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Legacy and Evolution: Examining Tradition and Innovation in Italian Family Enterprises

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Abstract

This thesis explores the intricate relationship between established traditions and the approach to innovation within family firms in Italy. The central research question guiding this study is: *How do established family firms' traditions affect the innovation approach in Italy?* To comprehensively address this question, five sub-questions were formulated, examining various dimensions such as the value creation of traditions, balancing historical legacy with fresh perspectives, strategies for succession planning, the impact of organizational culture on employee engagement, and the extent of external partnerships.

The research methodology involved an extensive literature review, followed by the selection and recruitment of six diverse family firms across different industries in the city of Arezzo. In-depth interviews with key stakeholders from these firms provided rich qualitative data, which was meticulously analyzed to uncover recurring themes and insights. The findings reveal that traditions in family firms contribute significantly to creating value by providing stability, fostering trust, and enhancing reputation. However, the challenge lies in balancing these traditions with the need for innovation. Effective leadership, inclusive dialogue, and strategic succession planning emerged as crucial factors in navigating this balance. Moreover, a balanced organizational culture that honors traditional values while promoting innovation was found to enhance employee engagement and organizational performance. Additionally, external partnerships with universities, industry peers, and regional entities were identified as vital for accessing new knowledge and driving innovation. The thesis concludes by offering a comprehensive examination of how family firms in Italy leverage their rich heritage while embracing change to drive innovation and ensure long-term success. The insights from this study contribute to the theoretical understanding and practical management of family businesses. Recommendations for future research include expanding the sample size, conducting longitudinal and comparative studies, exploring digital transformation, and delving into the psychological dimensions of succession planning. These recommendations aim to further elucidate the complex dynamics of tradition and innovation in family firms.

Introduction

The paradox between innovation and tradition in family firms in Italy is a compelling area of study that has garnered significant attention in academic literature. Family firms in Italy possess a unique blend of traditional values and innovative practices, setting them apart from non-family businesses. Italy boasts a long history of family-owned businesses that have not only survived the test of time but have also played a pivotal role in shaping the economic and social fabric of the country. These enterprises, often characterized by their familial structures and commitment to tradition, face the pressing challenge of adapting to a rapidly evolving global marketplace that demands constant innovation. Understanding the dynamics at play in this unique intersection is crucial for unraveling the paradox inherent in the coexistence of innovation and tradition within family firms (De Massis et al., 2015).

The choice of this topic stems from the recognition of the intrinsic tension that family firms in Italy navigate as they need to preserve generational legacies while embracing change to remain competitive. As global markets become more interconnected and technology advances at an unprecedented pace, family firms grapple with the necessity of innovation, all while balancing the values and practices ingrained in their traditions. The choice of investigating the paradox between innovation and tradition in family firms in Italy is rooted in several compelling reasons. Italy's rich cultural and historical heritage, characterized by a strong emphasis on family values and traditions, provides a unique context for exploring how businesses balance these elements. Family firms have been integral to the Italian economy for generations, making their adaptation to a rapidly changing global business environment economically crucial. Furthermore, the concept of "innovation through tradition" has been conceptualized as a product of innovation strategy, highlighting the potential for family firms to leverage their traditions as a source of innovation (De Massis et al., 2016).

As many family firms in Italy undergo generational transitions, younger members are poised to introduce fresh perspectives and innovative ideas. Examining how these transitions are managed and how innovation is integrated into succession planning is vital for understanding the long-term sustainability of family businesses. Furthermore, the

study contributes to the global discourse on family businesses by providing a case study that can be compared with enterprises in different cultural and economic contexts.

The research is driven by a dual commitment to academic and practical contributions. Academically, it seeks to fill gaps in existing literature related to family business studies, innovation management, and organizational behavior. On a practical level, the findings are expected to offer guidance to family business owners, policymakers, and strategists navigating the challenges posed by the coexistence of innovation and tradition. This study seeks to shed light on how these firms negotiate this delicate equilibrium.

The literature on family business paradox provides valuable insights into this topic. Long-established family firms are deeply rooted in tradition, which includes the founder's legacy, family values, a long-term perspective, customs and rituals, community engagement, and a balance between tradition and innovation. These beliefs and practices shape the firm's identity and guide its actions across generations. Understanding how these traditions interact with and sometimes hinder, but also foster, innovation is a key aspect of the paradox (Erdogan et al., 2020).

The primary objectives of this thesis are to explore the strategies employed by family firms in Italy to reconcile innovation with tradition, to understand the impact of this interaction on organizational performance, and to identify the factors influencing the success or failure of such endeavors. The following research questions will guide the inquiry:

How do established family firms' traditions affect the innovation approach in Italy?

To analyze the topic in a more specific way five sub-questions were developed to cover all the facets of the topic.

The five sub-questions are:

1. *How do traditions contribute creating value in family businesses?*
2. *How can family firms balance the historical legacy of older generations and the fresh perspectives of new members for organizational growth?*
3. *What strategies can family businesses employ in succession planning to ensure a smooth transition while encouraging innovation?*

4. *How does the organizational culture of family firms impact employee engagement, considering the balance between traditional values and innovative practices?*
5. *To what extent do family businesses in Italy engage in external partnerships or collaborations to foster innovation while preserving their traditional identity?*

This study focuses on the paradox between innovation and tradition in family firms in Italy, exploring the strategies employed by these businesses to reconcile these seemingly opposing forces. Encompassing family firms across various sectors, sizes, and organizational structures, the research considers cultural, economic, and historical contexts. The investigation includes diverse firms, ranging from small and medium enterprises to micro-firms, to provide a comprehensive understanding of how different shapes and organizational structures within the family business landscape navigate the challenges posed by the coexistence of innovation and tradition.

However, the findings may have limitations in generalizability to other cultural or economic settings, are constrained by a specific timeframe, and may be influenced by sampling bias. Additionally, resource constraints and potential subjectivity in data interpretation pose challenges. Despite these limitations, the study aims to contribute valuable insights to the understanding of the complexities faced by family firms in Italy, with implications for both academic research and practical applications.

The structure of this thesis has been crafted to facilitate a thorough and nuanced exploration of the paradox. Each section is strategically designed to contribute to a holistic understanding of the complex interplay between innovation and tradition within family firms in Italy.

The journey begins with the literature review, a foundational component that lays the groundwork by surveying existing scholarly works related to the subject matter. Through this comprehensive analysis, the researcher aims to contextualize the multifaceted nature of the phenomenon, providing insights into its historical evolution, theoretical underpinnings, and practical implications.

Following the first chapter, the research methodology section offers transparency into the methodological approach adopted in this study. It delineates the research design, data

collection methods, and analytical techniques employed, ensuring rigor and reliability in the investigation process.

In the subsequent chapters, the focus shifts towards empirical analysis. The fourth chapter scrutinizes six selected companies, meticulously examining how they navigate the intricate dynamics between innovation and tradition within the familial context. Through detailed case studies and comparative analysis, this section sheds light on the diverse strategies, challenges, and outcomes experienced by these firms.

Moving forward, the fifth chapter serves as a platform for in-depth discussion and interpretation of the research findings. By synthesizing the empirical evidence with theoretical insights, this section offers a nuanced understanding of the complexities inherent in the coexistence of innovation and tradition within family firms. It also explores the implications of these findings for scholarly discourse and practical applications in the realms of business management and entrepreneurship. After the presentation of results, chapter six focuses on the discussion of the previously mentioned.

Finally, the conclusion serves as a culmination of the thesis, weaving together the key findings, implications, and avenues for future research. It provides a systematic synthesis of the research journey, encapsulating the richness and significance of the study's contributions to both academic scholarship and real-world practice.

By illuminating these complexities, this thesis aspires to not only advance theoretical understanding but also offer actionable insights that can inform strategic decision-making and foster sustainable growth in the realm of business management and entrepreneurship.

CHAPTER 1

Literature review

The intricate interconnection between tradition and innovation within Italian family firms constitutes a paradox that has garnered significant attention in contemporary literature. A comprehensive exploration of this dynamic reveals nuanced perspectives and complex relationships among these elements. De Massis et al. (2016) initiate the discussion by challenging the conventional belief that family businesses are inherently less innovative than nonfamily counterparts. They argue that strong ties to tradition can serve as a catalyst for innovation, as evidenced by enduring Italian family firms such as Aboca, Apremare, Beretta, Lavazza, Sangalli, and Vibram. These entities demonstrate the capacity to leverage historical knowledge to develop innovative products while remaining deeply rooted in their cultural and familial heritage.

Building on this narrative, Iannone and Vallone (2020) contribute by presenting a perspective that frames tradition and innovation as complementary rather than conflicting forces within family firms. Their research posits that traditions can serve as competitive advantages, providing a solid foundation upon which successful innovations can be built through the incorporation of new technologies. The longevity and sustained success of Italian family firms over a century, as highlighted in Vallone and Iannone's study, underscores the capacity of these businesses to seamlessly integrate traditional production systems with innovative practices. This challenges the prevailing notion that tradition and innovation are mutually exclusive, proposing instead that they can coexist synergistically, contributing to the long-term success of family enterprises.

Contrastingly, De Massis, Di Minnin, and Frattini (2015) introduce a paradoxical perspective, suggesting that family firms may face challenges in achieving innovation levels comparable to non-family firms. This paradox is attributed to factors such as prioritization of non-economic goals, concerns about preserving family identity, and resource constraints. In response to this dilemma, the researchers introduce the concept of Family-Driven Innovation (FDI), advocating for strategic decisions aligned with the unique characteristics of family firms. Through illustrative examples, they demonstrate how family firms can navigate this paradox, aligning their innovation strategies with

family-oriented goals and available resources, thereby achieving improved performance and competitive advantage.

Laforet's (2013) contribution to the discourse further enriches the understanding of innovation in family firms by identifying multifaceted factors influencing their approach. The organizational type, age, and size of the firm, coupled with family culture, the involvement of family members, and the owner's background, all play significant roles in shaping the innovation landscape within family-owned businesses. Furthermore, market conditions, industry sector dynamics, and overarching business goals emerge as influential elements that collectively contribute to the complex interplay of tradition and innovation within these enterprises.

Gusenbauer's (2023) research offers an insightful perspective on the unique capabilities of family firms in accessing and recombining mature knowledge from the past. The study posits that family firms, characterized by strong links to the past, long-term orientation, socioemotional wealth, and conservative risk preferences, are more likely to draw value from mature knowledge components. This ability, termed "innovation through tradition," positions family firms to create a competitive advantage by actively seeking and recombining reliable, well-established, and well-understood knowledge components.

Brinkerink, along with other scholars (2020), contributes to the discourse on the paradox between innovation and tradition within Italian family firms, offering valuable insights into the challenges inherent in effectively combining these elements. Their study underscores the intricate dynamics faced by family firms in navigating the delicate balance between innovation and tradition. A key focal point is the imperative for family firms to integrate new features emerging from the adaptation of their business into their organizational identity. This integration, as proposed by the study, significantly influences the framing disposition of family firms, particularly in anticipation of potential future periods of industry disruption. The research posits that the ability of family firms to adapt to potentially disruptive innovation is influenced by their organizational identity elasticity, shaping the timeliness and nature of interpretative frames constructed in response to such innovation. These findings contribute to an elaborate understanding of how Italian family firms strategically navigate the tension between tradition and

innovation, shedding light on the pivotal role played by organizational identity in shaping their responses to dynamic market conditions.

To summarize, the paradox between tradition and innovation in Italian family firms is a multifaceted phenomenon that encompasses divergent perspectives. While some studies highlight the innovative potential embedded in the preservation of tradition, others underscore the challenges posed by competing priorities and resource constraints. The evolving discourse seeks to reconcile these complexities, offering insights into the ways family firms navigate the delicate balance between tradition and innovation to achieve sustained success.

The existing literature on the paradox between innovation and tradition in Italian family firms has significantly contributed to understanding the intricate dynamics within these organizations. However, a comprehensive review reveals a potential research gap and underscores the need for further exploration.

One potential research gap lies in the limited attention given to the role of generational transitions within family firms in influencing the interplay between tradition and innovation. While some studies acknowledge the significance of family culture, they often fall short in providing an in-depth examination of how the transition of leadership and decision-making from one generation to the next impacts the firm's approach to innovation. Understanding how the values, perceptions, and attitudes towards tradition and innovation evolve across generations could provide valuable insights into the challenges and opportunities faced by family businesses in sustaining their innovative capacities while preserving their legacy.

Additionally, there is a gap in the literature concerning the specific mechanisms and processes through which family firms integrate new features arising from business adaptation into their organizational identity. Investigating how these integrative processes occur, the factors that facilitate or hinder them, and the outcomes they yield could enhance our understanding of the complex relationship between innovation and tradition in family firms.

Furthermore, the research thus far has predominantly focused on successful family firms that have managed to balance tradition and innovation effectively. There is a potential gap

in understanding the experiences and challenges faced by family firms that may struggle with this balance or face barriers to successful integration. Exploring the factors contributing to the variation in outcomes among family firms in their efforts to reconcile tradition and innovation could provide a more nuanced understanding of the phenomenon.

Addressing these research gaps would not only contribute to advancing theoretical frameworks but also offer practical insights for family business leaders, policymakers, and scholars. Understanding the nuances of generational transitions, integrative processes, and variations in outcomes could guide strategies for promoting innovation while preserving the rich heritage of Italian family firms.

1.1 The paradox of innovation and tradition

The word paradox comes from the Greek *para-* "contrary to" and *doxa* "opinion," from *dokein* "to appear, seem, think" (Etymonline). A paradox refers to a situation where a statement or proposition seems self-contradictory or absurd, but in reality, expresses a possible truth (The Economics Times). To understand a paradox, one needs to be able to understand realities that appear to be contradictory. The paradox, in the context of business, often refers to situations where apparent success or established practices can lead to failure or inefficiency. These paradoxes underscore the delicate balance that companies must strike between maintaining traditional success factors, embracing innovation and change to ensure long-term viability and relevance (Warwick Business School, 2020).

The paradox between innovation and tradition in family firms is a complex issue that has gained increasing attention in recent years. Family firms are often characterized by long-established traditions, which can be passed down through generations and shape the identity of the business. However, in today's rapidly evolving market landscape, innovation is essential for growth, competitiveness, and relevance. Balancing tradition and change in family-owned ventures poses a significant challenge, as only a small percentage of family businesses prioritize innovation. While tradition can provide stability and a sense of identity, it can also create resistance to change. On the other hand, innovation is crucial for modernizing traditions and avoiding the risk of being outpaced by competitors. Therefore, the duality of prioritizing innovation in family businesses lies

in recognizing that innovation is not the enemy of tradition, but rather the bridge to future success (Erdogan et al.,2020).

