories.

Antonio VII believed in this company for its history and its activities, especially the ones related to education, which suits the values of the company. Moreover, there was also an historical bond as in its first decades, the Monzino workshop was dealing with the publishing field. Indeed, it can be considered a form of *Protecting the heritage*, as he was inspired by the previous firm's activity, and he tried to restore it with new meaning outside the core business. Also, Francesco Monzino attributes the blame for the company's problems is in 2008, when the manager of Carisch proposed a buy-out:

"2008 was the first year in which companies began to suffer, especially Carisch. The publishing house began to suffer from the collapse of the printed market, plus that year the historical manager of the company, Marco Volontè, had decided to buyout, so he had tried to leave the company and buy it back by making an offer to my father, who had found himself a bit displaced and he had decided to refuse it, so he had leaned on a new manager, Roberto Magrini, who came from Mediaset, so from a large companies and wanted to relaunch it. "

“Il 2008 è stato il primo anno in cui le aziende hanno iniziato a soffrire, soprattutto l'azienda Carisch, la casa editrice iniziava a soffrire il tracollo della carta stampata, poiché si vendevano molti meno spartiti, in più quell'anno il manager storico Marco Volontè dell'azienda, aveva deciso di fare un buyout, quindi aveva cercato di uscire dall'azienda e ricomprarla facendo un'offerta a mio padre, che si era ritrovato un po' spiazzato e aveva deciso di rifiutarla, quindi si era appoggiato a un manager nuovo storico, Roberto Magrini, che veniva da Mediaset, da grosse aziende e voleva rilanciarla.” (pag. 2)

Carisch suffered for two main reasons: the crisis of the printed paper and the wrong management practises. Indeed, Antonio VII turned to external consultants and managers who

were experts in large companies, while they were not used to a small/medium-sized company like Monzino. The crisis of this branch impacted also Mogar, which suffered because of the investments made in order to save all group.

In the meanwhile, Francesco Monzino was convinced by his father and Roberto Magrini to work in the family firm to help the recovery of Carisch. He remembered this period with mixed feelings:

“It lasted 5 years, I had a wonderful experience from a human and professional point of view in Carisch. Though, in those years the company was getting worse and worse. I started as assistant to the CEO, then sales manager, responsible foreign markets, up to country manager Spain. Starting from 2014, other companies of the Mogar group were showing signs of crisis, mainly due to investments in the MyAudio project, which had absorbed a lot of resources. There was a new external CEO, Federico Caporale, who had been called to manage the emergency and told me "I have to take care of Mogar and save the whole group, you take care of Carisch by restructuring it, by making it smaller and by relaunching it", promoting me to CEO. I made a relaunch Business Plan and after two months, to my surprise, the company was put into liquidation by the shareholders, and my father had to accept it because accounts were presented for which the company was no longer standing, accounts that I had not been introduced two months earlier, so I found myself from being the CEO than having to pass it on to a liquidator."

“è durata 5 anni, è stata un’esperienza bellissima dal punto di vista umano e professionale in Carisch, però sono stati anni in cui l’azienda andava sempre peggio, sono partito come assistente dell’amministratore delegato, poi responsabile commerciale, responsabile mercati esteri, fino a country manager spagna. Fino al 2014, dovrebbe essere giugno 2014, quando nel frattempo anche le altre aziende del gruppo Mogar dava segnali di crisi, e iniziava ad andare in perdita, dovuta principalmente a investimenti nel progetto Myaudio, che aveva assorbito tantissime risorse e aveva messo in crisi le finanze di tutto il gruppo. C’era un nuovo ad esterno,

Federico Caporale, che era stato chiamato proprio per gestire l'emergenza e aveva chiesto a me dicendo "io mi devo occupare di Mogar e salvare tutto il gruppo, tu occupati di Carisch ristrutturandola rimpicciolendola e rilanciandola" quindi mi aveva promosso amministratore delegato. Ho fatto un Business Plan di rilancio e dopo due mesi, a mia sorpresa, l'azienda è stata messa in liquidazione, dagli azionisti e mio padre ha dovuto accettarlo perché sono stati presentati dei conti per i quali l'azienda non stava più in piedi, conti che due mesi prima non mi erano stati presentati quindi mi sono ritrovato da essere l'amministratore delegato a doverla trasmettere a un liquidatore." (pag. 3)

This interview extract introduces the second main problem of the Monzino crisis: the project MyAudio. Antonio VII decided to make a major change in the company's core business, returning to the world of production. The reason was mainly related to the evolution of the market, which was opening globally and transferring to direct channels with the advent of online sales. Therefore, no longer seeing a future as a leading company in the world of distribution, he decided to change and return to production, relying on Monzino name and knowledge in the musical field. However, the production was not dedicated to the traditional products of the company's history, but Antonio decided to diversify horizontally by entering the market for professional audio tools, such as speakers and amplifiers.

He saw it as the market of the future, so he employed a lot of corporate resources on this project, which was officially launched in 2007, with the name of "MonSound". Francesco Monzino talks about his father's decision highlighting the focus of his father's desire for long-term sustainability and overconfidence:

"He wanted all the costs to create a future somewhere else, which were the proprietary brands. However, probably investing too much and concentrating one's resources on a project that did not go well is what blew everything up."

“Voleva tutti i costi creare un futuro da un'altra parte, che erano i marchi proprietari. però probabilmente l'investire troppo e concentrare le proprie risorse in un progetto che poi non è andato bene è quello che ha fatto saltare per aria un po' tutto.” (pag.16)

Indeed, Antonio VII underestimated the difference between manufacturing distribution. He found himself lacking knowledge, know-how and resources to lead the new project successfully. Indeed, the innovative mindset of the leader was requiring dynamic capabilities that at that moment they didn't own. Together with the financial crisis, internal family discussions began. As Francesco Monzino reported:

“As long as there was profit, everything was fine, when the losses and problems began, then the fighting started. Because the entrepreneurial strategic part was always handled by my father, my uncles who had never dealt with business, or in any case they partially had, found themselves having to recapitalize a company that continued to produce losses with project strategies that then suddenly didn't come true anymore and therefore it was lack of trust, or in any case the relationships with my father were quite cracked”

“finché c'erano utili andava tutto bene, quando sono iniziate le perdite e i problemi allora lì è venuto un po' meno il rapporto. Perché la parte strategica imprenditoriale l'ha sempre gestita mio padre quindi i miei zii che non si erano mai occupati di business o comunque in maniera parziale, si sono trovati a dover ricapitalizzare un'azienda che continuava a produrre perdite con delle strategie di progetti che poi di colpo non si avveravano più e quindi diciamo che era venuta un po' meno o la fiducia o comunque i rapporti con mio padre si erano abbastanza incrinati”.

(pag. 5)

Furthermore, also in this case, Antonio VII had turned to external managers who were not well regarded by the rest of the family, and who contributed to internal conflicts. In fact, in the opinion of the current president, the rest of the family thought that Antonio VII was calling

outside consultants who would agree with him, to convince the rest of the family to believe in the project. Indeed, Antonio VII tried to keep the company afloat with internal strategic changes, internal group ownership exchanges and even personal money payments. While the rest of the family detaches itself more and more from the crisis, buying the shares of the real estate and selling those of the Monzino group to Antonio VII. Francesco decides to intervene to help his father:

"I had sworn to myself not to return to the family business after the negative experience with the unsuccessful ending of Carisch, I saw at that moment that the company continues to need recapitalization. My uncles had pulled back so the only person who kept putting money back into the company to keep it afloat was my father. Though there were 9 million debts and my father made increases the capital by € 200,300,500,000, so we were only making palliatives. On the other hand, he was ruining everything he had built in a lifetime on a family and personal level, and he was giving the company a few months of oxygen, without solving the problem, because the problem was much bigger. So we got to the last fight, and I had to tell him "if you want me to help you and go back to the company, you have to write in front of a lawyer that you will no longer put € 1 in the company; if the company has to collapse, it will collapse." We have done everything to save it but it is useless to collapse the company and the family because at that moment my mother and a whole series of personal relationships were also collapsing so he accepted gritting his teeth at this agreement. "

"Mi ero giurato a me stesso di non rientrare più in azienda familiare dopo l'esperienza con l'epilogo negativo di Carisch, però in quel momento l'azienda continuava ad aver bisogno di ricapitalizzazioni. I miei zii si erano tirati indietro quindi l'unica persona che continuava a rimettere soldi in azienda per tenerla a galla era mio padre. Però in quel momento vedendo che c'erano debiti da 9 milioni e mio padre magari faceva aumenti di capitale di 200, 300, 500.000 €, vedevo che stavamo solamente facendo dei palliativi, che a lui a livello familiare e personale

stavano rovinando tutto quello che aveva costruito in una vita, all'azienda gli stavano dando 1, 2, 3 mesi di ossigeno e non risolvevano il problema perché il problema era molto molto più grande. Quindi siamo arrivati all'ultimo scontro e dire “se vuoi che ti dia una mano e rientri in azienda mi devi mettere per iscritto anche davanti a un avvocato che non metti più 1€ in azienda; se l'azienda deve crollare crollerà”. Abbiamo fatto di tutto e di più per salvarla ma è inutile far crollare l'azienda e la famiglia perché poi in quel momento stava crollando anche mia madre e tutta una serie di rapporti anche personali quindi diciamo che lui ha accettato stringendo i denti questo accordo.”(pag.6)

From this moment on, with the help of Francesco Monzino, a recovery plan began. With Carisch and MonSound closed, part of the real estate goods separated from the Monzino, the profit come from Mogar, which kept the distribution business with a positive outcome, even if it was impacted by the overall crisis, and from the Joint venture with Gewa. Thus, to cover the debts caused by the unsuccessful strategic choices, Antonio VII and Francesco Monzino stipulated a deal with Zoom, a Japanese distribution company that bought 50% of Mogar's shares in 2018, and finally the total company in 2021. The sale of Mogar marked the end of the distribution business.