In the broader context of organizational paradoxes, the prioritization of innovation in family businesses represents a multifaceted challenge that embodies inherent tensions. The paradox emerges from the juxtaposition of preserving long-standing traditions while actively pursuing innovative strategies for sustained growth. This intricate interplay encapsulates a paradoxical tension between stability and change, familiarity and novelty, and adherence to tradition and adaptability. The family business setting introduces a unique layer to these paradoxes, encompassing familial dynamics, succession planning intricacies, and the preservation of cultural identity. The examination of this paradox adds depth to the thesis's exploration of organizational paradoxes, shedding light on the nuanced complexities inherent in the strategic choices of family businesses in navigating the delicate balance between tradition and innovation (Bretania, J.S., 2023).

1.2 “Impresa Significante”

Emerging as an intellectual response to the economic and financial crisis of 2008, the concept of “impresa significativa” (meaningful enterprise) is formulated as an entity designed to sustain itself by generating value and distributing it within the community it serves. This concept of an enterprise places at its core the well-being of individuals who work in it, collaborate with it, and engage with it as customers, consumers, or, more broadly, as members of the reference community. The 'impresa significativa' is also an enterprise aware of its own identity and the need to (re)innovate over time, considering the synergies offered by the territory and collaboration with all stakeholders.

The term "impresa significativa" is used in the context of corporate identity and strategy. The concept refers to an enterprise that endures over time through the creation of value and the continuous exploration and expansion of tradition and innovation (Bagnoli and Masiero, 2021). It presents an alternative model of analysis and intervention for corporate identity (Bagnoli et al., 2019). The term is often associated with the idea of a company's mission and vision, emphasizing the enduring statement of purpose and the unique strategic tool for formulating and implementing the company's strategy (Bagnoli and Masiero, 2021).

The term "impresa significante" seems to describe a type of enterprise that goes beyond mere economic considerations and emphasizes a broader and more meaningful role within the community. It highlights the importance of creating value not only for shareholders but also for individuals involved in or affected by the business, including employees, collaborators, and members of the community. Additionally, the concept underscores the awareness of the enterprise regarding its identity and the necessity of continual innovation, recognizing the collaborative potential with the local community and the evolving needs of all stakeholders over time. To withstand and overcome the challenges posed by the increasing uncertainty and environmental instability, businesses must consider and explore synergies with the territorial context in which they operate (Cantoni et al., 2019). They need to possess the ability to recognize, assess, and reconfigure their resources and competencies. Primarily, they must reflect on the validity of their vision, mission, adopted strategy, and, not least, their business model. Ultimately, they should be adept at implementing changes that enable them to navigate the growing systemic complexity. Regardless of the sector or context in which businesses find themselves operating, it now seems imperative for managers and entrepreneurs to be conscious, understand, and address the new dynamics, risks, and opportunities posed by the ongoing changes at a global level.

The main implications of the "impresa significante" for changes in innovation and tradition in family firms include the need to balance continuity in tradition with the necessity for change and innovation. This concept emphasizes the importance of leveraging cultural heritage, innovating artisanal heritage, and embracing technological transformations while strategically reworking traditional values to create new shared value. Additionally, the complexity of family enterprises arises from the interconnection between the production company and the family involved in consumption and wealth management, leading to a hybrid system with different institutional goals and strategic behaviors. The "impresa significante" also highlights the challenges and opportunities presented by the relationship between family and business, the paradox of tradition and innovation, and the need for strategic rethinking to address the continuous and difficult challenges faced by family firms.

The paradox within the Made in Italy sector is manifested in the tensions between 'tradition' and 'innovation,' creating a temporal paradox and interconnected tensions

between 'practice' and 'theory,' generating a paradox at the 'knowledge' level. Tradition, inherent in both the business and its operating context, is a fundamental lever for constructing a credible Italian proposition and proposing innovations within a competitively focused environment characterized by exponential acceleration. The dynamic equilibrium sought reveals three interconnected and opposing tensions: identity vs. change, security vs. risk, and valuing vs. designing. The first tension juxtaposes identity and change, where the family serves as the identity nucleus, ensuring continuity in tradition as a necessary starting point for constructing change. Conversely, the business, acting as an engine of change, promotes innovation discontinuity, a crucial destination for building a new identity. The second tension contrasts security with risk, with security anchoring in the past for stability, providing a foundation to face an increasingly risky environment. The third tension opposes valuing tradition to designing innovation. Balancing these tensions requires both preserving cultural and artistic traditions and focusing on technological innovation to create value. Success lies in the deep understanding and continuous engagement with the accumulated heritage, allowing the combination of elements for innovative outcomes. Tradition, as muse and mentor, remains vibrant when serving as inspiration for innovation rather than a static reference. This delicate balance encapsulates the paradox between tradition and innovation, particularly relevant for Italian family firms navigating the challenges of a rapidly evolving business landscape (Bagnoli and Masiero, 2021).

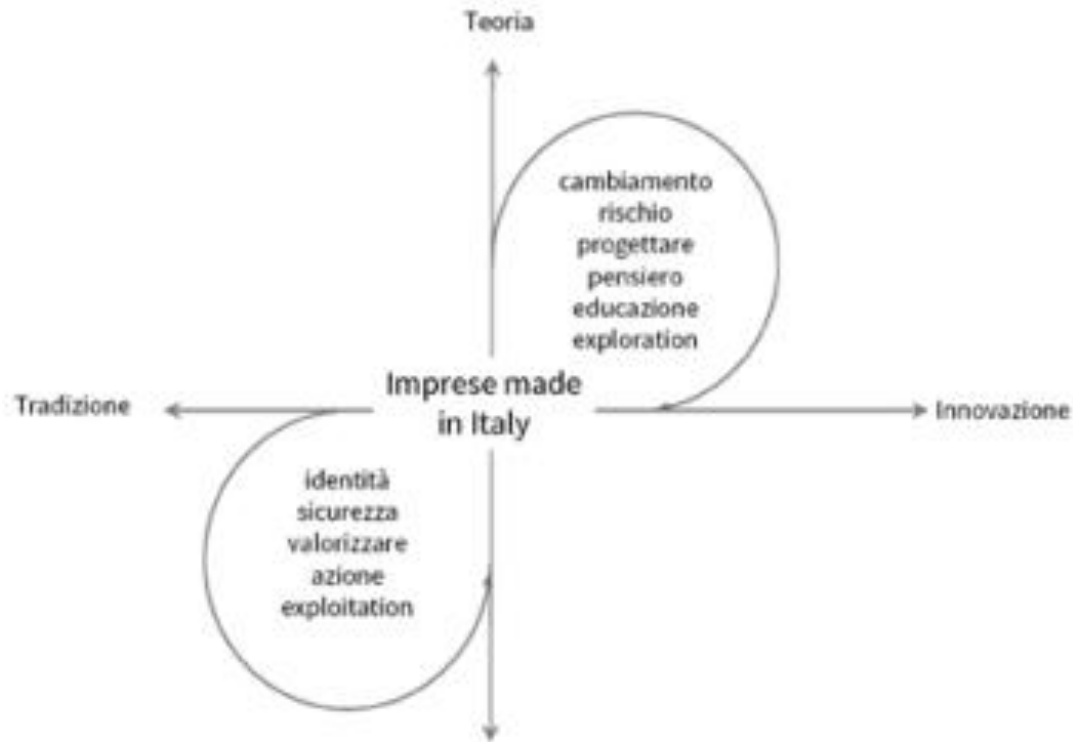


Figure 1: Source Bagnoli and Masiero, 2021

1.3 Overview of family firms in Italy

Family businesses, governed by Article 230 bis of the Italian Civil Code, are entities involving family members up to the third degree of relationship, both in ownership and management. The complexity of family businesses arises from the intertwining of economic dimensions, forming a hybrid system with overlapping but not necessarily aligned social subsystems: the business and the family. According to Ward (1987,54): *“The very nature of business often seems to contradict the nature of the family. Families tend to be emotional; businesses are objective. Families are protective of their members, business, much less so. Families grant acceptance unconditionally. Business grant it according to one’s contribution”*.

Definitions of family businesses can vary, considering aspects such as family involvement in ownership, management, capital participation, and board representation. The European Family Businesses define a family business as one where decision-making is primarily held by family members, emphasizing the intertwining of family and business dimensions, but many definitions can be slightly different from one another. Here some examples of literature definitions of the last thirty years:

Definizione	Autore
«A firm that will be passed on for the family's next generation to manage and control».	Ward 1987, 252
«Family members own 60 percent or more of the equity».	Donckels, Fröhlich 1991, 152
«If there were key managers related to the owner working in the business the firm is considered a family firm».	Daily, Dollinger 1992
«Una o poche famiglie, collegate da vincoli di parentela, di affinità o di solide alleanze, detengono una quota di capitale di rischio sufficiente ad assicurare il controllo dell'impresa».	Corbetta 1995, 20
«Broad definition: Effective control of strategic direction, intended to remain in family. Middle definition: Founder/descendants run company, legal control of voting stock. Narrow definition: Multiple generations, family directly involved in running and owning, more than one member of owning family having significant management responsibility».	Shanker, Astrachan 1996, 109
«A firm governed and/or managed with the intention to shape and pursue the vision of the firm held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families».	Chua et al. 1999, 25
«A person controls 20 percent or more of the voting rights».	La Porta et al. 1999, 478
«Sum of percentage share of the family ownership, management, and/or governance is at least 1 or more to classify a business a family firm. Sum of (percentage of family stock ownership) +(percentage of family members in management board) + (percentage of family members in supervisory board) ≥1».	Klein 2000, 158
«The firm's chief executive officer (CEO) is either the founder or a member of the founder's family».	McConaughy et al. 2001, 37
«The F-PEC scale measures the family influence as continuous variable».	Astrachan et al. 2002, 51
«The family continues to have an equity ownership stake in firm; family possesses board seats; founding CEO is still the acting CEO or descendent of CEO is acting CEO».	Anderson, Reeb 2003a, 1312
«A family member is chief executive, there are at least two generations of family control, (and) a minimum of 5 percent of voting stock is held by the family or trust interest associated with it».	Colli et al. 2003, 30
«The founder or a member of his or her family by either blood or marriage is an officer, a director, or a blockholder».	Villalonga, Amit 2010, 6
«A person or family owns 33 percent of the shares in the firm».	Barth et al. 2005, 111
«Multiple family members are either insiders (officers or directors) or large owners (5 percent or more of the firm's equity) at the same time or over the life of the company as family descendants».	Miller et al. 2007, 837
«A large body of common stock is held by the founder or family members and family members participate actively in monitoring the firm».	Arosa et al. 2010, 239
«Family companies as those with families as either owners or managers or a combination of the two. They must involve more than one family member, and there has to be a succession, or a planned succession, from one generation to another».	Wooldridge 2015, 3

Figure 2: Source Bagnoli and Masiero, 2021

Governance in family businesses reflects a synthesis of family values and business rules, addressing critical organizational development stages like delegation, family involvement in management, external capital incorporation, and succession planning. As businesses grow, effective governance structures become crucial, and the ability to delegate responsibilities and implement management control practices becomes essential. The management of family knowledge in family businesses involves unique routines, shared experiences, territorial connections, and a long-term orientation, giving them an advantage in identifying and exploiting opportunities. The choice between effectuation and causation approaches further distinguishes family businesses. Despite the positive aspects of informal relationships within family businesses, they can also introduce complexity. The literature shows varying perspectives on the impact of family relationships on business performance, with some emphasizing the positive role of family values and others highlighting potential challenges. The survival of family businesses across generations ensures continuity but may also perpetuate outdated approaches. Generation gaps and shared leadership among family members with differing interpretations of corporate reality can pose challenges. Critical themes include the dynamics between owner-managers and non-family managers, potential resistance to external involvement, and governance characteristics like parsimony, personalism, and particularism. In conclusion, family businesses not only reflect the strategic choices of their members but also bear the imprint of local and national contexts in which they originate, develop, and operate.

Family firms are a subject of debate regarding their role in entrepreneurship. Early research contrasted family and business objectives, positioning them as opposites. However, more recent research suggests that strong family and entrepreneurial objectives can coexist. The literature also explores the effects of family ownership on entrepreneurship characteristics and firm performance. Additionally, it discusses the relationship between family influence and firm performance, highlighting the impact of innovation and management control on family firms' performance: family governance practices and the commitment to growth and wealth preservation are relevant in enhancing firm performance. Uhlaner and other researchers (2012) also underscore the

need to consider factors beyond family ownership when predicting entrepreneurship and highlights the complexity and heterogeneity of family firms (Uhlaner et al., 2012).

Family firms play a significant role in the Italian economy, with a strong presence across various sectors and industries. In 2018, family-run small and medium-sized enterprises (SMEs) accounted for a substantial share of businesses in Italy, with the highest representation in sectors such as agriculture, manufacturing, and services. Italy is home to an estimated 784,000 family businesses, representing over 85% of the total number of enterprises and contributing to approximately 70% of the country's employment. The influence of family businesses in Italy mirrors that of key European economies like France (80%), Germany (90%), Spain (83%), and the UK (80%). However, what distinguishes Italy is the comparatively lower reliance of family businesses on external managers. Notably, 66% of Italian family businesses are entirely managed by family members, a notable contrast to 26% in France and only 10% in the UK. Another distinctive feature of Italian family businesses is their remarkable longevity. Among the world's 100 oldest businesses, 15 are Italian, with five of them – Fonderie Pontificie Marinelli (founded in 1000), Barone Ricasoli (1141), Barovier & Toso (1295), Torrini (1369), and Marchesi Antinori (1385) – ranking among the top ten oldest family businesses that are still actively operating today (AIDAF, 2021).