5.3 Organizational Values of Monzino Spa

Labour culture and dedication

This analysis of the evidences highlighted the strong labor culture that unifies the family and that has been transmitted along with generations. This has been the first imprinting that generations transfer one each other. As emerged from the interview with the current President Antonio Monzino VII, when the 7th generation entered in the business, Monzino family members felt a strong devotion for work and for their family firm, so much that Antonio VII considers it as an element that unify him with his siblings:

“Within Monzino, the value of dedication to work have accompanied us from the beginning. I think the thing that brought us together the most is work. Today, this value is no longer felt strongly by all the family members”

“Nella Monzino i valori che ci hanno accompagnato fin dall'inizio e soprattutto all'inizio nella famiglia, poi magari c'è stata qualche deviazione, sono stati quelli della condivisione del lavoro. Credo che la cosa che ci abbia unito di più è il lavoro”. (pag. 1)

This value is still transmitted to the following generation. Francesco Monzino (8th generation family member and Antonio VII's son), in his interview, mentioned the importance of work as a family value:

“My father transmitted me the values of professionalism and being able to give the example, the working hours, the fact that if you ask 10, you have to give 12 to anyone, to all your interlocutors. Today, he still transmits to me these values with his 82 years old and coming into the company all days”.

“I valori che mi ha trasmesso mio padre sono la professionalità e il dare l'esempio, le ore di lavoro, il fatto che se chiedi 10, devi dare 12 a chiunque, tutti i tuoi interlocutori. Questa è una cosa che mio padre mi ha trasmesso e mi trasmette ancora oggi a 82 anni venendo in azienda tutto il giorno”. (pag.11)

Family attachment and internal discrepancies

Antonio VII has lived the business atmosphere since his young age, in close contact with many famous musicians, luthiers, and the overall firm's environment. The picture below shows Antonio VII when he was a child, together with his father Antonio VI and famous Milanese luthiers, such as Ornati, Garimberti and Bisiach brothers.



Figure 19 - Antonio VII, Antonio VI and famous luthiers

Moreover, he was the firstborn son, so he felt the responsibility to follow his father's path more than the others, developing a strong bond with him. As he told in an interview conducted by Maria Chiara Corazza and Giuseppe Paletta:

"My father and I had a very close relationship, perhaps because we went hunting and fishing together, although as the years went by it became more and more dialectical"

"Io e mio padre avevamo un rapporto molto stretto, forse grazie al fatto che andavamo a caccia e pesca insieme, anche se con il passare degli anni esso diveniva sempre più dialettico"¹

His childhood and relationship with his father created a strong family attachment in Antonio VII.

This feeling is translated into his vision of the family firm. As he reported in a letter to his brothers and sisters:

"I have always thought of the family business as a field, left by the father, to be cultivated to reap the fruits as a farmer does, and then pass it on, with the necessary knowledge and know-how, to the next generation."

¹ "Il commercio "racconta" Milano". Initiative made in collaboration with "Centro per la Cultura d'Impresa"

“Ho sempre pensato all’azienda di famiglia come ad un campo, lasciato dal padre, da coltivare per raccogliere i frutti come fa il contadino, per poi trasmetterlo, con il sapere ed il saper fare necessario, alla generazione successiva.” (pag.19)

Though, from the analysis of the data, it appears that this vision is not shared within rest of the family, whose members show different interests. Starting from the 7th generation, only Alberto and Carla Monzino have had operational roles within the firm, while the in-laws Margherita and Vittoria were not actively involved in the business. Nowadays, Antonio VII sisters decided to renounce their position as partners in the firm, selling their own shares. Overall, they have a different vision of the firm and a different attachment. While Antonio VII has a great attachment to the history and the firm, the other 7th generation members have a less emotional bond with it. When I asked about this specific topic, Antonio answered:

“The company has always been seen just as a means to get resources, to go on over the years and to give jobs to the people employed”

“No, non era condiviso. L'azienda è vista come un mezzo per avere risorse, per andare avanti negli anni e per dare lavoro agli occupati” (pag. 12)

The discrepancy of thoughts in the family was due to many reasons, such as different characters and interests, different educations, and different childhood. As mentioned before, Antonio had a strong bond with his father, but also a different vision. When working together, they had several discussions on how to run the business, and the divergency of opinions had consequences also on the family dynamics. As highlighted by Antonio himself:

"Discussing work-related issues with my father when we were at home created some problems in the relationships within the family, because when me and my father went back home in the evening, we argued there, and my brothers and sisters who were all together in this apartment listened to the discussions, maybe they even suffered, because they were not yet in the

company, and in those moments may be some misunderstanding in the evaluations was also created. They used to say "you were always against dad" or things like that..."

“Discutere di problemi lavorativi a casa ha sicuramente creato qualche problema nei rapporti familiari, perché tornando a casa la sera discutevamo lì, e gli altri fratelli che erano tutti insieme in questo appartamento, evidentemente ascoltavano, e magari subivano anche, perché ancora non erano in azienda, e così magari si è creato anche qualche fraintendimento nelle valutazioni. Dicevano “tu eri sempre contro papà” o cose del genere...” (pag. 7)

This family-business attachment has been transferred to the 8th generation. Precisely, the members of the last generation have a family attachment that corresponds to what their parents transmitted to them. Indeed, the components of the 7th generation who felt a minor bond with the family firm, and who left the board over the years, transmitted the same feeling towards to business to their children.

Today, only Alberto and Antonio's sons, Andrea & Nicola and Stefano & Francesco, are partners of the firm and possible successors. The other components of the 8th generation are not involved in the business, some of them are not interested, and some others have divergent opinions about it. Antonio VII during an interview, told me an episode that highlights the low interest felt by a member of the 8th generation toward the future of the family business

"At the end of the summer we used to have a reunion of the whole family in our house on Lake Maggiore. There one day, Matteo, one of Carla's sons, said, "Our family firm Monzino doesn't exist anymore, there is no point in wasting other resources in it."

“a fine estate sul lago maggiore dove c'era la casa dei nonni avevamo la consuetudine di fare una riunione di tutta la famiglia e lì un giorno, uno dei figli di Carla, Matteo, quello in mezzo disse “eh ma tanto la Monzino non esiste più, non c'è motivo di investirci ancora risorse” (pag. 14)

Dual Nature of History

As a second value characterizing Monzino Spa we recognized a controversial feeling about their past, which was defined by members of the eighth generation as a double-edged sword. On the one hand, past was defined as a great honor and family business members have grown up aware of the historical family they came from. On the other hand, past is considered as a symbol of the great responsibility that causes a lot of pressure, especially for the 8th generation. As testified by one of our informant:

“On one hand, our family's history is definitely a spur because we have to maintain it, but on the other hand that loads you with a lot of responsibility.” (Nicola Monzino)

The members of the 8th generation, namely Andrea, Nicola, and Francesco Monzino, have different but participatory approach toward the organizational history. For instance, Francesco Monzino, Antonio VII son, spent his childhood surrounded by the family firm's environment. Hence, he had a strong family attachment transmitted by his father, but at the same time, he has a different approach to the history behind the family and firm. He is aware of its value, but he saw it as a point of strength to exploit, without being too focused on it. In his opinion, it has a double face as it can be a source of power, but it also could hamper the innovation side of the firm:

"In my opinion, and this is one of the discussions I often have with my father, history plays a very important role because you don't have to start from scratch every time, and you are aware of where you come from what you did, what you did wrong, what went right. However, you have to contextualize the history and the knowledge into the current market."

“secondo me, ed è una delle discussioni che ho spesso con mio padre, la storia gioca un ruolo importantissimo perché così non devi ripartire ogni volta da zero e sai benissimo da dove vieni, cosa hai fatto, cosa hai sbagliato, cosa è andato bene. Però poi devi calare la storia nel contesto attuale.” (pag.12)

As members of the 8th generation, Andrea and Nicola Monzino, consider their own family roots a heavy responsibility and a great honor as well. For instance, Andrea, has had a central role in the Foundation Antonio Carlo Monzino, which is the part of the organization that mostly enhances the traditions and values of the Monzino history. He identified the attachment to the history and the traditions as the first value of the organization. But he also considers it a double-edged sword:

“I feel a very strongly the attachment to history and tradition. Since we were children, we have always lived knowing that there was this long great history behind us, an important value but also a double-edged sword. It is a huge responsibility having so much history and be able to carry it on and to pass it on for at least another 250 years.”

“L'attaccamento alla storia e la tradizione io li sento molto forti. Abbiamo sempre vissuto fin da piccoli sapendo che c'era questa lunga grande storia alle nostre spalle, un valore importante ma anche un una spada di Damocle. Perché avere così tanta storia e riuscire a portarla avanti per tramandarla per almeno altri 250 anni è una grande responsabilità.” (pag. 1)

Nicola Monzino, on the other side, is the first member of the 8th generation who dedicate himself to the art of lutherie which directly goes back to the family business roots. After a period in the organization with an operational role, he decided to change his life and take back the old tradition of the family. This fact surely denotes a great family attachment and a desire to bring forward traditions held in history. On the other hand, he finds some difficulties to deal with the reputation of his family as he recognized:

“On one hand, history certainly is a spur because I say to myself ‘we have to maintain and communicate our history’, but on the other hand this loads me with a lot of responsibility. For example, my classmates who came from totally different environments, they start working where they prefer. I feel greater expectations on my shoulders. So, now I have more reluctance

to expose myself with my musical instruments, because I always want to be completely sure to appear as a professional”

“si la storia sicuramente è uno sprone da una parte perché mi dico “cavoli dobbiamo mantenerla questa storia”, ma dall'altra ti carica di una responsabilità notevole. Cioè i miei compagni di scuola che arrivavano da tutt'altro, iniziano, vanno e hanno solo da crescere.