These family businesses are vital to the Italian economy, contributing to its stability and growth. They represent a substantial portion of the country's total turnover, employing millions of workers and accounting for a significant percentage of the Italian stock market and its capitalization (Mirone and Basile, 2022). According to the 2023 EY and University of St.Gallen Family Business Index, Italy is home to some of the world's largest family enterprises, further underlining the relevance and influence of family firms in the country (Robertsson, 2023). The prevalence of family businesses in Italy, especially in sectors like manufacturing, underscores their importance in driving economic activity, employment, and innovation. These businesses thrive due to a strong sense of belonging, transcending short-term visions and agency problems. Shared values within family businesses become distinctive elements, shaping the company's identity, commitment to communities, customers, and internal members. The emphasis on family harmony, intergenerational business transmission, and independence from external entities often rivals or surpasses economic goals. Core values such as trust, dedication,

long-term strategic orientation, and a commitment to continuity guide the mission of family businesses. Their long-term strategic focus leads to proactive and innovative decision-making with a conservative risk approach for stability. This orientation fosters intergenerational continuity considerations, aligning business and family interests. The long-term perspective also facilitates the development of specific key competencies, allowing administrators to gain profound knowledge of the industry and make confident, long-term investments. Furthermore, family businesses strengthen their connection to the local community through Corporate Social Responsibility (CSR) initiatives and philanthropy. In essence, the theoretical framework of a family business aligns with the concept of a "significant enterprise," deeply rooted in and actively contributing to the local territory by creating synergies, relationships, and shared value (Bagnoli and Masiero, 2021).

1.4 Theoretical framework on the role of traditions in family firms

Theoretical frameworks on the role of traditions in family firms emphasize the significance of traditions as a critical capability for their success. Traditions are considered foundational elements that contribute to the enduring entrepreneurship and continued success of family businesses (Suddaby and Jaskiewicz, 2020). The role of traditions in family businesses extends beyond mere ownership transfer, encompassing the transmission of cultural and operational practices. While earlier studies suggested that traditions hindered change and innovation, recent insights emphasize the potential for family businesses to creatively reinterpret traditions instead of discarding them outright. This approach is crucial for effectively managing two fundamental tensions faced by family businesses: the need to modernize the business and the need to honor the founder's vision.

Family businesses often grapple with what is known as the "innovation paradox," a clash between the desire for continuity and the imperative to adapt to changing market demands. Rather than viewing traditions as rigid obstacles to change, successful family businesses focus on a process of creative rebuilding and rejuvenation. This process enables them to innovate while preserving core values and traditions, seeing innovation as a form of continuity rather than disruption.

Intergenerational tensions and decision-making dynamics are common challenges for family businesses. The inability of the next generation to make decisions can have significant consequences, similar to the tragic outcomes in Sophocles' account of Oedipus. Instead of adopting a destructive creative destruction approach to succession, successful family businesses reinterpret founding values and traditions through collective remembering. This involves sharing stories and co-creating narratives that adapt long-standing values to the present. The motivation behind this process is to inspire the next generation to make bold changes while reminding senior leaders to share decision-making power.

Managing traditions involves understanding them as a two-pronged concept: the ritual constructed in the past and the continually updatable meaning. Traditions serve as a vital foundation for family businesses, providing a link between the past and the present that allows for adaptability and reinvention into the future. By creatively reinterpreting traditions, family businesses can navigate the innovation paradox and intergenerational tensions effectively (Barclay et al., 2022).

Additionally, family businesses use their legacy of entrepreneurship and history to their advantage, fostering a strong culture that can be a major competitive advantage (Bekers et al., 2020). The rhetorical use of history and storytelling within family firms not only fosters a sense of belonging and pride but also serves as a source of inspiration for the next generation of leaders (Amore, 2023). Therefore, theoretical frameworks underscore the dynamic nature of traditions in family firms and their potential to be leveraged for continued success and competitive advantage.

Bagnoli and Masiero (2021), in their research, provide a theoretical framework on the role of traditions in family firms, emphasizing the importance of balancing tradition and innovation. It discusses the significance of leveraging cultural heritage, innovating artisanal heritage, and embracing technological transformations while strategically reworking traditional values to create new shared value. This approach underscores the need for family firms to adapt to changing environments while preserving their cultural and artisanal heritage, ultimately creating new value through a combination of tradition and innovation.

Tradition serves as a wellspring of inspiration for innovation, as creativity can draw dependable support from societal practices deemed suitable for past developmental requirements. It functions as a reference framework, offering guidelines based on what has endured in economic, social, and cultural evolution, embodying the notion of sustainability. It's essential to note that tradition doesn't necessarily have to persist unchanged; instead, it represents an asset open to continual exploration and expansion, allowing for adaptation and evolution. This perspective acknowledges tradition's dynamic nature, capable of contributing to ongoing processes of creativity and innovation. (Messeni Petruzzelli, Albino 2011, 17). The research also provides a framework for studying the intersection of entrepreneurship and family ownership, outlining relevant variables and their relationships.

1.5 Innovation in family businesses

The term "innovation" refers to the introduction of a new idea, method, or product, or the use of new ideas and methods to create value. It can encompass the development of more effective products, processes, services, technologies, or business models. Innovation is not limited to the creation of entirely new inventions but also includes the practical implementation of these ideas to make a meaningful impact in a market or society. In a business context, innovation involves conceiving, developing, delivering, and scaling new products, services, processes, and business models to drive substantial net new growth (Source: ec.europa.eu).

The distinctiveness of family businesses, marked by their traditions, values, and generational patterns, contributes to their measured approach to innovation. The passage identifies three key factors influencing this cautious stance: the impact of family culture on the innovation process, internal conflicts hindering innovation, and the role of family involvement in either driving or impeding innovative initiatives. While family businesses may be perceived as slower in decision-making compared to their non-family counterparts, their conservatism is rooted in organizational traditions, internal rules, long-term strategic vision, and historical partnerships with stakeholders. Despite this deliberate decision-making pace, family businesses are described as not only innovative but also highly competitive in their respective fields, often drawing inspiration from industry best practices (Cioca et al., 2020).

Due to their conservative approach and long-term company strategies, family businesses carefully analyze both external and internal factors that prompt them to invest in innovation. Despite their commitment to preserving traditions, patterns, and ensuring a smooth business succession to the next generation, family businesses are cautious in managing resources for the benefit of future generations. However, their strong attachment to established patterns and emotional connections to the past can pose challenges to fostering innovation (Broekaert et al., 2016).

While family businesses grapple with various external and internal factors, a particularly challenging obstacle they face is making risky decisions regarding future innovation. It's essential to note that being cautious about risk does not necessarily mean that family businesses are less innovative than other companies. Instead, their approach to innovation, influenced by family dynamics, can bring both advantages and disadvantages to their long-term strategy.

One notable disadvantage is the hesitancy to take risks in forming new partnerships for innovative developments, potentially limiting their exposure to external expertise (Grundstroem et al., 2012; Calabro et al., 2018; Duran et al., 2016). Family businesses tend to avoid internal partner involvement, fearing it might impact family values and emotions. Instead, they often opt for external collaborations, such as partnerships with universities or well-known experts, who are less likely to pose a threat to family business values.

Amid perceived threatening factors, studies have indicated that family businesses fear losing control of the company, intensifying concerns about innovation. This fear of losing control tends to result in a more cautious and sensitive approach to innovation, with a focus on exploitative rather than exploratory innovation (Shane and Venkataraman, 2000).

The presence of multiple generations within older and larger family businesses often leads to conflicts, especially when family members in management positions clash over traditional versus modern business ideas. These conflicts pose a threat to the business's reputation, survival, and profits, stemming from disagreements on management roles and family decisions. In the pursuit of innovation, inexperienced family members may find themselves in strategic management positions, potentially sidelining qualified specialists.

Despite the challenges, the involvement and shared perspective of experienced family members play a crucial role in strengthening the innovation process. However, conflicts within the family can impact management innovation, favoring the influence of informal family members over seeking external expertise. Consequently, the innovation process may occur but in a weakened manner (Chirico and Salvato, 2016).

Internal family conflicts also manifest in differences in organizational structures compared to non-family businesses in the same industry or of similar age. Family businesses have the autonomy to establish their own research and design tools by integrating external knowledge. This organizational management innovation encompasses new structures and systems, enhancing their capacity to innovate. The distinct approach to internal choices enables family businesses to better define and understand their internal social, cultural, and political innovative processes.

Studies highlight the potential weakness in the innovation behavior of the second generation but simultaneously recommend the creation of additional businesses alongside the primary family business pillar. The influence and control exerted by the family over the business significantly impact innovation decisions. While the literature doesn't universally assert that some family businesses are more competitive than others, it underscores the uniqueness of each family and its values. For a successful innovative outcome, active participation in both organizational and management innovation is deemed ideal. Some studies found out that there is a positive correlation between a successful innovation and the family involvement, that because, they both are key factors in family businesses.

Family businesses are propelled by a variety of social and psychological factors. These include the fear of losing the business, a commitment to family traditions fostering a continuous drive for innovation, strategies for maintaining the brand name, and the active involvement of family members in business management. Despite the consideration of financial aspects, family businesses often seek the expertise of external professionals, such as universities, experts, and designers, for research and development in pursuit of innovation. The commitment to delivering high-quality products in the market is a persistent focus in the minds of family business members. Depending on the industry, internal process innovation can enhance efficiency and lead to cost savings for the

company. Family businesses continuously innovate through successful corporate strategies, with family values, traditions, and patterns integrated into their overall approach. This necessitates ongoing product development, serving as a crucial component of the family business segment's corporate strategy. Moreover, the survival of family businesses in their respective industries hinges on a profound psychological understanding of industry requirements and a commitment to continuous product development. This strategic approach ensures the family business not only adapts to market demands but also thrives and remains competitive in their sectors (Cioca et al., 2020).

1.5.1 Family- Driven Innovation

Innovation in family businesses is a topic of growing interest. Research suggests that family firms that engage in multiple levels of innovation, such as incremental and radical, are likely to enjoy performance advantages. Family-driven innovation (FDI) is an integrated, contingency perspective on family firm innovation that highlights the unique characteristics of family businesses and their impact on innovation. Family businesses are associated with a tendency for low innovation inputs, such as R&D expenditures, but high innovation outputs, such as new patents or products. This suggests that family firms innovate more efficiently than non-family firms. The involvement of families in firms' ownership and management, as well as the shared understanding of reciprocal knowledge resources between family and nonfamily employees, can contribute to higher innovation in family businesses (Cioca et al., 2020). In the realm of economic development, innovation remains a key driver, particularly evident in family businesses committed to adapting to a dynamic industry environment. Despite their reputation as conservative leaders, family businesses are increasingly recognizing the strategic importance of innovation, spurred by the changing landscape of their respective sectors. The inclination of family businesses towards innovation is strategic, aimed at introducing changes to established business routines and reaping economic benefits. However, their approach tends to be more cautious compared to non-family businesses. Surprisingly, despite the perceived reluctance to change, family businesses have demonstrated notable success and innovation on a global scale.

FDI is defined as an integrated, contingency perspective on family firm innovation that emphasizes the need for consistency between a family firm's strategic innovation decisions and its idiosyncrasies to achieve and sustain competitive advantage through innovation. It is a matter of relevance because it allows family firms to resolve the paradox of innovating less despite having the ability to do more. By achieving a close fit between the heterogeneity of innovation decisions and the heterogeneity of the family firm's idiosyncratic characteristics, FDI enables family firms to unlock their innovation potential and build competitive advantage. This integrated framework is useful for organizing existing and future research into the intriguing topic of innovation in family firms. FDI is relevant not only for family firms—the predominant form of business organization around the globe—but also for our general understanding of innovation processes and the mutual influences between the type of corporate governance of organization and innovation (De Massis et al., 2015).

FDI refers to the internally consistent set of strategic decisions that allow a family firm to resolve the innovation paradox. It is important because research indicates that defining a clear innovation strategy is critical for increasing a firm's ability to use innovation to create a competitive advantage. Family businesses often rely on family resources for innovation, but these resources can also atrophy and stifle innovation, making it essential to understand and manage the dynamics of FDI. Therefore, recognizing and leveraging family-driven innovation can be a key factor in the success and competitiveness of family firms (Heider et al., 2022).

In an interview of 2016, Alfredo De Massis, Professor of Entrepreneurship & Family Business at Lancaster University Management School, defines the paradox of innovation faced by family businesses as a phenomenon that stems from the interplay of two crucial factors in family governance: ability and willingness. Ability refers to the family owners' authority over a firm's resources, while willingness pertains to the family's inclination to engage in unique behaviors shaping the firm. Despite having a superior ability to innovate due to their discretionary control, family businesses are often perceived as less willing to innovate compared to nonfamily firms. This paradox arises from the family's distinct economic and non-economic goals, leading to a situation where family firms, despite having the capability, innovate less than their nonfamily counterparts.

FDI is a concept designed to resolve this paradox by aligning strategic decisions with the unique characteristics of family firms. This approach involves ensuring internal consistency between the contingency factors defining family firms and those capturing the heterogeneity of innovation decisions. By recognizing the fit between the heterogeneity of innovation decisions and family firm characteristics, family business owners and executives can foster Family-Driven Innovation. When there is alignment, it creates a pathway to building a competitive advantage through innovation. Importantly, FDI is applicable across family businesses of varying sizes and industries, as demonstrated by examples such as Azienda Agricola Cirinnà Vincenzo, a small-sized, third-generation family business in the organic olive oil industry in Sicily, which successfully implemented this approach to achieve sustainable competitive advantage through innovation across generations (Magazine, 2019).

Always according to De Massis (2016), identifying and understanding the unique characteristics of family firms is crucial for fostering innovation. The three contingency factors – WHERE, HOW, and WHAT – offer a framework to capture the heterogeneity of family firms and guide their innovation efforts.

There exist some factors that can help family firms identify their own characteristics and help them innovate:

1. **WHERE (Direction):**

- **Family Owners' Goals and Intentions:** Understand the goals and intentions of family owners. What direction do they want the family firm to take? This reflects the willingness of the family to behave in a certain way.

2. **HOW (Discretion):**

- **Structures, Governance Mechanisms, and Decision-Making Processes:** Evaluate the structures and decision-making processes that constrain the power of family owners. This represents the ability as discretion – the discretion the family firm has to move in the desired direction.

3. **WHAT (Resources and Capabilities):**

- **Resources and Capabilities:** Identify the resources and capabilities needed for family owners to lead the firm in the desired direction. This represents the ability as resources – the resources and capabilities required.

In the context of innovation, strategic decisions can also be analyzed through WHERE, HOW, and WHAT factors. Deciding WHERE to find knowledge resources, HOW to manage the innovation process, and WHAT to innovate are critical considerations, covering aspects like knowledge domains, innovation approaches, and the focus on product, process, or business model innovation.

For family firms content with traditional approaches and hesitant to embrace innovation, a key recommendation is to avoid complacency. While strong ties to tradition can provide a competitive advantage, it's crucial to recognize that innovation is a vital determinant of competitive advantage and performance. Family businesses should view tradition and innovation not as conflicting choices but as aspects that can coexist. Some family firms successfully leverage their tradition for innovation, demonstrating "innovation through tradition."