Per me, l'ho sentito tante volte quando si parla, c'è un'aspettativa maggiore. Quindi io adesso ho anche più se vogliamo di reticenza a espormi, magari anche sui social, con gli strumenti perché ho sempre ancora un po' la sensazione, la voglia di sicurezza di uscire con delle cose professionali.” (pag. 5)

The data collected shows that seventh-generation members have a different perception of history than the eight-generation. In fact, the previous generation has transferred the value of company's history and traditions to the descendants, but at the same time 8th generation members perceive it as a source of pressure and responsibility. On the one hand they see the family's past as an asset to be valued and exploited, on the other hand they are partly more detached from it and resent the limitations that history brings in terms of responsibility. This has led them to be more risk-averse and more reluctant to rely on the past at the level of strategic renewal and innovation.

5.4 Maintaining the Essence: Fondazione Antonio Carlo Monzino and Its Roots

A fundamental institution part of Monzino enterprise is the “Fondazione Antonio Carlo Monzino”. This institution can be defined as a satellite that revolves around the family business, which manages to sustain itself through the enterprise, while it returns to it the holding of values and traditions. To understand his origin, again I have looked in the past. In particular, I had to go back to Antonio Giacomo Monzino IV. As previously mentioned, he gave a great

imprinting to the family business and the following generations. He was part of important projects that can be considered the groundwork of the current “Fondazione AC Monzino”: in 1879 he was one of the founders of the orchestral society of the Scala of Milan, and created two other orchestras dedicated not only to expert musicians but also to amateurs.



Figure 20 - Antonio Monzino IV founding member of Scala

In 1885 he founded a club of amateur mandolinists and guitarists of Milan, the “Circolo dilettanti Mandolinisti e Chitarristi di Milano” and the club of young amateur mandolinists and guitarists of Milan, the “Club delle Signorine Dilettanti Mandoliniste e Chitarriste di Milano”. Both of them were entrusted to the mandolinist Angelo Alfieri, who in a memoir dating back to 8 July 1911 wrote:

"at the end of the year 1884 the first amateurs of mandolin and guitar who were in Milan met each other (...). They played music from Beethoven, Schubert, Brahms etc. There were evenings when distinguished ladies of the very high society and some teachers attended the events (...). At that time the mandolin was a new trend, as was forgotten for many years. The next year, as passion for mandolin gradually began to develop - I have seen people of a certain age take up the guitar again after twenty years that they had forgotten it in the attic. (...) Mr. Monzino and I are solely responsible for the diffusion and passion for the study of the mandolin in Milan".

(ASCM, Angelo Alfieri, L'inizio del Mandolino in Milano)

Two aspects which emerge from this testimony: the attribution of the success of the mandolin to Monzino and the desire to spread the knowledge of music, influencing and helping people to play musical instruments. Since Antonio Giacomo IV, these values remained in the Monzino family's DNA.



Figure 18 - Logo Foundation Antonio Carlo Monzino

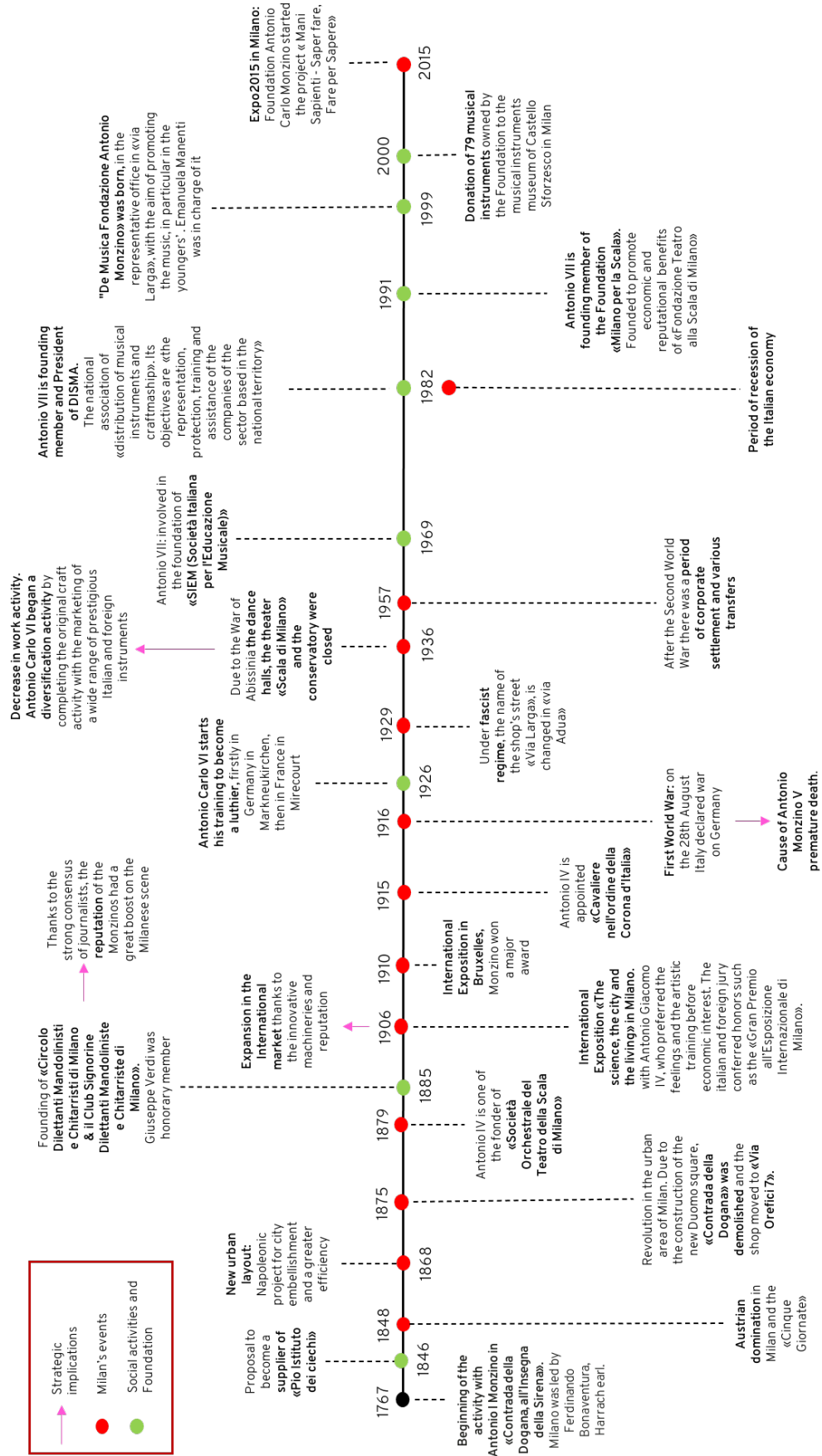
Thus, the social inclination which derives from a member of the Monzino family, is nowadays spread by the Monzino's Foundation. Its origins are well explained by the co-founder Emanuela Manenti Monzino, Antonio VII's wife:

“In 1750 the voice of a mandola got into the heart of an enterprising luthier talented collector, who started an activity in Milan. Since then, the descendants of the founder Antonio Monzino, because the “Antonios” have always followed one other, we are at the 8th generation, kept and expanded the family activity becoming a national and international reference point in the music and instruments field. Monzino's family is strongly decided on the necessity of engaging in the social and musical culture fields. For almost twenty years it works through the foundation “Fondazione Antonio Carlo Monzino” destining to it a majestic musical instruments collection, built in more than 260 years of activity. The collection is visible as a permanent exhibition in the two rooms dedicated to the musical instruments museum at Castello Sforzesco”

“Nel 1750 la voce di una mandola entrò nel cuore di un liutaio intraprendente abile collezionista che avviò un'attività a Milano. Da allora i discendenti di quel capostipite Antonio Monzino, perché gli Antoni si sono sempre susseguiti, siamo già all'ottava generazione. Hanno continuato e disteso la loro attività fino a diventare oggi un punto di riferimento nazionale e internazionale nel mondo della musica e degli strumenti musicali. La famiglia Monzino è profondamente convinta della necessità di impegnarsi nel campo del sociale e della cultura musicale. Da quasi vent'anni agisce tramite la Fondazione Antonio Carlo Monzino costituendole in patrimonio un'imponente raccolta di strumenti musicali collezionati e costruiti in più di 260 anni di attività. La collezione, visibile come mostra fissa nelle due sale dedicate al museo degli strumenti musicali del Castello Sforzesco” (pag. 14)

These words were written by Emanuela after a conversation with his father-in-law. Antonio VI owned an important collection of ancient musical instruments, unused and not exploited. The social attitude that characterized Antonio VII and Emanuela led them to the idea of a donation to the museum inside Castello Sforzesco, to preserve and protect such heritage. Even if Antonio VI was not initially convinced about the creation of a Foundation, the idea of an organization that granted protection and care of a part of his life made him change his mind. In the following timeline, the roots of the foundation and some of the main projects that marked his history are shown.

Figure 21 - Timeline Foundation and Milan



The AC Monzino Foundation has three main objectives:

1. Traditions' Custodian: preserve the Monzinos' patrimony and heritage;
2. Music as education: support and increase the learning of musical practices inside education;
3. Music as prevention: promote the scientific research on the music knowledge benefits;

The first objective refers to the willingness to transmit the organization's values and history, on one side by making the musical instruments available to the community as they are exhibited in an influential location in the heart of Milan and, on the other side, to preserve the abstracted goods deriving from the history. In other terms the Foundation is the custodian of the traditions and values created along with the firm's history. The second objective represents one of the main values of Monzino. In particular, it is strongly supported by Antonio VII and Emanuela, who firmly believe in an African proverb: "*if you educate a boy you make a wise man if you educate a child you build a nation*". Through the Foundation and its activities, Monzino has the opportunity to spread this value inside the community, especially among the youngest ones. Indeed, the major interest of the foundation is to promote the education of music practice in primary schools, in particular in the ones located in disadvantaged areas. To reach this goal, it cooperates with social entities and influential politicians. Moreover, it organizes educational work labs such as the project "Mani Sapienti", which was born during Expo 2015 in the Panoramic Rooms of Milan's Castello Sforzesco, where a violin-shaped workshop was recreated, and visitors could observe the work of master violin makers. Today, the project continues in Milan's elementary schools where Nicola Monzino shows young students how to make a violin and teaches them how to build a mandolin with a special kit.

The value is also concretized with the project "Musica in carcere". In this project, the Foundation promotes the teaching of music to prisoners in Bergamo and Bollate jails with a

recovery function. This value reflects the social responsibility felt by the Monzino family. In Emanuela Manenti's words:

"The Foundation and the non-profit organization were born as a musical composition, and those who have conceived and willed them, implemented and managed them so far, started from a vision: from a *deep sense of responsibility to the community*, in which we operate, as a return of a part of what we have gained from the economic activities of the group over the years, *from a knowledge and sharing of what is happening in the social context*, where we operate in the role of entrepreneurs for sustainable development, from *a dutiful sensitivity marked by principles of solidarity and subsidiarity* and possibly farsightedness."

"La Fondazione e la Onlus sono nate come una composizione musicale, e chi le ha pensate e volute e realizzate e gestite fin qui è partito da una visione, da un profondo senso di responsabilità verso la comunità, nella quale operiamo, come restituzione di una parte di quanto abbiamo ricavato dalle attività economiche del gruppo negli anni, da una conoscenza e condivisione di quanto sta avvenendo nel contesto sociale, dove operiamo nel ruolo di imprenditori per uno sviluppo sostenibile, da una doverosa sensibilità improntata a principi di solidarietà e sussidiarietà e possibilmente lungimiranza." (pag. 22)

The third objective indicates the interest in the powerful benefits that music and its practice bring to the society, corroborating the thesis and supporting the second objective. It is also a way to gain credibility: Monzino is not pursuing the "music in the education" objective because of personal economic interest, as they are music instruments producers, but it mostly sponsors this belief because the firm believes in it and its positive influence on the community health and sustainability.

As stated by Antonio VII:

“Music as prevention in the area of health: there are pathologies that affect the neurological system, have a great possibility of prevention thanks to music. It can protect against the arrival of this pathology. [...] We have to be very careful because often music is promoted in the context of listening and here it is obvious, [...] but it is fundamental the making of music, as we do with sports to make the body keep healthy, “Mens Sana in Corpore Sano”. As we refer to the making of sports, we should do with the making of music I find a great parallel between the two.”

“La musica come prevenzione nell'ambito della salute: ci sono patologie che riguardano il sistema neurologico, che hanno una grande possibilità di prevenzione grazie alla musica.

La musica riesce a proteggere dall'arrivo di questa patologia. [...] Bisogna stare molto attenti perché spesso e volentieri la musica viene promossa nell'ambito dell'ascolto e qui è ovvio [...] ma di fatto è fondamentale il fare musica, esattamente in parallelo con lo sport per avere il fisico sano, “Mens Sana in Corpore Sano”, è dovuta proprio al fare sport, com'è il fare musica. Io trovo un grande parallelo tra le due cose.” (pag. 5)

According to Emanuela and Antonio VII, at the beginning the idea of the Foundation and especially the donation was not shared within the family, especially by the indirect relatives. As highlighted by the two founders, the other family members were more interested in the profit gained from the opportunity to sell the patrimony despite of the contribution to the society:

"Foundation was born because when we talked about the instruments and the collection, someone in the family, especially some brothers-in-law, said "we had done an appraisal and the value is one billion and six," and at this point, someone else said, "let's sell them". Though, we thought it would be useful to transmit the patrimony we received from our ancestors, that is, the collection of antique instruments, also enriched by precious instruments that our father bought and did not sell as he recognized their historical or intrinsic value."

“la Fondazione è nata perché a un certo punto parlando degli strumenti e della collezione, qualcuno in famiglia, parliamo di cognati magari non proprio di fratelli e sorelle, hanno detto “abbiamo fatto fare una perizia e il valore è di un miliardo e sei”, e a questo punto qualcuno ha detto “vendiamoli”, noi abbiamo invece pensato che fosse utile tramandare quello che ci derivava dai nostri avi, cioè la collezione di strumenti antichi, in parte anche arricchita da strumenti che nostro padre che ha acquistato poi non venduto, riconoscendone il valore storico o intrinseco di liuteria.” (pag 4)

5.4.1 Business vs Values

Here again, emerges a discrepancy within the family interests and vision. There are divergent opinions regarding the sustainability of the Foundation and its role inside the Monzino Group.

Antonio VII appears to be involved in the organization not only for its financial benefits but also for its intrinsic meaning and purpose, while some other relatives even if are proud of the history and traditions, have a different scale of values. The firm is firstly a guarantor of economic security and welfare, then a social organization. This feeling will be also reflected in the organs that make up the entire Monzino system. The business side of the organization is aware of the values and activity of the Foundation, but they are not involved and, in some cases, appear to be relatively interested in it.

Nowadays, the organization is managed by Andrea Monzino (8th generation family member), with the help of Emanuela Manenti and Laura Bove, a Milanese musician that got close to the Foundation because of her interest in the social field. Andrea Monzino has a precise vision of the Foundation, especially regarding its relationship with the business side of the Monzino group. As he told us during the interview, in his view, the culture has a central and predominant role, while the consideration for the business is secondary inside the Foundation. It emerged a separation inside the group.

“The business side has its dynamics, while the Foundation has other dynamics, they are different from nature. The business has to think about making the economic side work in order to bring out the profit, while the Foundation can forget about that. Rightly, the Foundation doesn't care about the economic side, because its profit is the spreading of culture”

“Il business sta giustamente alle sue dinamiche, e la Fondazione ne ha altre, sono diverse per natura. La dinamica è diversa, il business deve pensare a far funzionare il lato economico per tirar fuori l'utile, mentre la Fondazione di questo se ne può dimenticare. Non gli interessa giustamente, anzi l'utile della Fondazione è la diffusione della cultura” (pag 5)

Francesco confirms this boundary inside the organization as he referred to the Foundation and the value of “music as education” as a thing that was born to complete the group, but at the same time is separate from it. In the interview he highlighted the boundaries between the two subsystems:

"I don't forget the Foundation and the firm's values, for example we try inside Mogar to have certain catalogs or products dedicated just to education. However, in the end it is a company of commerce and distribution of products, so it is difficult to drop inside the positive value of music. So, I've always seen the aspect of values on my mother's side, so the Foundation side, which perfectly complements and completes the group sphere. Though, it is a little bit disconnected from the company, except when the company was doing very well, and it was able to contribute to projects and actively participating in the Foundation's activities.”

“Non la dimentico, cerchiamo anche dentro Mogar di avere determinati cataloghi o prodotti dedicati proprio all'educazione quindi sì però poi alla fine si tratta di un'azienda di commercio e di distribuzione di prodotti, quindi è difficile calare dentro il valore positivo della musica. Quindi l'ho sempre visto più lato mia madre, lato della Fondazione, quel lato che complementi e completi perfettamente l'ambito gruppo però un po' slegato dal discorso azienda, se non nei

momenti in cui l'azienda andava molto bene e contribuiva nei progetti e partecipava attivamente.” (pag.11)

Though Francesco has a divergent idea from Andrea on how the Foundation must sustain itself. In his opinion the Monzino Group can't afford the Foundation as it is now, in terms of economic and sustainability plans. During the interview he stated that the Foundation as well needs a business plan in order to survive:

“The Foundation as well needs to have an operational role in order to subsist and to maintain itself. Our family is not able to finance the Foundation at its current state, but there is a need for an operational plan, through which managing and pursuing the projects, obtaining regional, public or private funds plus. We can't rely only on memories, on a collection of instruments at Castello Sforzesco.”

“La Fondazione deve avere un ruolo operativo per sussistere, per mantenersi. Nel senso che non abbiamo dietro una grande famiglia che possa continuamente foraggiare e finanziare, c'è bisogno di una Fondazione operativa in cui si faccia determinati progetti, che ottenga determinati fondi regionali, pubblici o da privati. Non possiamo vivere solo di memoria, di collezione di strumenti al castello.” (pag. 16)

In conclusion, from coding and triangulation of data firstly emerged the imprinting given by the ancestor Antonio Giacomo Monzino IV in terms of values and traditions. The origin of the social sentiment towards the community surely enhances the current state of mind of some of the family members. Most of all, Antonio VII has a strong attachment to his family traditions. The fact that his family in the past had a social role in the community, makes him feel responsible to transmit and pursue the same goals. He seems to desire a unique group between business and foundation, working together to fulfill each other goals. Indeed, as he firmly

believes in the power of tradition, he wanted to constitute the foundation with a revival approach, restoring valuable traditions that were not exploited. As Carlo Bonomi referred during the interview:

“I would say that Antonio Monzino's activities and personal initiatives have been extremely significant in this sense: an excellent man of relationships has always seen far in terms of the development of musical education and certainly Antonio has been extremely good at carrying out this thing that he felt that it is part of his DNA more than any other member of the Monzino family.”

“Direi che le attività personali e le iniziative personali di Antonio Monzino sono state estremamente significative in questo senso: eccellente uomo di relazioni ha sempre visto lontano in termini di sviluppo dell'educazione musicale e sicuramente Antonio è stato estremamente bravo a portare avanti questa cosa che lui sentiva, che fa parte proprio del suo DNA, lui più che qualsiasi altro membro della famiglia Monzino.” (pag. 6)

5.5. The Final Renewal: Innovation Through Tradition

After the hard period the firm has faced, a rebirth is expected. At least, this is what Antonio VII is planning, to sustain his family firm and left it to the 8th generation. His plan for the future is based on an Innovation through Tradition process. Antonio VII's project, created with the help of the Politecnico di Milano, plans to resume the original tradition of the Monzino family, respecting the LTO model:

- Continuity: the President wants to connect the history of the family, the current challenges, and the future, leaving the firm to the 8th generation with a perspective of constancy and longevity.
- Futurity: as before he felt to have followed the market without long-term planning, now he learned from the experience and he wants to have a long-term vision.

- Perseverance: even if the situation could be difficult, he and the rest of the family are not giving up.