To unlock their innovation potential and gain a competitive edge, family firms should pursue FDI, ensuring a close fit between the heterogeneity of innovation decisions and the family firm's characteristics. Tradition and innovation need not be mutually exclusive; family firms can find ways to innovate while preserving their heritage. Advice for family firms seeking to unlock their potential through innovation involves an integrated perspective on WHERE, HOW, and WHAT contingencies for both innovation decisions and family firm characteristics. The internally consistent set of strategic decisions, known as Family-Driven Innovation, emphasizes the importance of aligning these contingencies. This alignment may lead family firms to deviate from standard innovation management practices if they don't match their distinctive characteristics. Research indicates that unconventional design principles concerning teams, leadership, and incentives may be essential for high-performing new product development programs in family firms.

1.5.2 Different types of innovation

Recognizing the importance of contextualizing the specific characteristics of technological change within its historical period, back in 1988, Freeman and Perez

developed a hierarchical classification of innovation forms. This classification considers the impact of innovations on both the business and global contexts, distinguishing between incremental innovation, radical innovation, new technological systems, and technological-economic paradigm shifts.

Over the past decades, technological evolution has been linked to digitalization, automation, and artificial intelligence, culminating in what Klaus Schwab (2017) defined as the fourth industrial revolution. This revolution spans various global industrial sectors, with a progressive increase in the use of digital platforms by consumers and producers, leading to a reduction in product lifecycle and necessitating the reconfiguration of products, processes, and business models for companies.

The acceleration in the adoption of new digital technologies has been further influenced by radical changes caused by the COVID-19 pandemic. Measures in favor of remote work and smart working have expedited digital transformation, resulting in the dematerialization of internal processes and a transformation of working practices.

In a context of constant transformation and global markets subject to shocks and radical changes, innovation is considered the key to sustainable competitiveness. Companies are called upon to redefine their business models in light of profound changes, highlighted also by the COVID-19 pandemic. The adoption of a model that incorporates and represents different aspects of a business, identifying fundamental components and criticalities, becomes essential. The value tetrahedron is the model adopted in this context, offering a spatial perspective to understand the complexity of the business (Bagnoli and Masiero, 2021).

Innovation encompasses proposing alternatives to conventional practices, providing economic and behavioral benefits, addressing problems, and enhancing daily practicality. It spans products, services, processes, markets, production methods, technology, or any transformative change that becomes vital and enduring.

For innovation to occur, individuals and companies leverage the myriad possibilities technology offers. Technology serves as the foundation supporting all types of innovation, as without proper tools, innovation may occur at the wrong time, missing the potential for business scalability.

To innovate means surpassing the expectations of stakeholders and the market, necessitating speed, quality, and precision. The advantages of innovation are significant:

1. **Contributing to Societal Development:** Innovating in a sector, segment, or brand positively impacts society as a whole.
2. **Organized Processes:** Innovating processes, especially with technology, establishes standards and systematizes the best work methods, crucial for successful strategies, achieved results, and goal attainment.
3. **Fostering Creativity:** Embracing innovation signals openness to change, allowing employees to contribute new ideas and witness the practical benefits innovation brings to daily operations.
4. **Enhancing Competitiveness:** Adoption of strategic resources makes a company more appealing to customers, partners, and talents, providing a competitive advantage in the market.
5. **Increasing Productivity:** Innovation proposes more efficient processes, improved production control, effective strategies, and fosters greater engagement among employees.
6. **Adding Value to Products or Services:** Innovative offerings boost marketing by providing something distinct and unique for the target audience.
7. **Increasing Profits:** Enhanced productivity, an attractive business, and effective management resulting from innovation lead to greater profitability (Sydle, 2023)

The major types of innovation are radical, architectural, incremental, and disruptive. These categories may vary based on the industry, market, brand identity, and the nature of products or services offered. Understanding these types is crucial for companies aiming to innovate.

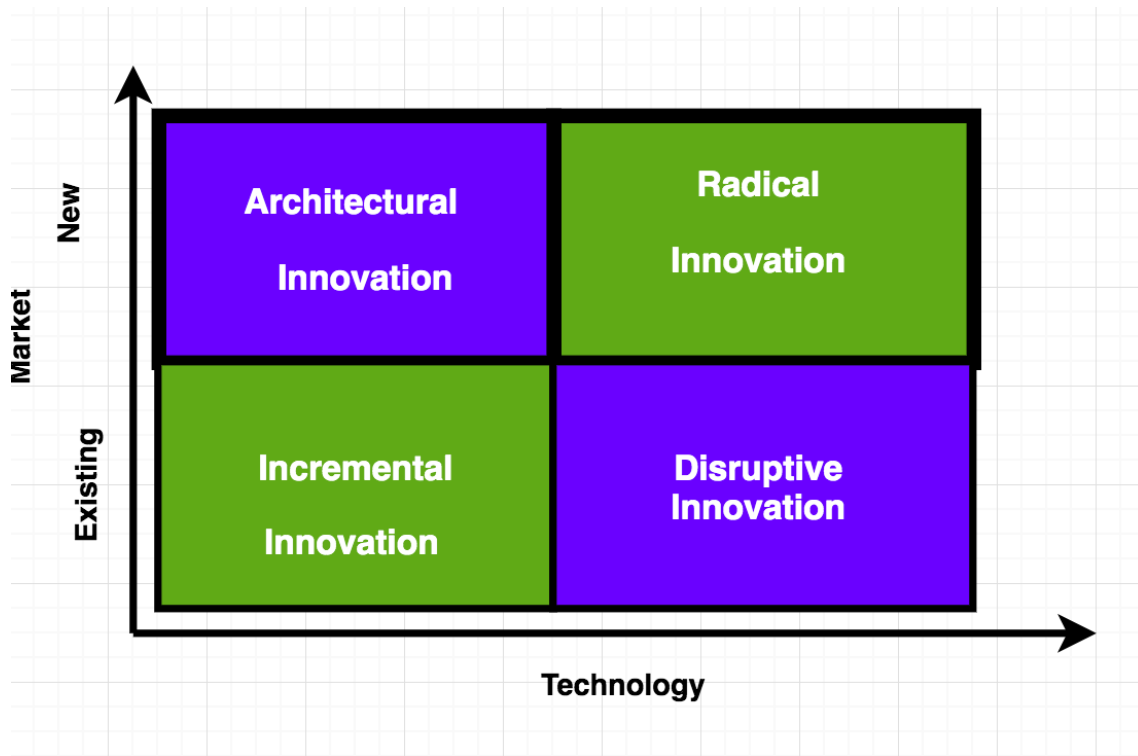


Figure 3: Source Talin B.2023

1. **Architectural Innovation:** Strategic approach where organizations leverage their existing technological capabilities, expertise, and skills to enter and succeed in new markets. Instead of introducing entirely new technologies, this form of innovation involves applying existing technologies in novel ways or adapting them to different market contexts. It often entails a reconfiguration of the internal architecture of products, services, or business processes to address the needs of a distinct market segment. Some practical examples can be Amazon and Alibaba which use architectural innovation to enter new markets by leveraging existing expertise in building apps, platforms, and their customer base. For instance, Amazon recently entered the medical care field.

2. **Radical Innovation:** It involves the creation of technologies, services, and business models that open up entirely new markets. It is characterized by the development and implementation of entirely new and groundbreaking technologies, services, or business models that introduce unprecedented and transformative changes to existing markets or create entirely new ones. It represents a departure from conventional practices and involves significant shifts in thinking, often leading to the establishment of entirely novel industries. The invention of the airplane is a classic example of radical innovation. This

new technology created a new form of travel, established an industry, and opened up a whole new market.

3. Incremental Innovation: Utilizes existing technologies within an existing market with the aim of improving an existing offering by adding features, altering design, etc. Existing products, services, or processes are improved or enhanced gradually over time. It involves making incremental adjustments, additions, or refinements to existing technologies or practices, aiming to build upon established foundations and enhance specific features without fundamentally altering the overall structure or concept. The Smartphone market could be a prime example, where innovation often involves updating hardware, improving design, or introducing additional features, cameras, sensors, etc.

4. Disruptive Innovation: Applies new technologies, processes, or disruptive business models to existing industries. Initially may seem inferior but surpasses existing models over iterations due to efficiency and efficacy advantages. Disruptive innovation refers to the introduction of new technologies, processes, or business models that significantly alter existing markets, often displacing established competitors and reshaping industry dynamics. This type of innovation disrupts traditional approaches and creates a paradigm shift, challenging established norms with novel solutions that, over time, gain widespread acceptance. For example, Amazon disrupted bookshops by using Internet technologies to change how books were sold, delivered, and experienced. The iPhone replaced traditional phone technologies with touch-interface-centered devices and intuitive user interfaces (Talin, 2023).

1.6 Value creation in family firms

Value creation for a company is the fundamental process of generating value for its various stakeholders, including owners, customers, and employees. It encompasses the development of products and services that customers find valuable, as well as creating a work environment that enables employees to deliver high-quality work. This process is essential for the long-term success and sustainability of a business, as it not only drives profitability but also ensures that the company is providing meaningful benefits to its stakeholders. Value creation can take various forms, such as time saved, increased productivity, and improved quality of life for customers and employees. It is a

multifaceted concept that goes beyond simple profitability and is crucial for maintaining a competitive edge in today's dynamic business environment (Hans, 2023).

Value creation in family firms is a nuanced process that is influenced by the unique goals, resources, and governance of the family owners. Research suggests that family ownership can create or destroy value depending on the alignment of these elements. A family-influenced clarity of purpose, long-term focus, and engaged ownership are among the strengths that can contribute to value creation. However, it is essential to understand and address the weaknesses of family businesses, such as governance, succession planning, and talent management, to avoid value destruction. Successful value creation in a family business context requires a comprehensive understanding of these dynamics and the development of strategies that leverage the strengths while mitigating the weaknesses. This approach is crucial for ensuring the long-term flourishing of family firms over generations.

According to Kammerlander and Sieger's study (2015) there exist different research perspectives explaining the performance variations between family firms and other businesses, focusing on the fundamental factors contributing to value creation within family firms.

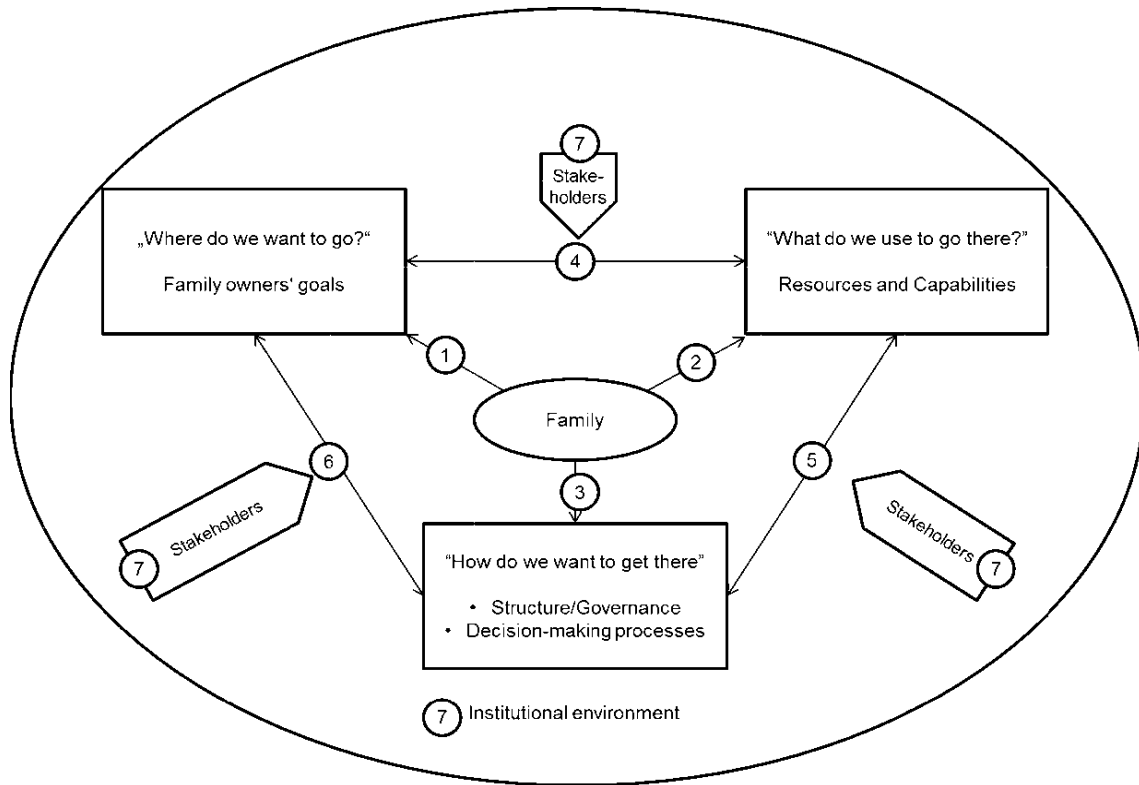


Fig. 4 Model of value creation in family firms

Figure 4: Model of value creation in family firms (Kammerlander et al.,2015).

The first perspective (Number 1 on the figure) investigates the idiosyncratic goals of family firms and how they are influenced by family owners. This exploration considers how family goals and priorities shape organizational behavior, emphasizing the concept of socio-emotional wealth and the pursuit of non-financial goals like maintaining control or fostering trust-based bonds. The influence of these non-financial goals extends to affecting family firms' behavior in areas such as environmental performance and adaptation to technological innovations.

Another research stream (n.2), grounded in the resource-based view, highlights the significance of resources and capabilities in family firms. The focus is on 'familiness'—a unique bundle of resources resulting from family involvement. Examples of beneficial resources encompass family-specific social capital, human capital, and reputational capital. However, it is acknowledged that a lack of resources, such as financial constraints for investing in new technologies, can lead to value destruction rather than creation.

The third perspective (n. 3) examines value creation as a function of governance structures within and around family firms. Family owners are identified as key influencers of organizational structures and executive compensation, thereby impacting the overall efficiency of the organization. The role of monitoring systems and incentive schemes in determining managers' leeway and motivation is emphasized. Family firms are noted for exhibiting distinctive governance structures, including idiosyncratic contracts, compensation mechanisms, fewer hierarchical levels, and different agency problems compared to non-family firms.