The company wants to go back to its roots, namely the production of stringed instruments. Therefore, Monzino wants to exploit the power of his history, leveraging his knowledge. On the one hand, he also wants to leverage on the tacit knowledge, though the organizational values kept by the Foundation, by taking advantage of the codified archive, therefore all those material assets preserved in the foundation and belonging to the Monzino heritage, such as sheet music and musical instruments. The company, therefore, needs internal alignment to develop an interiorization capability, so be sure that those who participate in the project are fully aware of the Monzino history and tradition.

After the period of strong crisis, there was a strong internal detachment in the family. Currently, only the brothers Antonio and Alberto, and their respective sons, Stefano and Francesco, Nicola and Andrea have decided to remain on the board of shareholders. Vittoria has decided to sell her shares while Margherita Monzino will donate them to the grandchildren who remain in the company. Alberto has an almost nominal role, so the alignment will have to be between Antonio VII, the promoter of the project, and the members of the eighth generation who will take over the reins of the company. All of these characters are well aware of Monzino's history and traditions, in particular Andrea who has always been in charge of the Foundation and Nicola who has decided to take over his grandfather's business and undertake a training course as a luthier.

The interiorization highlighted the role of the Mandolin. As explained in the first paragraph of this chapter, the invention of the Milanese mandolin is attributed to the Monzino family, characterizing the production of the workshops. An innovative model was also found in the archive, as you can see below, with the Mogar brand.



Figure 22 - Electronical Mandolin, '50-'60 branded Mogar

The future project wants to reinterpret the mandolin tradition with the construction of innovative techniques. Antonio VII wants to rely on a pair of luthiers trained by a master luthier and his pupil, a young boy with a degree in Physics of Materials, who by combining the two formations, build musical instruments of the highest quality and innovative on the market. As already mentioned, Antonio Giacomo IV (the ancestor that mostly gave the imprinting) was also a physics enthusiast, a curious proof of the theory that history is cyclical. The project does not stop there. Given that the relationship with the Milanese territory and society which has traditionally been deeply felt within the company, the current property in Lainate, which is difficult to sell due to structural compliance and at its current state is not exploited, will be used for the construction of a museum that will retrace the history of the family and its musical instruments. Furthermore, the social side and the value of musical practice in education will not be put aside. The Monzino Foundation, in addition to the already existing projects, will take care of spreading the practice of the mandolin in schools, in particular in musical institutes.

Hence, this strategy concretizes the theoretical concept of *innovation through tradition*: the resumption of a product that is part of the heritage of a company, giving it a second life through new construction techniques on the market. In this way, Monzino can enhance both the value of traditions and innovation. The opinions on this new project do not seem totally aligned. There has certainly been strategic learning that has led to approaching projects with greater prudence. Antonio entrusted the project to expert family business consultants, to ensure a greater chance of success. Francesco Monzino, on the other hand, is open to his father's proposals and to leveraging the family traditions, but he wants greater security on the return of the mandolin as a successful instrument, therefore a careful study of the market. He strives more towards an even more modern business, combining the tradition and values of Monzino with the world of services. Andrea is also risk averse and, although the idea excites him as he sees the potential of his family's story, he wants to make sure the project is solid. The rest of the family can be assumed to have shown little interest in this project as they left the group.

5.6 Antonio VII The Idealist

During my historiographical research, in addition to emerging Monzino's history and milestones, some factors emerged several times during my observations and interviews. Among the most recurrent was the figure of Antonio called "The Idealist". The personality of the current leader has certainly emerged to be very strong, as well as his desire to make the company successful. As we have seen, his great determination also led to some conflicts within the family. He is a leader who strongly believes in his company and is also a risk-taker. In his family, his father stood out for his practicality, while he for bringing forward ideas that were sometimes considered too abstract, in the sense that they did not take into account the current state of things but only ideals. He is the one most bonded to the Monzino traditions, the one who most sees its potential as a source of values and competitive advantages. This great strength

and responsibility that he feels, led him at times to choose impulsively, without considering a long-term view, sinning overconfidence, also due to the successes obtained with the joint venture period.

For example, Francesco during the interview talked about this personality trait of his father, linking it to strategic choices that he did not agree with:

"The mistake made by my father, who always aims high, of calling managers who have had experience in very large companies has not proved successful in my opinion."

“l'errore commesso da mio padre, che sempre vede molto in alto, di chiamare manager che hanno avuto esperienze in aziende molto grandi non si è rivelato vincente secondo me.” (pag. 18)

Also, Laura Bove, member of Monzino Foundation, talks about Antonio as the “Idealist”:

“Antonio is a very idealistic man, sometimes you even have to put some stakes on him because he goes further. He has this strong sense of believing that music can improve people ”

“Antonio è un uomo molto idealista, ecco per quello che conosco, a volte anche bisogna mettergli magari dei paletti perché appunto va oltre. però ha questo senso di credere che la musica possa penso migliorare le persone” (pag.3)

Marco Guazzoni, an indirect relative who worked in Mogar for some years before the crisis, partially attributes the problems that occurs to the leader:

“When I worked there, I observed the family dynamics and on one hand, I saw a man in love with a dream, and on the other hand the other family members, who probably were less interested in learning the business. That’s why, apart from an initial discussion, the family let Antonio VII lead the firm, respecting the *pater familias*. He was the one who always has been into it, and he dedicated a lot of time, energy, money, and passion to the company, even in lateral activities such as being president of Disma or doing a whole series of initiatives that

were outside the core competence of the company, but functional to the organization and its reputation in the market. Though, regarding the secondary activities were being carried out without a concrete conclusion, bringing no real benefit to the corporate side. In other terms, the organization could have exploited more these initiatives, by building a competitive advantage from these or capitalizing some of the things done. In my opinion, the other family members did not interfere in these decisions because there was the fear of disrespecting someone who had a dream and a strong attachment that others did not share.”

“C'è stata una catalizzazione di qualcuno innamorato di un sogno e dall'altra parte gli altri familiari probabilmente meno preparati, che a parte una discussione iniziale poi hanno lasciato guidare rispettando quello che chiamiamo il pater familias. era quello che comunque c'è sempre stato dentro e ci ha dedicato tanto tempo, energie, soldi, passione anche in cose funzionali al settore come essere presidente della Disma, come fare tutta una serie di cose che erano al di fuori dell'azienda ma funzionali all'azienda. dove però poi magari il tirare anche un po' le conclusioni o portare a non dico proprio vantaggio sempre ma cercare di capitalizzare alcune delle cose fatte non si è arrivati in fondo. Quindi secondo me c'è stata paura di mancare di rispetto a qualcuno che aveva un'idea, un sogno che però gli altri non dividevano.” (pag.8)

Also, Antonio VII is aware of this trait of his personality, though he feels attacked for it:

“I was the idealist; I recognize myself with this noun. Though my family at some point accused me to be just the idealist, without considering the other things I have done for the firm”

“io ero l'idealista, con questo mi riconosco. Ma la famiglia a un certo punto invece mi accusava di essere solo idealista, cioè tutto il resto non contava” (pag.12)

5.7 Final considerations

From these findings emerged several intriguing topics to be considered. The Monzino history is indeed marked by a successful growth that over the years built the basis for a company leader in the market. Though, in the last fifty years during the leadership of the 7th generation, especially Antonio VII's guidance, the firm has experienced a crisis that ventured the future of the Monzino family firm. In this analysis emerged some internal inconsistencies, that probably contributed to hampers the firm and which could also be an obstacle to its future.

Table 5 - Monzino tensions

	Desire for long term sustainability	Strong family and traditions attachment	Strategic renewal and ITT
Plans with a short-term sustainability	In the last decades, the firm has made strategic choices following the trends of the market, without planning a long-term vision. On the other hand, the final goal was the sustainability of the firm.	The willingness to succeed and the confidence in the firm's history led the board to decide with a positive attitude, without considering long-term planning.	ITT has been partially done in the MonSound project and Carisch, where the strategic plan was not properly formulated to be long-term. Currently, the recovery plan is based on ITT, and the firm learned from experience
Controversial opinions within the family and company	In the beginning, the family was following Antonio VII as it was the most interested and capable inside the firm. Though, when his choices were risky, the family began to lose trust	The family attachment is different inside the company, Antonio VII is the most bonded. This internal disparity led to some different opinions on the strategy to pursue. Moreover, there are different approaches to family attachment: Antonio VII is a risk-taker, while the rest of the family is more risk averse.	The new project is not fully shared by the company. Some of the relatives are more interested in the economic side of the firm and are willing to give up on the firm as they lost trust.
Different organs inside the group: internal business separation	To improve some strategies and different aspects of the company (business & values), the spin-off "Mogar Music"	The attachment to history is mostly represented by the Foundation, which is less interested in the business part. While who	Mogar was not involved in the project MonSound and Carisch, but it used its profit to help them, suffering losses. Now, it

	and the Foundation “Alberto Carlo Monzino” were created.	worked in Mogar, were less attached to the traditions and in general partially interested in the Foundation activity, the primary objective is the profit	is dedicated to distribution and it is not owned by Monzino anymore.
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This table shows the main tensions that emerged. How do they impact the firm’s management and strategy? Which are the possible causes and consequences of these contrasts? The themes that mostly triggered my interest in the Monzino history are the followings:

- *Family attachment*: is directly proportional to the level of imprinting and the education of the family member. It is also linked to the value given to traditions: the stronger the attachment, the more value is given to family traditions. This means a major dedication to the labor and the firm’s survival and it implies a proactive attitude. In the firm this is reflected in implementing research and development, building reputation and broadening the market share (Miller & Le Breton-Miller, 2005). These activities are meant to solidify the business for the future and pass the company to the next generation. However, in this study emerged that it may be also a source of overconfidence, as the memory of the family’s past in market or in the geographical context could be a reason for pride that creates a lack of objectiveness. For example, the way Andrea Monzino manages the Foundation: an organization that lives using only the strength of traditions and that suffers from economic issues.
- *Strategic renewal*: the internal tensions and an external dynamic market create the need for a new strategy. In the recent history of Monzino, we have seen this need more times, and now the firm is facing another innovation strategy. Traditions were put aside in the first strategic renewal (from production to distribution) and then taken back into the business with the purchase of Carisch and with the MyAudio project. Carisch was acquired in a moment of financial crisis and paper crisis, MyAudio was a project that

aims at going back to production, but in another market field where the company did not have any experience, in a moment where globalization and online sales were exploding. From the results of these projects, we can affirm that there was not a right balance in the exploration and exploitation activities.

- *Innovation through tradition*: the last strategic renewal that is now happening in Monzino is following an Innovation through tradition process, as the result of the meeting between a strong family attachment and a need for strategic change. Strengthened by the previous experience, the President is now planning to use traditions with a more studied approach with the help of proper external consultants. Though part of his family is not convinced about this project: the firm is still recovering from the strong crisis and the power of traditions is not enough to face a totally new project and counterbalance the lack of other resources.

Thanks to the gathered data, some elements that may hamper the exploitation of traditions in a strategic renewal moment emerged. In the next chapter, findings will be theorized and discussed.

6. DISCUSSION

How is the history of Monzino's family business related to the theory?

In this chapter, I will connect the findings with the main theoretical concepts that emerged, analyzing them and presenting the contributions to the theory. Then I will propose guidelines for managers and future research implications.

In the literature review, I mentioned a quote from Micheal Porter: “The value of a particular resource is only manifested if you have a particular strategy which realizes that value”. In my opinion, this sentence properly fits with Monzino case study. Monzino history proves the value owned by the family firm, in terms of cultural heritage and traditions, together with a strong family attachment, especially felt by the current President Antonio Monzino VII, and a willingness to maintain a long-term vision and to make the firm survive across several generations. For what concern innovation, Antonio VII has proven to be a risk-taker, a man with the desire to learn and preserve his family firm, despite the rest of the family who is more risk-averse and probably experience a lack of trust in the current ownership, due to the strategic failures in the past. Also, the 8th generation could be affected by the strong charisma and overconfidence of Antonio VII, which along time caused dissension. It can be defined as a sort of founder’s shadow, defined by the literature as the presence or influence in the business of the founder or the previous influence, a phenomenon that may cause dissension in the future generation (Davis P.S., Harveston P.D., 1999). The Monzino case study can be analyzed from several points of view, as well as its history with its success and failure. My interest has been captured by the role traditions inside this business, and how it impacts on strategic decision-making. From the analysis of the data, traditions come with tensions, controversial feelings, and sometimes as a source of power.

6.1 Theorizing the Findings

Considering the three subsystems that form a family business – family, business, and ownership – the challenging part has been to understand how in Monzino these three elements intersected in a moment of strategic renewal. The family system carries some elements such as family attachment and traditions. In the business system, the role of the strategy and the capabilities exploitation is central. While the ownership, as suggested by its definition, is about the family

members in the firm. As we saw, Monzino constitutes a particular case where the dynamic intersection between these elements during the years changed the entire system. Initially, I have tried to visualize the Monzino family-business intersection as a kind of solar system: the Sun is the family as it holds the system together and it is the starting point, and the Earth is the Monzino SpA, a business that during the years evolved and create a fertile ground for living, which is constantly irradiated by the sun. As we know, the Earth has a satellite: the Antonio Carlo Monzino Foundation. It constantly goes around the Earth, as it has the role of custodian of the values and an always present reminder of their importance. Finally, I imagined another planet behind the Earth, which is Mogar. This is a more recent planet, it has its own orbit, and it is less affected by the Sun's radiation compared to the Earth, even if it exploits its energy to keep rotating and working.

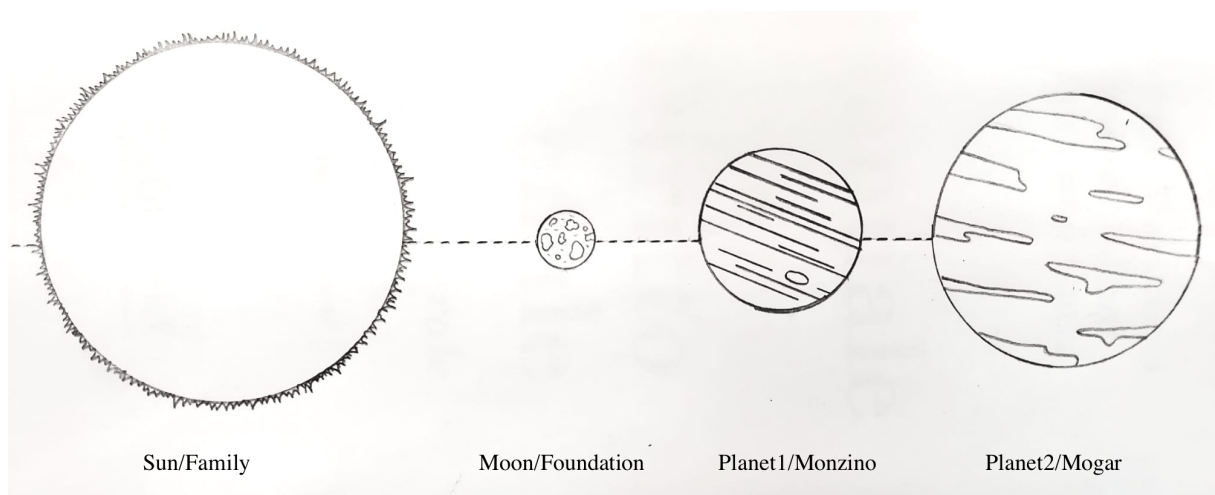


Figure 23 - Monzino Solar System

As in a solar system, also in the firms there are silent strengths and bonds that hold everything together and when these invisible connections change the equilibrium must be re-establish. The sequential style of strategic renewals belonging to different family members constituted a shock to the status quo of the environment and the Monzino System started to be affected by it. This image has helped me to create a context for my analysis.

Throughout Monzino history, it always emerged the central role of Traditions. In particular, in Monzino case, traditions have an impact on the family and the business. The history and traditions are felt depending on the imprinting and the education that the family members had. For instance, Antonio VII, as the current leader of the firm, is really attached to the successful past of his family and firm. On the business side, tradition play a central role in strategic renewal as in the strategy-making moment they are considered as a point of strength to exploit. In particular, due to the current core capabilities revolution, Monzino is following an Innovation through Tradition process, where the past constitutes a competitive advantage. Here is when I asked myself if traditions are always a key to innovate. The study of this case made me question the innovation through tradition process, as the last decades of the Milanese firm were marked by successful moments but also failures. In addition, failures happened when tradition was exploited. For example, Mogar was less exposed to the projects involving innovating by restoring the past, and it always had a positive outcome. It must be said that the Mogar side was more risk-averse and less prone to radical changes. I then asked myself the reason why traditions didn't work as a competitive advantage, but on the contrary, they hampered the evolution and survival of the firm?

In order to answer this question, in the following points I will summarize the different strategic renewals style in Monzino history and the role of traditions:

- With the entrance of the 7th generation in the family business, the first strategic renewal took place. In 1972, the Monzino's firm from producer became a distributor.

The reason of this renewal is the market demand: Antonio VI took advantage of some opportunities and the new business took place. Then, under 7th generation leadership the distribution strengthened, especially under the Joint Venture period and with the creation of Mogar. Traditions are maintained by the Antonio Carlo Monzino Foundation

but they don't affect the business. During these years, the dynamics between family members are positive and peaceful.

- When the market opened globally and new sales channels, such as internet, started to grow, Antonio VII did not see a small distributor, like his firm, having a future in the field it was currently operating in. The firm needed a renewal in the core capabilities. Therefore, he thought about his family's past as producer in the music field and in the publishing house. The confidence in the name of Monzino and its past caused an overestimation of the current knowledge and know-how, that led the firm to a severe crisis. Observing these evidences, it emerges that the problem was not connected with tradition, but with how the family firms wrongly exploited it, for example without considering the current market and environmental trends. Referring to the ITT model presented in the literature review chapter, the reinterpretation of the knowledge was not accomplished. In this case, the past was misleading. This period was also relevant in terms of internal relations: the family members had a loss of trust in the current President and internal disalignment arose.
- After the crisis, the firm is trying to regain the power lost through an Innovation through tradition process. In this case, the steps of the ITT process are done properly: the knowledge deriving from the firm's craftsmanship past is going through a process of interiorization and reinterpretation and a new and unique product is going to be launched in the market. The Milanese family firm wants to reaffirm its position in the market by launching an innovative kind of mandolin, exploiting the family's traditions and reputation in the craftsmanship field and innovating by using advanced techniques in the instruments making. To reach this objective, they will also implement Foundation's initiatives to spread the use of this instruments, especially in schools.

The literature has widely demonstrated that traditions are a source of competitive advantage, a unique resource that family firms can use to lead the market, fighting the belief that their survival is at risk because of their innovation and future resistance. In the following figure, I graphically summarized the elements that a firm with a relevant history could meet, and that could be an obstacle for the exploitation of traditions as a resource.



Figure 24 - Elements against traditions

In a situation of strategic renewal, a family firm can exploit its heritage and past to build a new competitive advantage. In order to reach this purpose, the company must complete a process of Innovation through tradition. As it emerged from this case, this kind of process where traditions are used as a resource on which developing a new competitive advantage and strategy, can have some drawbacks.

1. **Organizational stress.** The sources of organizational stress are several, such as high responsibilities, concern regarding the future, effects of an improper decision and excessive authority centralization (Agrawal R., 2001). From the Monzino case, it emerged that also Traditions had a bond with the organizational stress. The sources are indeed linked to the history of Monzino, such as the responsibility of having such a glorious past and concern regarding the firm survival across generation. On the other

side a stressful environment is an obstacle in decision making and strategy development (Zapf, 1996; Huff, 1992), hampering the positive outcome of an Innovation through Tradition process or more in general of a strategic renewal process.