Overall, the argument posits that understanding the unique characteristics of family firms—encompassing their goals, resources, capabilities, and governance structures—is crucial for comprehending their performance dynamics and the processes involved in value creation, differentiating them from non-family counterparts (Kammerlander et al., 2015).

Italian family firms create value through a combination of financial and non-financial objectives, including control, transgenerational succession, social and human capital, and the emotional bond with the company and its reputation. The success of family businesses is not solely defined by profits but also by their ability to implement long-term strategies, protect socio-emotional values, create employment, grow faster, and have lower debts compared to other types of businesses (Stephens, 2024). The legal status of family businesses in Italy and the strategic potential of family businesses have also been recognized, with a primary goal being to maintain competitive advantage in the market and pass down values to the next generation. Family businesses in Italy are characterized by a strong integration of family systems and enterprise, resulting in a set of valuable and unique resources. They are also increasingly open to including non-family leaders and board members, aiming to combine long-term vision with a stable shareholder structure typical of family businesses. The governance models and ownership structure of family businesses, where the majority of shares are held by a juridical person or a family, also contribute to their unique value creation.

According to Nigri and Di Stefano (2021), there is a presence of a humanistic drive in family businesses, highlighting the interaction between commercial and traditional cultural relations within these entities. It acknowledges humanism's perspective on

individuals as physical, emotional, and spiritual beings, challenging the traditional economic view of homo oeconomicus. Family businesses, characterized by a blend of commercial and cultural relations, derive their uniqueness from the relative powers within the family structure. Their study underscores the crucial role of social factors and meaningful relationships, especially within the family, in influencing individual well-being and life satisfaction. Survival elements for family businesses encompass warmer interpersonal relationships, a loyal workforce, sensitivity to local culture, and continuity based on shared choices and values. The involvement of family members, including spouses and children, significantly shapes decision-making and the overall nature of the family business. The research emphasizes the importance of humanistic approaches, both cultural and subjective, alongside traditional hard approaches in family businesses. It also notes the complexity of values within family businesses, leading to ethical conduct and the principle of reciprocity – giving freely to receive. Maintaining these values over time necessitates exemplary succession planning and a commitment to virtuous corporate decision-making. Long-term shared goals, along with generational change activity planning systems and normative tools, play a pivotal role in facilitating a smooth transition while preserving family ties and values. The active role of the father or founder within the family business context influences generational change and succession planning. Monitoring and understanding the family firm's culture are deemed crucial for creating conditions of balance and legitimacy necessary for a seamless transition. The study suggests that normative tools and adequate planning systems are essential for encouraging a soft transition, preserving family values, and fostering human flourishing within the realm of family businesses.

The organizational nature of family businesses in Italy presents a challenging yet stimulating task of ensuring a perfect balance between the family and the business. The unique characteristics of Italian family businesses, such as their strong integration of family and enterprise, their focus on transgenerational succession, and their ability to maintain competitive advantage, contribute to the value they create.

1.7 Costs and benefits in integrating historical legacy and fresh perspectives

The integration of historical legacy and fresh perspectives in Italian family firms presents both challenges and opportunities. Italian family firms, which constitute more than half of the country's companies, are vital for the economy and industry. These firms have a long-term orientation and unique ownership structure, which can be advantageous for innovation and long-term success. However, they also face challenges in balancing tradition and innovation, as some may hesitate to embrace change due to risks and conflicting objectives. Research on family business culture and innovation is still underdeveloped, but studies have shown that some family businesses prioritize enduring value, sustainability, and adaptability while navigating the challenges of tradition and innovation.

The unique opportunities that family businesses have to create and maintain a link with the past can streamline temporal search processes and facilitate the identification of past knowledge, enabling the effective use of this knowledge for successful innovations. Some family businesses are endowed with unique capabilities that allow them to make the past available and understandable to employees involved in the innovation process by putting in place organizational routines that ensure continuity across time and generations. While the challenges lie in balancing tradition and innovation, the long-term orientation and unique ownership structure of family businesses can be advantageous for innovation and long-term success. By understanding the intricate relationship between organizational culture and innovation in family businesses, it is possible to create an environment conducive to innovation and long-term success (Liedholm and Röström, 2023).

Liedholm and Röström (2023) discuss the challenges and opportunities in integrating historical legacy and fresh perspectives in Italian family firms. They highlight the tension between tradition and innovation, emphasizing the importance of striking a balance between the two. According to some participants to the study, the characteristics of family businesses underscore a profound dedication to tradition and the continual development of the business within the family context. Italian cultural identity plays a pivotal role, shaping the organization's values, traditions, and practices. This cultural legacy forms the basis for their unwavering commitment to producing high-quality offerings, embodying the pride and craftsmanship synonymous with Italian goods. Core values within the organization include tradition, quality, and transparency, highlighting their strong emphasis on preserving their Italian cultural identity and heritage.

They recognize and appreciate the dedication and hard work invested by previous generations, fostering a sense of pride and legacy within the culture, with a commitment to passing it on to future generations. Moreover, another participant, acknowledges the delicate balance required between tradition and innovation within the organization, recognizing the potential tension that may arise between these two elements. This tension prompts considerations on how to uphold traditions while embracing innovation and reconciling the desire to preserve the past with the necessity of looking toward the future (p.49). The study also mentions the restriction of new ideas to family members and resistance to change within Italian family firms, indicating the challenges of overcoming resistance to change within the family. Some interviewed, showcase the rigidity of their organizational culture in its approach to fostering new ideas: the scope for embracing fresh perspectives and innovative ideas is restricted to family members exclusively, together with a differentiation in flexibility between family and non-family members within the organization. They describe the difficulties encountered in introducing new ideas to the family company's communication style and the need to manage potential pushback or skepticism from other family members. According to participants, it is often challenging to convince team members or stakeholders to embrace innovation. They delve into the emotional and cognitive aspects of fear related to change, including fear of the unknown, fear of change, and fear of uncertainty (p.50).

Additionally, they discuss the significance of leveraging heritage and history as characteristics that drive product-, process-, and business model innovation in Italian family firms. The findings suggest that Italian family firms balance tradition and exploratory innovations without setting boundaries, representing a unique approach where they actively seek external sources of innovation and embrace new ideas while valuing traditional elements appreciated by customers. The dynamic between preserving traditions and fostering conservative innovation in family businesses underscores a commitment to safeguarding tradition, heritage, reputation, and socio-emotional wealth. This approach is rooted in risk aversion, driven by a dedication to preserving existing strengths and the family legacy. The primary focus lies in upholding quality, reliability, and consistency, rather than pursuing radical or disruptive innovations. As a result, this relationship reflects an incremental or conservative approach to innovation, aligning with

the overarching importance of stability, tradition, and the preservation of existing strengths within family businesses.

In contrast, the relationship of pursuing adaptive integration for outward innovation presents a distinctive approach wherein family businesses actively seek external sources of innovation and embrace new ideas while still valuing traditional features appreciated by customers. This approach balances tradition and exploratory innovations without imposing strict boundaries. Despite having a rigid organizational culture characterized by restricted decision-making authority and limited collaboration beyond family members, this relationship is linked to an explorative approach to innovation.

Minichilli et al. (2018) emphasizes the importance of maintaining a healthy balance between family and business priorities without preconceptions about the superiority of family over business needs. It suggests that family firms should continuously look to maintain this balance, which opens new avenues for further research. Additionally, it highlights that family firms experience a decline in family engagement and identification with the firm due to increasing dispersion of ownership among family members and the growing importance of financial considerations as a reference frame. This suggests that the succession choices of family principals in later generations might be driven by economic rather than solely socioemotional reference points. Current research findings indicate that while founder-managed family firms exhibit the highest socioemotional wealth (SEW) endowments, subsequent generations witness a decline in family engagement and identification with the firm. This decline is attributed to the increasing dispersion of ownership among family members and the growing emphasis on financial considerations as a reference frame. The study suggests that deviating from the primogeniture rule in later generations of family firms can be more effective for several reasons. First, descendant-controlled firms are more likely to implement formal recruitment policies, contributing to a balanced consideration of socioemotional and economic factors as the family firm matures. Second, in later generations, tracking potential family successors over time allows for succession planning and grooming new family leaders regardless of birth order. Third, a larger internal pool of potential family heirs, along with a diminished socioemotional wealth (SEW) endowment, provides flexibility to depart from primogeniture, enabling the selection of a successor aligning best with company needs. Lastly, the presence of more formalized governance structures

in mature firms is anticipated to ensure a more balanced consideration of financial and non-financial concerns in choosing future company leaders. Consequently, Minichilli and his colleagues (2018), argue that make non-traditional succession choices on post-succession performance will be more prominent in later-generation family firms (Minichilli et al.,2018).

CHAPTER 2

Research Methods

2.1 Research Design

The purpose of this qualitative exploratory study is to explore the interrelationship between innovation and tradition in Italian family firms. The author have opted for a qualitative research approach in Italian family firms for several compelling reasons: given the complex and nuanced nature of the relationship between innovation and tradition in family businesses, a qualitative approach provides a rich and in-depth understanding of the experiences, perspectives, and strategies employed by the individuals involved; through qualitative methods such as in-depth interviews, case studies, and content analysis, the author aims to capture the subjective insights of key stakeholders, including CEOs and family members, allowing the exploration of intricacies of their decision-making processes and the cultural nuances that shape their approach to innovation and tradition; this approach is particularly apt for unraveling the paradoxical nature of these businesses, as it enables to delve into the qualitative aspects of organizational culture, values, and interpersonal dynamics that quantitative methods may not fully capture. Ultimately, a qualitative research design aligns with the exploratory nature of the study, providing a comprehensive and contextually rich analysis of the innovation-tradition paradox within the unique context of Italian family firms.

While the overarching theme of innovation and tradition in Italian family firms has been a subject of scholarly attention, the existing literature often lacks in-depth exploration through concrete case studies and empirical evidence. While numerous articles and papers touch upon the theoretical aspects of the paradox between tradition and innovation in family businesses, there is a discernible gap in the literature concerning specific case studies that directly engage with family business owners. Many existing studies tend to rely on generalized assertions rather than delving into the practical experiences and perceptions of family business owners themselves.

Moreover, the contradictory nature of findings within the literature adds a layer of complexity to the discussion. Some scholars argue that family firms may exhibit lower

levels of innovation due to their adherence to traditional values, while others contend that family firms, driven by their unique dynamics, may, in fact, be more innovative than their non-family counterparts. These conflicting perspectives underscore the need for an elaborate and context-specific exploration.

Therefore, this research aims to bridge this gap by undertaking a qualitative approach centered on detailed case studies within Italian family firms. By engaging directly with family business owners and stakeholders, the author intends to unravel the intricacies of their behaviors, decision-making processes, and perceptions regarding the innovation-tradition paradox. Through practical examples and real-life cases, this study seeks to provide a more comprehensive and nuanced understanding of how these dynamics unfold in the context of family-owned businesses in Italy, contributing valuable insights to the existing body of knowledge on this intriguing and complex subject.

After having identified the population of the study which are family companies in the Italian territory, participants were chosen. The selection criteria for the non-probability sample were the following: at least a second-generation family-run business located in Italy and with Italian owners. These firms predominantly engage in product manufacturing, while only one offers services.

Participants were deliberately chosen to reflect the features of the sampled population. Also, the researcher decided to focus on companies operating in different sectors and industries, with different organizational structures, so having a comparative case analysis related to the significance of the research question. The selection of comparative cases is pivotal in measuring the significance of the research question. By examining diverse instances or scenarios, this approach allows for a comprehensive understanding of the broader implications and variations associated with the research question. Comparative cases offer a nuanced perspective, enabling the researcher to identify patterns, contrasts, and unique features that contribute to a more robust and insightful analysis of the overarching inquiry.

The researcher opted for a heterogeneous purposive sampling because while the selected participants share certain commonalities, such as being second-generation family-run businesses located in Italy with Italian owners, deliberate efforts have been made to introduce diversity within the sample. The intentional inclusion of companies operating

in different sectors and industries, each with unique organizational structures, aims to enhance the heterogeneity of the sample. This strategic variation is designed to capture a wide spectrum of experiences and practices related to the paradox between innovation and tradition within Italian family-owned businesses.

By incorporating this diversity, the research seeks to avoid potential biases that may arise from a more homogeneous sample. The inclusion of companies from various sectors and organizational structures allows for a more comprehensive exploration of how different contexts and industry-specific factors may influence the dynamics between innovation and tradition. Therefore, while the sample shares certain criteria, the deliberate inclusion of diverse cases contributes to the richness and applicability of the findings to a broader spectrum of family-owned businesses in Italy. The deliberate selection also incorporates diversity across various sectors and organizational structures for a comprehensive comparative case analysis.

2.2 Recruitment

In order to recruit the participants for the study, firstly a little research was conducted to identify the current family businesses in the author's own city, Arezzo. Utilizing a combination of online databases, local directories, and industry reports, a comprehensive list of family-owned businesses was compiled. This list served as the foundation for identifying potential participants for the study. Outreach to prospective participants was conducted through a multifaceted approach. Initial contact was established via email, where a succinct yet compelling introduction to the study's objectives and significance was presented. For firms with whom a personal connection existed or proximity allowed, direct communication via phone or in-person visits was utilized to convey the study's purpose and invite participation. The recruitment process was characterized by transparency and ethical considerations. Detailed information regarding the study's objectives, methodology, and anticipated outcomes was shared with prospective participants, emphasizing the voluntary nature of participation and the confidentiality of their contributions. Despite proactive recruitment efforts, the final participant cohort comprised six family firms, each representing a unique blend of tradition and innovation within their respective industries. While the initial aspiration was to include a larger sample size, the response rate and availability of contacted firms ultimately, together with

time constraints, determined the composition of the participant pool. Given the small size of the sample, a decision was made to conduct exploratory interviews, allowing for an in-depth exploration of the topic. By delving deeply into the experiences and perspectives of each participant, this approach aimed to uncover rich, nuanced insights into the paradoxical relationship between tradition and innovation within Italian family firms. Afterward, appointments were scheduled with the ones who agreed to take part in the qualitative study.

2.3 Data Collection

Semi-structured interviews served as the cornerstone of data collection, providing a platform for participants to share their experiences, perspectives, and insights on the intricate relationship between tradition and innovation within their respective family firms. The interview process was meticulously designed to facilitate open dialogue, encourage reflective storytelling, and uncover nuanced narratives that illuminate the complexities of organizational dynamics.