2. **Overconfidence.** In the Monzino case, we have seen how some of the family member are particularly proud of the history of their family and firm, especially the current President, Antonio VII Monzino. Traditions are surely a reason of pride and a valuable asset, but firms must also consider the exploitation of current capabilities and the exploration of future opportunities in the market to accomplish a successful strategic renewal. The Monzino case has shown that the confidence towards the traditions, like the successful craftsmanship history or the Monzino publishing house, can lead to unsuccessful strategic choices. This point can be related to the concept of “CEO Hubris”. This character trait is also called as “optimistic overconfidence” and is an overestimation of the own capabilities. According to literature, a corporate executive affected by this personality trait has a strong sense of self-sufficiency (Hayward and Hambrick, 1997; Simon and Houghton, 2003) and expects positive outcomes even in uncertain environments (Hribar and Yang 2013).
3. **Strong family attachment:** family attachment is linked to the level of imprinting and the kind of education of the family member. Whether the imprinting is felt, and the family member spent his or her childhood in close contact with the company and its culture, the level of family attachment will probably be really strong. Though, this could trigger an “overattachment” attitude in a family member, where the pride of the past of its family could lead to make wrong strategic choices and believe in the firm success with a lack of objectiveness.
4. **Goals misalignment.** Having diverse and contrasting opinions within the family and the firm, can cause obstacle in the strategic renewal process and a different vision

towards the traditions' exploitation. The use of the past in order to innovate it is still under study, so having different opinions and ideas could be a way of implementing original methodologies and finding the most suitable use of the past. On the other hand, if the discussion is managed in a wrong way, the outcome could be negative. In Monzino case, we have seen that misalignment has led to strong fights inside the family, a remarkable loss of trust and the removal of part of the family from the firm.

5. **Short-term planning.** Monzino made some of its strategic choices depending on the need of the market in that moment and relying only on its reputation. We have seen that in some cases this strategy was successful, especially when it followed the market needs, but some other cases it brought the firm to experience a crisis. Reputation and firm history indeed, can be powerful in the short-term, but without a long-term vision, a relevant name in the market is not enough to survive.
6. **High level of competition in the market.** Not only internal factors, but also a competitive external market can cause a misleading use of tradition. While the competition grows, large corporations keep expanding in dimension and geographically and the sales channels increase, survive in the market can be difficult for small medium firms. In this situation, Monzino again wanted to rely on its tradition to distinguish itself from competitors. Though, the urgency created by the dynamic market caused an inadequate exploitation of the tradition.

In the following chart, elements' definitions and the correlated evidences emerged from the findings are provided.

Table 6 - Model definitions

Element	References	Explanation of the concept	Evidences in the study
Organizational Stress	Huff J., et al., 1992	Organizational stress is a summarizing concept that expresses ways in which current strategy is not satisfactory; it reflects the dissatisfactions of individual actors and imperfections in the fit between the organization and its environment	«The conflicts inside the firm came when, by investing in these new companies with outside collaborators perhaps not appreciated or liked by the other family members, we began to have initial losses that then kept increasing.» - Antonio VII
Overconfidence	Russo and Schoemaker, 1992	Overconfidence is an overestimation of certainty about being correct or producing a certain out-come	«Entering the audio products market was a right strategy, but we underestimated that a trading company one has completely different logics than a manufacturer one». – Francesco Monzino (8° generation)
Strong family attachment	Gomez-Mejia et al., 2007	Choices depend on the reference point of the firm's dominant principals. These principals will make decisions in such a way that they preserve the "socioemotional wealth in family firms", consisting of the "affective endowment" of family owners, including the family's desire to exercise authority, enjoyment of family influence, maintenance of clan membership within the firm, appointment of trusted family members to important posts, retention of a strong family identity, continuation of the family dynasty, and so on	«Since the business was inherited from his ancestors, my father as well felt the need to pass on the business to the next generation in fact he used to take me in any job-related activity, such as trade shows, or cda.» – Antonio VII «Choosing to return to the mandolin is because the mandola is the instrument that definitely represents the beginning of our history» – Antonio VII
Goals misalignment	Stephen and Coote, 2007; Lewis, 1990; Nahapiet & Ghosla, 1998	The determinants of goals alignment are in relational behaviors – flexibility, solidarity, information exchange, and trustworthiness – and an increase in the perception of goal alignment leads to improved financial performance). When goals compatibility is low, conflicts that damage further development of the relationship are more likely to occur differences in actors' perceptions and interpretations of the business context can hinder communications and knowledge transfer.	«I have a strong sense of the value of musical instruments, independent of earning money. For my family, on the other hand, you need to monetize as soon as you can» – Antonio VII Monzino «It never came to war, the family always behave on a level of respect, however there were quite different views in the family.» Francesco Monzino (8° gen.)
Short-term planning	Fraser and Stupak, 2002, p.1205; Desai, 2000	Strategic planning may encourage the clarification of business goals, systematic gathering of information, prioritization of projects, teamwork, environmental responsiveness, communication of strategic intent to all stakeholders, and an improved performance. (Businesses should undertake strategic planning because their environments are becoming increasingly complex and unstable.	«The family told my father that we did not have knowledge about the publishing market, we were in music historically and we should have sold Carisch, as we wouldn't be able to manage it in the future. Instead my father had opposed it, I think because of the lack of analysis timing.» - Francesco Monzino (8° gen.)
High level of competition	Stigler, (1987)	A rivalry between individuals (or groups or nations), and it arises whenever two or more parties strive for something that all cannot obtain.	«The world changes, it has other needs and mechanism than before, I honestly don't see a future in resuming a handicraft business» – Carlo Bonomi «In recent years we suffered financially for various reasons. We had to go back to proprietary brands because the distribution market was saturated, all the suppliers had their own branch in Europe, with a unified market, online sales, and very aggressive players» Antonio VII

Finally, this study wanted to open a discussion about the use of traditions in innovative projects. I agree with the studies that want to create the future through the use of the past, as it constitutes an incredible source of knowledge and a resource for the business. Though, managers should also be prepared to understand how to use it because every source of power bring responsibility, and traditions and history are a double-edged sword. In particular, it is important to have exploitation and exploration capabilities. In other terms a firm needs the competences to look at the past but also search for the efficiency in the present and future, otherwise the outcome could be negative.

6.2 Contribution to Theory

In the second chapter of my thesis, I reviewed the extant literature on the themes that emerged in my analysis of the Monzino case. Adopting a strategic perspective, the role of traditions stood out as a central element to consider. Both the historical analysis conducted, and the qualitative research made me realize how the history and the role of tradition impacted on Monzino business story. Traditions are described by the literature in a controversial way: they used to be considered as an asset not compatible with innovation and firm's evolution, like a negative bond with the past (Leonard-Barton, 1992). Since some decades, tradition and history's role in firms' strategy have been revalued as it turns out that they can be a source of power, competitive advantage, and mostly a resource for innovation. (Erdogan et al., 2020; Raffaelli, 2019; Wadhvani et al., 2018)

In particular, in recent years emerged the theory of Innovation Through Tradition (ITT) (De Massis A. et al., 2016): through dynamic capabilities, such as interiorization and reinterpretation, firms can transform their knowledge to create a new meaning and function. Traditions are indeed a reliable resource validated over time, exclusive and rare. Hence, which is the value added that this research can give?

In the case presented in this thesis, I investigated the role of traditions during a moment of strategic renewal for a family firm with a long history behind, made by success and failures. Tradition is indeed a resource to innovate the core capabilities of the firm. On one side, it is a “reason why” of some strategical decisions faced with incremental innovation approach and made to keep the coherence with the firm and family culture. On the other, tradition is the key for some disruptive innovations in the business done to escape the inertia and organizational stress. In my analysis came to light some negative sides of having a fertile past and a strong tradition, aspects that firms must be aware of.

The Monzino case is really suitable for the analysis of history’s role in strategic renewal. From the findings emerge the dual nature of history. Indeed, history is defined as an honor to perpetuate and transmit across generations, but also as a double-edged sword, as it is felt like a heavy responsibility. The value given to history is directly proportional to the attachment to family and consequently also to the attachment to the company, whereas the link between family and business is really close. Through the analysis of this case, I found how this can have consequences in the corporate strategy, especially in turning points moments. In fact, history can have an impact on incremental renewal (for example in the case analyzed the publishing tradition of the family has determined an important variable in the purchase of the Carisch publishing house) but it can also have a central role as an engine to implement a disruptive change of the firm’s core capabilities (for example when Monzino embarked on the Monsound project with the aim of returning to the world of production).

To implement the existing literature regarding innovation through tradition, this case is inspiring as the use of traditions has not led to positive results. This implies that although there is a great tradition behind a company, it is not exploited, in particular with long-term planning, a shared vision within the ownership, and giving the right weight to the traditions. It has

emerged that a long-lasting and successful company history can lead to excessive security on a firm's capabilities, in terms of reputation in the market and know-how.

The successful past could obscure other fundamental variables needed to face strategic renewal, both internal and external. In particular, in the Monzino case, it is an attitude mostly owned by one character in the firm, President Antonio VII, who used the value of its firm and family tradition to innovate in the past and in current times, overestimating the capabilities owned and reasoning like "if we have been craft-based firm in the past, we can be craft-based firm in the future". This attitude is correlated to the "Ceo Hubris", an attitude characterized by an exaggerated self-confidence of the CEO. It emerged that this pride attitude can be tightly linked to the history and tradition, leading to an overestimation of capabilities, a wrong evaluation of the external environment, and a subjective vision of the firm. Indeed, when a family firm has a relevant history behind it, pride could prevail becoming a negative element in the process of strategic renewal.

Furthermore, the analysis conducted revealed several tensions that, if solved, could have helped reach a more successful strategy. Such challenges are listed below:

- **Lack of a shared mission.** The contrasts within the Monzino board make strategy planning more challenging but it also gave space for brainstorming. If the firm mission is not equally shared, it is possible that one member will take control of defining the firm direction, avoiding discussions and ideas heterogeneity.
- **Long-term planning.** Relying on tradition can be a source of advantage, but the strategic plan around its use must be solid and sustainable in time. Indeed, the power given by the reputation in the market can be exploit in a first moment, through networking and stakeholders' trust, but it will probably fail in a long-term vision.
- **External opinion.** The strong family attachment is a natural response to factors such as childhood experience, natural attitude and formation. Though, it can be a source of

overconfidence. To have a more objective vision of the family business, a proper external opinion is recommended.