Prior to each interview, meticulous preparation was undertaken to ensure a conducive environment for candid conversation and meaningful engagement. This involved establishing rapport with participants through personalized communication, reiterating the purpose and significance of the study, and addressing any questions or concerns regarding the interview process.

Interview sessions were typically conducted in a setting conducive to focused discussions, such as participants' offices or designated meeting spaces within their organizational premises. Alternatively, virtual platforms were proposed to accommodate scheduling constraints or logistical challenges, ensuring flexibility and accessibility for all participants, but in the end all the interviews were done in presence.

A topic guide containing the informed consent, an outline of the sensitizing concepts, the interview questions and follow-up questions that were used during the data collection was created (Appendix n.1). In accordance with ethical guidelines, informed consent was obtained from participants before the commencement of each interview. Participants were provided with detailed information regarding the study's objectives, confidentiality measures, and their rights as research participants. Emphasis was placed on the voluntary

nature of participation, with participants given the opportunity to withdraw consent at any point during the interview process.

The initial questions posed were designed to align with the research topic, intentionally broad and easily answerable to encourage participant engagement. They were opening questions, concerning contextual information and their background. These served as a segue into more focused inquiries aligned with the overarching research question. Abstract inquiries were preferred initially, as they often proved more approachable for participants compared to more concrete queries. But, in reality, most of the interviewees brought on the discussion also very practical cases of everyday life and also many projects and partnerships with external collaborators. What was interesting was that the answers reflected their personal experiences, all of them were different, but they still had some traits in common.

As the discussion progressed through the main themes outlined in the topic guide, topics such as the company's approach to innovation, core values, management of the succession planning, family conflicts, the role of technology and external partnerships and the measure of success were treated. During this phase, participants frequently reiterated previous points, though occasionally introducing new insights.

Interviews served as an invaluable tool for gaining deeper insights into companies' and families' experiences. The depth of these insights hinged largely on participants' willingness to engage, thus open-ended questions were employed to prompt comprehensive responses and encourage reflection, rather than binary inquiries.

While the topic guide provided a framework for discussion, there remained flexibility to explore diverse topics beyond its confines. Instances, like P003 talked about the importance of keep going those artisanal activities also during future generations. Also, P003, outlined the importance of remained anchored in a territory, where the company has its roots and is valued for that.

Ethical considerations were paramount throughout the interview process, with measures implemented to safeguard participants' privacy and confidentiality. Audio recordings of interviews were stored securely and accessed only by authorized members of the research

team. Transcripts were anonymized to protect participants' identities, ensuring confidentiality while facilitating transparent analysis and interpretation of data.

Interview sessions were structured around a semi-structured format, characterized by a flexible yet focused approach to questioning. A carefully crafted topic guide served as a roadmap for navigating the conversation, encompassing key themes, sensitizing concepts, and probing inquiries designed to elicit rich, nuanced responses from participants.

The conversational style of interviews fostered an atmosphere of trust and openness, encouraging participants to reflect on their personal experiences, organizational practices, and strategic decision-making processes. Follow-up questions and prompts were utilized to delve deeper into specific areas of interest, allowing for a comprehensive exploration of participants' perspectives on tradition, innovation, and their interplay within family-owned businesses.

Each interview session was recorded to capture the nuances of participants' narratives and preserve the integrity of their voices. Transcripts (Appendix 2) served as the primary data source for subsequent analysis, facilitating a systematic exploration of emergent themes and patterns. Grounded theory methodology guided the iterative process of coding and categorization, enabling the identification of key motifs and theoretical constructs reflective of the paradoxical relationship between tradition and innovation in family-owned businesses.

The iterative nature of qualitative inquiry allowed for ongoing refinement and adaptation of interview techniques, ensuring responsiveness to emerging insights and evolving research objectives. Participant feedback and validation sessions were conducted to corroborate findings and enhance the credibility and trustworthiness of research outcomes.

Interviews lasted approximately forty-five minutes each, and they were all recorded with detailed transcripts. At the end, the data collected was relevant to the research considering the specific purposes of the sampling.

The grounded theory-based analysis was used to conduct the research, by using abduction to build a new theory from the empirical information collected through the interviews.

The data was predominantly gathered in Italian, despite sourcing the majority of information on the subject from scientific and academic literature written in English.

2.4 Data Analysis

Grounded theory methodology guided the analysis of qualitative data, facilitating the systematic exploration of emergent themes and patterns. Through iterative cycles of coding and categorization, the researcher identified key motifs and theoretical constructs reflective of the paradoxical nature of tradition and innovation in family businesses.

In addition to descriptive coding, the process of abductive reasoning was employed to generate new theoretical insights from the empirical data. Abduction involves the inference of plausible explanations to reconcile observed phenomena, thereby contributing to the development of theoretical frameworks grounded in empirical realities.

Central to this study is the process of theory building, wherein empirical findings are synthesized with existing literature to advance theoretical understanding. Drawing upon grounded theory methodology, the researcher engaged in constant comparison and theoretical sampling to refine and expand conceptual categories, ultimately culminating in the construction of novel theoretical frameworks.

By iteratively integrating empirical data with theoretical insights, this study seeks to contribute to the ongoing discourse surrounding the paradox between tradition and innovation in family businesses. Through the process of theory building, the aim is to develop nuanced conceptualizations that capture the intricate dynamics inherent in navigating tradition and fostering innovation within Italian family firms.

To conduct the qualitative data analysis, three main steps were followed:

- **Data reduction:** the qualitative data obtained by transcribing the interviews and using field notes were reduced and organized.
- **Data display:** by displaying data in visually supporting tables and maps conclusions were drawn from the mass data.

- **Drawing conclusions/verification:** thanks to the analyses conducted the researcher was able to develop conclusions.

To maintain fidelity to the original data and context, the researcher initially concentrated on analyzing interviews transcribed in Italian, the language in which they were conducted, to identify common themes among respondents. Subsequently, the interviews were translated into English and reviewed. Following the grounded theory approach, the researcher then began analyzing the data through coding after collection and transcription.

The data analysis proceeded manually and followed three stages: open coding, axial coding, and selective coding. During open coding, all interviews were thoroughly examined to identify primary themes and concepts, guided by the concepts of tradition and innovation outlined in chapter one of the dissertation. This list helped structure the open coding process, focusing on key categories such as the definition of the two terms for family firms, the importance of innovation in their businesses and the relevance of the familiar relationships in the business. However, the researcher acknowledged that the data might not neatly fit into these predetermined categories, as information retrieved from interviews often spanned and intersected multiple topics.

Codes must meet two crucial criteria:

- *Validity:* They should accurately reflect the content and meaning of what participants expressed during the interviews or in the data.
- *Exhaustiveness:* They should encompass all relevant data, ensuring that no significant information is left uncategorized or overlooked.

As already mentioned, six-semi-structured interviews were conducted to investigate how Italian family firms balance innovation and tradition in their business organization and strategies and how they manage the intricate relationship between family and business at work. Six companies located in Arezzo were taken as a sample. The codification process not only enabled the researcher to delineate a model but also facilitated the organization of the primary findings. The objective was to analyze the ways in which Italian family

firms approach innovation, how they balance it with tradition and old values and how they manage generational turnover.

2.4.1 Open Coding

First, during open coding, the researcher meticulously analyzed interview transcripts to identify meaningful aspects related to the research question. Each meaningful aspect was assigned a code, focusing on respondents' considerations, attitudes, actions, and associations toward tradition and innovation in family firms. This phase involved a detailed examination of the data on a line-by-line basis, including entire sentences and paragraphs. More than 300 total open codes were identified, by collecting meaningful wholes. All data undergo meticulous examination to pinpoint all pertinent elements related to the research question. Each identified element is subsequently categorized through codification. As the limited number of interviews, no platforms were used for the coding phase, the codes were identified manually. Then these codes were recorded, with each element grouped under its corresponding code. Words, phrases, lines, and occasionally entire paragraphs are recognized as significant elements. Initially, sensitizing concepts are employed as preliminary open codes, followed by verification of their alignment with the data. Subsequently, additional codes are integrated into the coding system, with continual adjustments until precise alignment is achieved. The process of identifying new codes ceases once all relevant codes have been exhausted, signaling the transition to the next coding phase, axial coding.

2.4.2 Axial Coding

Here, the researcher explored connections between identified nodes and sub-nodes from the open coding phase, aiming to conduct a horizontal analysis and spot relevant linkages. To identify commonalities among the conversations with respondents, the researcher employed a relational and variational sampling technique. This approach aimed to gather data based on its potential to reveal connections among nodes and sub-nodes or to either support or challenge possible connections. The axial coding stage sought to uncover relationships among the various open codes identified during open coding. All relevant topics from the interviews were analyzed during this phase, requiring the merging of

interview transcripts to establish connections and occurrences of codes and sub-codes. Common and frequent key terms were used as initial axial codes. After that, more interpretative codes were added. Two rounds of axial coding were made: in the first round 22 axial codes were identified and in the second one they were reduced to 7. The open codes pertaining to common themes were grouped together and axial codes were created. After categorizing and reassembling the data, four were identified as the main codes relevant to the research question *How do established family firms' traditions affect the innovation approach in Italy?: Traditions and Experience, Managerial Responsibilities, Innovation and Evolution and Family Confrontations*. Sub-nodes were identified within these axial nodes based on their relevance to the research question.

For example, the node "*Traditions and Experience*" holds significant importance for the research as it encapsulates the intricate interplay between traditional values, practices, and accumulated experiences within family-owned businesses. Understanding how these traditions shape the firm's identity, decision-making processes, and approach to innovation is essential for unraveling the paradoxical dynamics at play. By delving into the traditions and experiences inherent in these firms, the author aims to uncover insights into how they navigate the tension between preserving their heritage and embracing change to remain competitive in today's dynamic business environment.

Similarly, the axial code "*Managerial Responsibilities*" encompasses discussions wherein second-generation sons and daughters reflect on how their parents, the founders of the company, entrusted them with autonomy, responsibilities, and trust in managerial roles. This aspect holds particular importance as it sheds light on the intergenerational transfer of leadership within family-owned businesses and highlights the delicate balance between maintaining tradition and fostering innovation. By exploring the experiences and perspectives of these successors, the researcher aims to gain deeper insights into how familial values and dynamics influence managerial practices and decision-making processes, ultimately shaping the firm's trajectory in an evolving business landscape.

Another relevant and very actual code is the one named "*Innovation and Evolution*". For this code, it is evident that every interviewee emphasized the critical role of innovation in maintaining competitiveness within the market. They unanimously stressed the

importance of investing in new products, upgrading machinery, and staying updated with technological advancements. This collective insight underscores how a company with a rich history and extensive experience can adapt and evolve to remain relevant in the market. It highlights the transformative power of innovation in driving the growth and sustainability of traditional family firms, enabling them to not only survive but thrive amidst dynamic market conditions.

Finally, the node "*Family Confrontations*" made it notable that all interviewees concurred on the necessity of engaging in confrontations with family members to maintain harmony and trust within the business. They emphasized that these confrontations are essential for resolving conflicts and ensuring open communication. Interestingly, they highlighted that such confrontations are more feasible when family members hold distinct managerial positions, each with unique roles and perspectives. For instance, when one family member oversees technical aspects while another handles administration. This delineation of roles fosters a constructive environment where differing viewpoints can be openly discussed, leading to informed decisions and ultimately strengthening the familial bond within the business.

The three axial codes left out are "*start from the bottom*", "*love for the work*" and "*well-being of employees*" because although they are really interesting and crucial, they are not strictly related to the research question.

2.4.3 Selective Coding

Data were synthesized around the previously selected axial codes to identify a core category. The goal was to systematize data around broader conceptual themes to address theoretical objectives. Despite its challenges, the selective coding process flowed smoothly, with the focus on selecting codes that best filled the knowledge gap.

For the final selective code that summarizes the 7 axial codes and addresses the research questions, the researcher proposed the code: "*Tradition-Driven Innovation in Italian Family Firms*"

This code emphasizes the central theme of tradition influencing innovation within family businesses in Italy. It encapsulates the notion that while tradition serves as a foundational element, it also serves as a catalyst for innovation. This code encompasses the diverse aspects explored in the axial codes:

- *Well-being of employees*: Highlighting how traditional values impact employee well-being and how innovative practices can enhance it.
- *Traditions and experience*: Acknowledging the rich heritage and accumulated experience that shape innovation strategies.
- *Start from the bottom*: Exploring how grassroots initiatives align with traditional values to drive innovation.
- *Managerial responsibilities*: Examining the interplay between tradition and innovation in leadership roles and responsibilities.
- *Love for the work*: Considering how passion for the business drives innovative thinking and action.
- *Innovation and evolution*: Investigating how traditional values inspire and guide innovative practices for organizational evolution.
- *Family confrontations*: Understanding how constructive dialogue and conflict resolution contribute to innovation while honoring familial relationships.

This selective code provides a concise yet comprehensive framework for analyzing how tradition influences the innovation approach in Italian family firms, addressing each research sub-question within the broader context of tradition-driven innovation.

During the coding process, each significant segment is appropriately categorized under a code. For effective data analysis, it's imperative that these codes are both valid and exhaustive. Validity ensures that the codes accurately capture what the participants expressed, while exhaustiveness ensures that all relevant data is encompassed within the coding framework.

During the synthesis phase, researchers often encounter common dilemmas when working with datasets comprised of numerous interviews. These dilemmas may involve navigating between salient and minority statements across various participants or

discerning consensus versus dissent on topics of interest. A key advantage of qualitative interviews lies in the ability to embrace these nuances and variations within the data rather than simply aggregating them. When exploring and reporting findings, researchers can carefully analyze how different results are organized and which interviews contribute to specific codes, themes, or rhetorical elements.

2.5 Validity and Reliability

The researcher of this study approached scientific rigor by carefully considering and gathering all relevant information from both primary and secondary sources. Secondary information was obtained from academic sources such as articles, journals, and reports, which were incorporated into the literature review in the second chapter. Primary information was obtained through interviews with individuals who own and work in family organizations and are both senior and junior levels. The interviews were conducted with professionalism and impartiality, with the interviewer providing an unbiased recollection of all conversations and ensuring transparency and coherence of different viewpoints by sending a copy of the interview transcript to interviewees for proofreading. The study's trustworthiness was ensured by using generally homogeneous wording of questions (although in some cases questions slightly varied according to the way the conversation was going) and having impartial interactions with respondents, preventing misunderstandable words or ambiguous notions. The researcher made sure to provide clarity and rephrase questions whenever interviewees expressed doubts about their clarity.

2.6 Study Limitations

Interviewing the directors of several family businesses in the Arezzo area was a pleasure and also very inspiring for me. Each industry has different understandings of what tradition and innovation mean in their business, but each administrator managed to convey a love and passion for their company that we rarely get to find in non-family businesses. Of course, the sample of companies surveyed is rather limited, so the author is aware that cannot generalize the results to all types of family businesses in Italy. It should be acknowledged that this study does not fully reflect the complexity of the entire typology of these organizations.

The author acknowledges this constraint during the data analysis phase, recognizing the emphasis on a restricted number of companies and owners. Moreover, it is crucial to acknowledge that, despite the value of interviews as research instruments, they can be susceptible to the subjectivity of the interviewees or participants, whose viewpoints may lack complete objectivity.

One of the challenges encountered, particularly during interviews, was the difficulty in having the opportunity to talk with both senior and junior administrators of companies. This was the case because in some cases the founders of the company already passed away, in some others senior directors are no longer in the business and so in many cases it was quite easier to talk with sons and daughters who now have inherited the company and are working in it. It would have been interesting to know also their perspective, to know the difficulties they encountered in the succession phase and how they valued tradition and innovation now and before.

The decision to concentrate on Italian companies is not strictly a limitation but rather a deliberate methodological choice.

Lastly, there's always a risk of errors during the research process, despite endeavors to ensure data and analysis accuracy. These errors have the potential to impact the overall validity of the study and necessitate careful consideration during result interpretation.

CHAPTER 3

Overview of Selected Family Businesses

For this study, as it was described in the methodology part, a deliberate selection process was undertaken to construct a sample encompassing 6 companies, each representing a distinct industry and market segment. This strategic approach aimed to enhance the heterogeneity of the sample, facilitating the exploration of varied perspectives and experiences across different sectors. Despite the diversity in industries and markets, all selected companies share the fundamental characteristic of being family businesses situated in Arezzo, Italy. Moreover, each of these enterprises has undergone at least one generational change since their inception, reflecting the inherent dynamics of family succession within the organizational structure. A common thread among these companies is their commitment to promoting the essence of "Made in Italy" through their production processes, emphasizing quality, craftsmanship, and heritage. Furthermore, while these businesses embrace innovation and modernization, they also uphold traditional values and practices in their strategic approaches and daily operations. This shared dedication to preserving tradition amidst evolving market landscapes forms a central focus of the study, enabling an in-depth examination of the interplay between innovation and tradition within the context of Italian family enterprises.

3.1 Family- owned vs family- managed companies

Family-owned businesses are those in which a majority of the ownership or control lies within a single family. These businesses are typically passed down through generations, with family members holding significant shares or key decision-making roles. On the other hand, family-managed businesses are those where family members are actively involved in the day-to-day operations and management of the business. In these businesses, family members often hold executive positions and play a direct role in running the company ("Family-owned Businesses", 2021).

The similarities between family-owned and family-managed businesses lie in their shared sense of legacy, commitment, and long-term perspective. Both types of businesses often prioritize values such as tradition, continuity, and familial relationships in their operations. Additionally, they tend to foster a strong sense of loyalty and dedication

among family members involved in the business. However, the key difference between the two lies in the level of involvement in the actual management and decision-making processes. While family-owned businesses may have family members as passive owners without direct involvement in management, family-managed businesses have family members actively engaged in running the day-to-day operations and shaping the strategic direction of the company. This active participation can bring both strengths and challenges to these businesses, as familial dynamics can impact decision-making processes and overall business performance. In family-owned businesses, ownership is the key characteristic, with family members often holding significant shares but not necessarily involved in management. On the other hand, family-managed businesses have family members actively engaged in running the company, often holding executive positions and shaping the strategic direction. Family-owned businesses may have non-family members in management roles, while family-managed businesses have family members directly managing the business (“Family Businesses”, 2021).

In Italy, family businesses play a significant role in the economy, with around 784,000 family-owned businesses constituting more than 85% of the total number of businesses and employing approximately 70% of the workforce. Italian family businesses are known for their longevity, with some of the world's oldest businesses being Italian (AIDAF, 2021). These businesses often have a strong sense of tradition, long-term vision, and commitment to values. Family businesses in Italy are prevalent across various sectors, with a concentration in manufacturing and commerce. Despite challenges such as power concentration and governance issues, Italian family businesses have shown resilience and adaptability, implementing long-term strategies and maintaining a balance between financial goals and non-financial objectives like transgenerational succession and social capital. The success of these businesses is reflected in their improved financial strength, lower debt levels, higher employment generation, and faster growth rates compared to other types of enterprises (La Stampa, 2022).

In this research, the author aims to delve into the dynamics of family businesses, specifically those where ownership and management are both vested in family members. The focus will be on understanding the implications of such a dual role – where family members not only hold significant shares but actively participate in the day-to-day operations and strategic decision-making processes. The interviewees for this study will

come from businesses that exemplify this combined ownership and management structure, shedding light on the challenges and strengths associated with such a model.

3.2 Masiano S.a.s

Masiano S.a.s. is a company deeply rooted in the tradition of artisanal craftsmanship, particularly known for its wooden kitchens and faux masonry products. With a commitment to quality and longevity, Masiano S.a.s. offers a range of hardware, glass, and accessories made from precious metals, ensuring durability for up to 100 years. They first opened their company in 1968 and continued their activity by innovating and staying updated for decades now. Their products reflect a blend of traditional craftsmanship and modern design, catering to individuals interested in high-quality, long-lasting home pieces of furniture solutions. Masiano S.a.s. provides a "Made in Italy" product that embodies sustainability, tradition, and quality craftsmanship. They value sustainability and excellence in their industry, focusing on creating products that not only meet the needs of their customers but also contribute to the aesthetic and functional aspects of their living spaces. This dedication to quality, tradition, and innovation underscores the company's position as a reputable firm in the realm of artisanal wood kitchens and items of furniture (Masiano, 2024).

3.3 C.E.L.D.I

CELDI, has a rich history that reflects a commitment to fostering innovative projects and solutions within the framework of Impresa 4.0. They were born in 1985, in a small village close to Arezzo as a tiny familiar business and they are now still growing. The company's mission revolves around promoting the development of projects for experimentation, prototyping, and market implementation of innovative solutions, applications, products, and services. Through its initiatives, CELDI plays a crucial role in advancing technological innovation and supporting SMEs by encouraging collaboration in 4.0 technologies. Their dedication to driving innovation and collaboration underscores their commitment to propelling businesses towards a future driven by technology-based solutions. While CELDI's primary focus lies in promoting innovative projects and solutions within the framework of Impresa 4.0, their commitment to excellence extends to the provision of high-quality Made in Italy services and products. By integrating

traditional craftsmanship with cutting-edge technology and innovation, CELDI demonstrates a unique approach to delivering solutions that embody the essence of Italian craftsmanship and heritage. Their dedication to fostering collaboration and experimentation not only drives technological innovation but also ensures that Made in Italy values remain at the forefront of their endeavors. They try to combine Italian and local tradition with innovation, enabling businesses to harness the best of both worlds to achieve sustainable growth and competitiveness in the global market. Through these efforts, CELDI plays a pivotal role in preserving and promoting the legacy of Made in Italy while spearheading advancements in 4.0 technologies (Celdi, 2024).

3.4 Sem.Ar

Sem.ar proudly upholds the esteemed tradition of "Made in Italy" craftsmanship, synonymous with unparalleled quality and style in the world of jewelry. However, they also embrace innovation as a cornerstone of their philosophy, constantly pushing the boundaries of design and technology to create jewelry that is not only timeless but also at the forefront of contemporary trends. By seamlessly blending traditional Italian craftsmanship with innovative techniques and materials, Sem.ar sets itself apart as a pioneer in the industry, offering customers an unparalleled fusion of heritage and modernity. This dedication to innovation not only ensures the continued relevance of the brand but also reaffirms their position as a leader in the ever-evolving landscape of luxury jewelry.

3.5 LAPI CHIMICI S.p.A

Lapi Chimici S.p.A., a company based in Arezzo, Italy, has been operating in the chemical industry since 1951. They have developed a strong corporate identity and are committed to upholding values such as honesty, integrity, transparency, and professionalism. Lapi Chimici S.p.A. specializes in the design, formulation, production, and sale of chemical products, providing their clients with quality, reliability, and innovation.

The company is dedicated to maintaining traditional processes while also innovating to stay updated, ensuring that their products are both "Made in Italy" and cutting-edge. This approach allows them to preserve the rich heritage of Italian craftsmanship while incorporating modern techniques and technologies to improve the quality and efficiency

of their products. By combining tradition and innovation, Lapi Chimici S.p.A. ensures that their products meet the highest standards of quality and performance, while also reflecting the unique culture and history of Italy.

Their mission is to deliver high-quality chemical solutions to their customers, ensuring safety, efficiency, and environmental responsibility. This commitment to sustainability and responsible business practices is an integral part of their corporate identity and reflects their dedication to upholding the values of honesty, integrity, and transparency in all aspects of their operations (Lapi Chimici S.p.A, 2023).

3.6 Toscopali Fondazioni S.r.l

Toscopali Fondazioni Srl, a family-owned business based in Arezzo, has a rich history dating back to 1970 when it was founded by Ferri Adolfo Guerino. Over the past 50 years, the company has established itself as a leader in the field of special foundations, operating in all sectors of foundation engineering, with a particular focus on medium and large perforations. The company's success is built on a strong foundation of experience, professionalism, and innovation. Toscopali Fondazioni Srl has a highly specialized team and advanced equipment, enabling it to offer a wide range of operational solutions tailored to various soil types and project requirements. The company's commitment to innovation is evident in its continuous research and development of new technologies, as well as its investment in cutting-edge equipment and training for its team members. As a family-owned business, Toscopali Fondazioni Srl values tradition and continuity, with the Ferri family playing a central role in the company's leadership and management. This unique combination of family values, tradition, and innovation has allowed Toscopali Fondazioni Srl to build a strong reputation and a loyal customer base over the past five decades. In summary, Toscopali Fondazioni Srl is a testament to the power of family values, tradition, and innovation in the world of special foundations. With its highly specialized team, advanced equipment, and commitment to research and development, the company is well-positioned to continue its success and growth in the years to come.

3.7 Chimet S.p.a

Chimet S.p.A. is a company that has been providing efficient and reliable services for over 40 years. Their mission is centered around facilitating the recycling process in the

production of catalysts, thick films, and chemical products by recovering and refining precious metals from industrial waste. Chimet S.p.A. specializes in the recovery and refining of precious metals, offering a complete "loop service" for platinum group metal (PGM) catalysts. Additionally, the company produces conductive screen printing pastes for the automotive, electronics, and photovoltaic sectors. Chimet's commitment to sustainability and environmental responsibility is evident in their focus on proper waste disposal and adherence to environmental regulations. The company's dedication to innovation, efficiency, and reliability has solidified its position as a leader in the industry.

Chimet S.p.A. is dedicated to preserving traditions while embracing innovation in their industry. With over 40 years of experience, the company focuses on providing efficient and reliable services, specializing in the recovery and refining of precious metals from industrial waste. Their commitment to sustainability and environmental responsibility is evident in their approach to maintaining a leading position in the industry by offering services based on a closed-loop system of recovery, refining, and production of precious metals and metal-based chemical products. The company values efficiency, reliability, and innovation, ensuring that their products and services reflect a blend of traditional processes and modern advancements to meet the evolving needs of their clients. Their core values include a strong emphasis on sustainability, quality, and environmental compliance, highlighting their dedication to responsible business practices and technological progress within the industry (Home Page Chimet s.p.a, 2024).

CHAPTER 4

Influence of Established Traditions on Innovation

Established traditions play a significant role in shaping innovation strategies, as they provide a foundation for organizations to build upon. Case studies have shown that traditions can both positively and negatively impact innovation, depending on how they are integrated into the innovation process. Successful companies have been able to leverage their traditions to create value, both financial and non-financial, by building upon their unique heritage and history. For example, a company with a long-standing tradition of craftsmanship may be able to leverage that reputation to create a premium brand, while a company with a history of innovation may be able to build on that legacy to continue pushing the boundaries of what is possible. However, integrating traditions with fresh perspectives can be challenging, as it requires a delicate balance between preserving the core values of the organization and embracing new ideas. Successful firms have employed strategies such as creating a culture of innovation that respects and values the organization's traditions, while also encouraging new and creative thinking. By doing so, they have been able to create value and stay competitive in their respective markets.

Traditions and established practices can significantly influence innovation strategies in various industries, as demonstrated by the examples below.

In the family business sector, research has shown that family firms' internationalization patterns and processes are idiosyncratic and shaped by history, organization, and environment-level variables. For instance, Spanish family firms' learning process is path-dependent and strongly shaped by major historical events, local and global tensions, and ongoing trends in globalization. Additionally, maintaining strong links to local, national, and international networks is a critical factor in the survival and growth of family firms (Arrègle et al., 2021).

4.1 Italian Family Firms

Italian businesses have exemplified the successful integration of tradition and innovation in their operations, showcasing how this blend can lead to competitive advantages. One notable case is Pio Cesare, an esteemed Italian fine wine company known for effectively

combining tradition and innovation in both its products and processes (Vrontis et al.,2016). The company has a rich history dating back to its founder Cesare Pio in 1881, and it has been passed down through generations within the family. Currently, the fifth generation of the family, including Pio's daughter Federica Boffa and her cousin Cesare Benvenuto, are actively involved in running the business, showcasing the strong family ties and continuity within the company. This strategic approach has enabled Pio Cesare to maintain a sustainable competitive advantage by harmonizing the rich heritage of tradition with modern innovation practices. The company's strategy is based on a strong connection to its territory and traditional values, while also embracing modern technologies and innovative approaches.

In terms of products, Pio Cesare's wines are vinified using traditional techniques, but with the introduction of necessary technologies to produce high-quality wines. The company's production process is a blend of traditional and innovative methods, with a strong presence of family members during the R&D process, ensuring a strong connection to its heritage and traditions.

In terms of promotion and distribution, Pio Cesare's approach is highly innovative, with family members managing promotion processes and emphasizing the company's brand identity, which is strongly linked to its family identity. The company's commercial philosophy is different from most wineries, as they are not wine traders but wine producers, with the wine itself represented as a long family tradition. The company's innovation strategy is based on secular traditions in the wine sector over five generations, brought about by a strong connection to its territory and traditional values. Pio Cesare's choice to remain in its ancient cellars is a sign of attachment to traditional production methods, while also using updated and different technologies to reach the desired products. In conclusion, Pio Cesare's success is based on a strong combination of tradition and innovation in terms of products and processes, with a highly innovative strategy that is deeply rooted in its territory and traditional values. The company's approach to innovation is based on a strong connection to its heritage and traditions, while also embracing modern technologies and innovative approaches to achieve a sustainable competitive advantage (Vrontis et al.,2016).