- **The Foundation.** In the previous chapters, I defined the foundation as a satellite that goes around the firm. This asset can certainly be a resource as a custodian of traditions and ambassador of the firm's mission. Though, in order to succeed in its duty, it must have a defined relation with the business side and a clear and known role inside the company.

6.3 Future Research Directions

This thesis analyze the relationship between tradition and strategic renewal in a single case study, Monzino Spa. As we have seen through the historical research and the qualitative analysis, Monzino history is characterized by ups and downs in the business, family and ownership.

For this reason, future research might attempt to apply the theorized model to other family businesses with a successful history and strong traditions and analyze how is the relationship with traditions and the consequent outcome. Moreover, it would be enriching for this research to look for other cases in which traditions have been an anchor for the firm, in terms of a point of strength but also a weight to transmit across generation. It would be extremely interesting to discover how it has impacted other family businesses and their innovation strategy process, and if they managed to solve difficult times or they are affected by internal and external tensions as well. Furthermore, future research could deepen the relationship between two fields of management literature: the CEO Hubris and the Innovation through Tradition, focusing on the impact of firm tradition CEOs' personalities, whether it is a point of strength or a weakness.

6.3 Managerial Implication

This study shows how traditions can impact on strategic renewal moment in family firms. In particular, the analysis focused on the innovation through tradition process. In particular, the study aims at answering the research question “*how to exploit the past to succeed in the future when it is the time to innovate?*”. Strategic renewal is done to survive in a dynamic external environment, to avoid suffering from inertia and organizational stress, which implies that it is faced when there is a risk for the firm to lose its spot in the market. Innovation through tradition concept invites family firms to face a strategic change by inspiring themselves using their tradition and history, restoring old knowledge and giving it a new meaning to succussed in the market with a unique resource. Managerial positions have a central role in renewing and reinterpreting the firm tradition. In family businesses, managers are often family members, and, as a consequence, they feel responsible for transmitting the values and the culture of the firm and family across generations.

Though, the pride of having a great history behind can lead downsides, such as overconfidence or a too strong family attachment that hamper the process of innovation through tradition and more in general strategic renewal. Furthermore, when the attachment to traditions and history is too strong and not totally shared within the company, some tensions inside the business could arise having a negative impact on the governance and on the strategy. Indeed, a turbulent internal environment is an obstacle to strategy formulation, bringing up personal resentments and loss of trust. While the level of family attachment is a natural factor that emerges in the family business owner, the traditions exploitation can be processed following some points that emerged in this study:

Planning

One of family businesses main goals is to preserve and transfer the company across generation. In other terms, to pursue a long-term sustainability ambition. From the analysis of the Monzino

case, some of the strategic choices were made following market trends, without long-term planning. Designing a strategy that does not consider the future hinders the final goal. Indeed, even if in the short-term could be a successful strategy, when the market starts to change, and other needs came out the firm must be ready without finding itself in a position of emergency. Regarding traditions-based business planning, a short-term strategy could lead to an urgent strategic renewal and consequently to a misuse of the past. The process of collecting and reinterpreting past knowledge requires careful planning as it has the ability to become the main competitive advantage. Hence, it is important to treat history as a valuable asset to understand and transform it gradually, trying not to use it as an asset on which the firm can rely on.

Spreading

Organizational literature identifies many causes for strategy failure, one of them is the mindset of team members (Agrawal R., 2001). Inside an organization, it is common that people are more interested to a personal advantage rather than to give value to the common goal. In Monzino case, the mission of the firm is not felt by all the firm members. There is a sharp separation between the business and the values. Having an internal misalignment, generates dysfunctional dynamics and lack of teamwork, small groups inside the companies are attached to individual objectives while being busy in tending their own garden. A tense environment can affect the proactiveness of the group: for example when dialogue among company members is hard, requests and proposals are likely to be taken with prejudices and as threats, and everyone is more focus on defending their position rather than give value to other's accomplishments. Especially in family firms, relationships within the company are bonded with the firm's performance, and to give value to diversity and align opinions is important to take a step back and be open-minded. In a family business, where an overlap exists between family and business systems, it may help to organize a structured plan to train employees about teamwork. In the Monzino case, they stipulated a Family Path in order to reach internal alignment, but it only

partially solved the problem. Managers must be sure that the team is really involved, and a document could not be enough. Indeed, the loss of trust in the leader was too strong after the company's financial issues, and the family detachment to the firm was transmitted to a part of the 8th generation.

Consulting

When internal dynamics are turbulent, a solution may be referring to external consultants. Monzino for instance asked the help of the consultancy team from Politecnico of Milan. However, being helped by consultants can have also backside. As we have seen in Monzino's history, they actually referred to several external consultants in order to implement strategies, learn how to lead a business, and how manage the co-existence between family, business, and ownership. On one side, some positive outcomes have been obtained, on the other it did not give the desired results. Overall, a way to solve this problem is to consider external experts chosen by all the members, in order to ensure the impartiality of the consultancy. In light of these points, internal cohesion and shared development of strategy during a strategic renewal can avoid the above-mentioned downsides.

6.4 Methodological Implication

During the data collection of this project, I certainly learned some fundamental rules of following research. First of all, the careful organization of sources is important, especially in a study that covers a large time frame, as in my case of more than two hundred years. The more resources of information you have the better, but from each of these, it is good to derive what is useful for research through a selection process. Furthermore, it is important to write down every hint and idea, so that a momentary curiosity can take shape and give life to something more concrete. Information and points to deepen can be never-ending, that's why it is also

important to recognize a saturation point where the researcher admits that the resources she/he owns are enough.

In my case, having been in close contact with the company and its president, Antonio VII, it was difficult during the data collection and its consequent analysis to keep a detached eye and not be influenced by previously made opinions and assumptions. Though, the iterative process that I conducted has stimulated many questions about some facts and ideas and has increased my theoretical sensitivity. Great help during the whole writing period was given to me by my collaborators, the researchers Carlotta Benedetti and Luca Manelli, who guided me on this path through advice and brainstorming, and from the discussions with Professor Josip Kotlar, who encouraged me enthusiastically in the investigation of this company.

Research based on historical data has to face three methodological challenges: the validity of sources, the source's credibility and the source context. In this research I can affirm the historical sources are valid and credible as I had access to the historical archive. In the literature review, I reported the references I used to conduct the study and in the Findings chapter every topic is enriched with quotes from the interviews or pictures taken from the archive, that constitute proof of the concept associated.

The source context was obviously different from the current one as some historical sources belong to 1700-1800. To cover the lack of historical knowledge that I have regarding these ages it was helpful the historiographic book "Casa Monzino. Dalla liuteria all'imprenditoria musicale" by Donatella Melini. As the focus of the research was the last 50 years of the firm, I briefly studied the main events that marked the city of Milan. Moreover, the interviews and the talks with Antonio VII gave me additional insights to contextualize the sources. Though it would be surely useful to have a clearer idea of the market in those years, to fully understand and contextualize the dynamics and the reason why for some strategic choices. Regarding the archival data, the research and consultation I carried out within it, were certainly hampered by

the time available. In fact, the archive in the company's headquarter in Lainate is huge and includes all types of corporate and personal documents. Unfortunately, it still lacks cataloging and order to allow easy consultation. I hope that some of my work in the company will help achieve this goal. My research was therefore carried out according to my selection of documents and sources that I considered relevant for the purpose of the analysis but at the same time, I was unable to include every accessible source. Also as regards the context, at a certain point in the research I had to establish a saturation point, otherwise the facts to be studied would have been infinite and the thesis would not have ended.

Furthermore, a major limitation to the research was the lack of availability of most of the Monzino family members to be interviewed. The story of the seventh generation was mostly told by Antonio Monzino, and the lack of confrontation with the visions of the brothers, especially as regards the tensions that have existed and the breaking points, has certainly limited the completeness of this research. Though, this can be a starting point to develop further research on this firm, expanding and testing the findings of this work. In addition, the research is based on a single case study, observations and findings are drafted only on Monzino history. I tried to reduce the possible lack of consistency caused by this limitation paying particular attention in the theory building, avoiding being affected by personal opinions and bias by my personal work experience in the firm. In order to reach this purpose, I approach the coding without looking for confirmation, but by letting the concepts emerge on their own. In addition, the triangulation of the data has been surely helpful in building consistency. When the same episode or fact was told from the informants, and it also found a match in the historical document, it triggers my curiosity and I start investigating it, giving light to a new concept or important topic to explore.

7. CONCLUSIONS

In this chapter I will present the limitations of this research, explaining why I faced them and how I tried to make up for them.

Moreover, I wrote a final comment about this dissertation.

I have worked on this thesis for 9 months, mostly invested in research and data collection. For me it has been an incredible learning opportunity, in terms of conducting research from the beginning to the end, discovering the difficulties behind it and being challenged and stimulated by curiosity. At the beginning of this project, I didn't know what to expect, the Monzino case study presented a lot of points to investigate and I felt overwhelmed by the inputs. Thanks to my tutors Carlotta Benedetti and Luca Manelli, and my professor Josip Kotlar, I understood that it is normal to feel this way at the beginning of a research and I just had to find what interested me the most and follow it. That's what I have done, and finally my thesis has taken shape. In conclusion, this project inspired me to further develop my curiosity about the family business world. Their subsystems and the intrinsic dynamics around them attracted my interest and foster my willingness to keep studying these organizations.

8. BIBLIOGRAPHY

In the following pages there is a list of the academic papers and researches that I used as source of knowledge and insights to conduct this research.

Finally, in the Appendix there is the table with historical archive resources, table that summarize the other sources of knowledge and some other visual evidence of Monzino history.

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