Moreover, the Italian company Natuzzi, specializing in sofas and living room accessories, has demonstrated how embracing tradition can lead to the creation of novel economic opportunities through innovative product development. Natuzzi, is an Italian manufacturer of sofas, armchairs, and living room accessories and it is known for its innovative approach while staying true to its tradition. The company's strategy is based on leveraging its past knowledge, which resides within the firm's tradition, to create novel economic opportunities and stay competitive in the market (De Massis et al., 2016).

In the case of Natuzzi, innovation through tradition (ITT) is achieved by rediscovering distinctive knowledge from the past and adapting it to current market needs and expectations, which can lead to unique opportunities for product innovation and competitive advantage. The company actively seeks and leverages past knowledge that resides within its tradition, such as its longstanding history of fine craftsmanship, enduring experience with old materials, and shared family worship for craftsmanship.

Natuzzi's approach to innovation is based on a strong connection to its heritage and traditions, while also embracing modern technologies and innovative approaches to achieve a sustainable competitive advantage. This is evident in the company's production process, where traditional methods are used but updated and different technologies are introduced to produce high-quality products.

In terms of promotion and distribution, Natuzzi's approach is highly innovative, with family members managing promotion processes and emphasizing the company's brand identity, which is strongly linked to its family identity (De Massis et al., 2016).

Another Italian case study is B&B Italia. B&B Italia is a design-intensive family firm that has been in operation for over 50 years. It is known for its innovative approach to design and furniture manufacturing, leveraging its past knowledge and traditional values to create new products that strengthen its identity and maintain its competitive edge in the market.

B&B Italia's innovation strategy is founded on a robust fusion of heritage and tradition alongside a keen adoption of modern technologies and inventive methods, all aimed at securing a sustainable competitive edge. This ethos permeates the company's production

process, where traditional techniques are modernized and complemented by innovative technologies to yield top-tier products.

In the realm of promotion and distribution, B&B Italia takes a markedly innovative approach. Family members spearhead promotional efforts, underscoring the company's brand identity deeply intertwined with its familial roots. B&B Italia's triumphs stem from a potent blend of tradition and innovation across both product development and operational frameworks. Its innovative strategy, firmly anchored in regional heritage and traditional principles, propels its sustained success and competitive advantage (Magistretti et al., 2020).

CHAPTER 5

Results and Findings

5.1 Interviews Results

This chapter delineates the outcomes derived from analyzing the data collected during the interviews. As explained before, 6 semistructured interviews were conducted by the researcher to investigate the relationship between tradition and innovation in Italian family businesses and to answer the research question that is *How do established family firms' traditions affect the innovation approach in Italy?*. During the coding phase, some recurrent topics and thoughts come out, but also some different visions of what the words innovation and tradition mean for different family businesses. In this regard, the researcher decided to create, manually, throughout the platform Mentimeter, two word clouds in which the different answers to two main questions were registered. The questions were about the meaning of the terms innovation and traditions for the different interviewees.

Particularly, the first question was “*Referring to your family business, what does the word innovation mean to you?*”.

Mentimeter

Referring to your family business, what does the word innovation mean to you?

30 responses



Figure 5: Own Elaboration, Mentimeter

As it is possible to see in the word cloud, bigger words are the ones more recurrent. Indeed, all the participants agreed on the fact that innovation is essential in a business. The entirety of them replied to the question by saying that stay updated and innovate production processes and systems is crucial in every type of business to remain competitive in the market. The majority of them also replied that innovation usually means having new technologies, types of machinery and new software to enhance products and organizational systems. Furthermore, another recurrent topic about innovation was the necessity to train employees and make them aware and updated on how the market is shaped, how regulations change over time and how production systems may evolve. In addition, P05, P03 and P01 mentioned the importance of investments to stay updated with times, both in terms of tangible and intangible assets so try and invest the more you can to remain competitive and remain a leader in your sector. According to P02, it is also very relevant to stay updated with news, and catch all the possible opportunities in the market in the exact moment in which they appear *“In a company you need vision. In other words, change is needed, and not by chance. What is the vision? yesterday I read in the newspaper that there is a rain from the Sahara. The first thing that comes to your mind is not that you read the rain of the Sahara but we have a product against the algae of the Sahara, then we put this article here, we advertise the article and let's put our anti-algae behind it and do something”*.

The researcher asked then the same question, but this time concerning the word *“tradition”*. The question was *“Referring to your family business, what does the word tradition mean to you?”*.

The outcome was a lot meaningful interpretations and different, but sometimes also similar answers.

Referring to your family business, what does the word tradition mean to you?

27 responses



Figure 6: Own Elaboration, Mentimeter

The majority of the interviewees, outlined the importance of having a strong and direct relationship to customers as a relevant tradition and value which family businesses have, in their opinions, more than non-family ones. As P01 and P02 emphasized, they know personally every supplier and customer, for them they are not just numbers, but they are people with whom they interact every day. Furthermore, as specified by P02, *“If my client is successful it is because I gave them something extra, I’m successful too. [...] If I am successful, my supplier is successful too.”* Also, as outlined by the majority of participants, to have a tradition means to have already experience at your shoulders, have a know-how in the company and second generations are somehow “advantaged” for that reason. As P03 clearly stated *“having a family tradition is equivalent to having a know-how that others who start from scratch don’t have, have values That others don’t have because values are made Yes from what is your way of thinking and your true values But they are also made by the mistakes that maybe someone has made before you and this creates knowledge, Create experiences, create a story. My story was, if you will, facilitated by the fact that I had at home an entrepreneur [...] who probably made the mistakes that I did not make, maybe he made them is that he enlightened me and that gave me the opportunity to get to today”*. In a word that is always more industrialized and automatized, being and remaining artisans creates added values for customers, and this was reported by various participants who experience the fact of remaining artisans as a way

to be more flexible with customers and suppliers and giving customers a special attentions and a very well done product that difficultly could be found in multinational corporations or bigger companies. In addition, to some interviewees, tradition means to provide a “Made in Italy” product, with all the features and qualities of it, different from other competitors in the market who rely on cheaper labor forces in foreign countries. What was evident from all the interviews is that having a tradition is never seen as a discouragement point, but rather an added value to a business. There was only a case in which tradition was seen as a critical point, as in the case of P04 who noted “*Always remaining anchored so much to tradition brought as a consequence that it remains a bit difficult for us to implement our staff as well*”. Also, there is another important aspect that come out from 2 interviewees that is to “*put the heart in your work*” and “*love for the firm*”. Participants stated that when the company is yours, so your family has invested a lot on that during several years, sons and daughters use to “*fall in love*” with the company and invest all their energies and resources to make it work. They are not driven solely by economics motivations, as it could be sometimes in non-family businesses, but they believe and share the values of what they are doing.

To investigate the paradox between tradition and innovation within Italian family firms, as already mentioned before, six semi-structured interviews were conducted to delve into how these firms navigate this dynamic balance. Using Italian family firms as the focal point, the codification process facilitated the development of a model to organize the primary findings. The objective was to analyze the motivations driving these firms to uphold their traditions while also embracing innovation. Specifically, the aim was to explore the main challenges they face in maintaining their traditional values while adapting to evolving market demands and technological advancements.

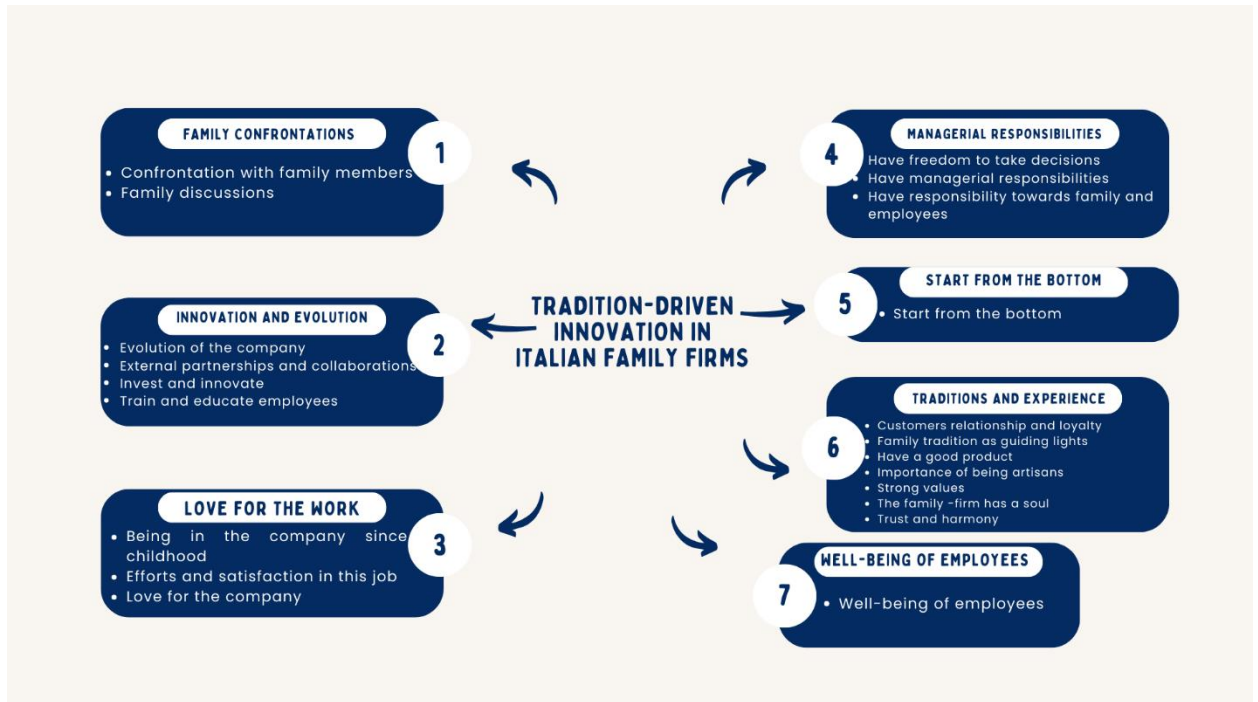


Figure 7: Own Elaboration. Axial Codes.

Selective Coding	Axial Coding - Round 2	Axial Coding - Round 1	Open Coding
Family confrontations	Family confrontations	Confrontation with family members	Always confront with one another Difficulty to let daughters 100% take decisions
		Family discussions	Never been a personal conflict Always try to find an agreement with all the management
Innovation and evolution	Innovation and evolution	Invest and innovate	Invest more when the company has to innovate Market innovation more than other who cannot Investments in new technologies to make more precise products Focus on technology Always look for the best software to optimize the work
		External partnerships and collaborations	External collaborations and partnerships and investments in the social environment They opened through family experience and relationships with universities Partnerships to create new products
		Train and educate employees	Train and educate the employees Activities of different personnel
		Evolution of the company	Evolution of the company after the first years of activity and death of the work
Traditions-Driven Innovation in Italian Family Firms	Traditions and experience	Customers relationship and loyalty	Further success through customer loyalty The clients are only one and they know we are serious Loyalty to customers
		Family tradition as guiding lights	Having a family tradition was the having a light that shows you the way Have a father that advises you and tells you what is right and what is wrong When a family tradition becomes a habit it becomes less than an objective figure
		Have a good product	Importance of having a very good product Importance of the Made in Italy tradition
		Importance of being artists	Importance to give value to their craftsmanship business to the future generations
		Strong values	Contribution to the society to create value Importance of seriousness and loyalty Seriousness in the production of prestigious products. Importance of being honest when dealing with customers
		The family- firm has a soul	A family business has a soul Father generation has more soul than family firm New family businesses are more money oriented
		Trust and harmony	Harmony is fundamental. It's necessary to have trust and control Trust earned by results Harmony is a consequence of achieving the goals Father was controlling, but without an adult presence It's important to be harmonious with the family as well as with the employees Reporting fully to employees
		Have freedom to take decisions	Full personal skills and attitudes
		Have responsibility towards family and employees	To have family responsibility but also responsibility for employees' families
		Managerial responsibilities	Have managerial responsibilities They give more responsibility and control to the relatives Other who make how they make the decisions and responsibilities It allowed him to make some mistakes, because he was from there
			Dialogue now more than in the past to solve contrasting opinions Confrontation with all the management who work in different levels Minor disagreements and discussions are normal and necessary Dad also asks for their opinion and then they decide together
			Make the father understand new viewpoints Mother and daughter in the same office is more difficult Discussion to reach an agreement, but always keep the father informed No arguments, but constructive discussions
			They advised and learned I look for them and more effective processes They suffered Focus on innovation There is some necessity to be more committed and
			Need for something different to work for external help External Partnerships and collaborations Support from external consultants
			Having good and responsible employees Train the companies
			Change in the market brought a change to the target and production of different products If you don't have a history, you difficultly can compete in the market
			Empire building with customers Loyalty to customers The customer is the one who decides
			Regulation, loyalty and management in the product Need from customers that are the same value chain as the others Very attention to the customer
			Late presence from the family Business have been right of only women Tradition seems to have experience and skills Identifying traditional features of the product Remain focused on craftsmanship
			Sustainable by how it says related to the system, relevance of its performance and reputation that the customer has been generating with materials that are also family products Bureaucratic aspect for the father When the same interest of a family and its employees The family keeps going the company, so if the company fails, it is not with the family fails It was family companies to create, have and left the generation in Italy, which is the one who made the business
			Clear more responsibilities in the division Not having problems to work longer more business and family Handwritten as a family, but also comes with customer satisfaction It is a family business to have continuity to keep family relationships more focused work
			Call them positions according to their attitudes and interests
			Management divided between industrial and economic part Need to be seen as the one of the management have manager in a position Fear of not being able certainly because "children of" and "non-managers of"
			Wishes are the dream of their younger children, their point of reference Major responsibility and how to have a company as your decision

Figure 8: Own Elaboration, Coding Tree

Family Confrontations

Axial Coding - Round 2	Axial Coding - Round 1	Open Coding
Family confrontations	Confrontation with family members	Always confront with one another Difficulty to let daughters 100% take decisions
	Family discussions	Never been a personal conflict Always try to find an agreement with all the management
		Dialogue now more than in the past to solve contrasting opinions Confrontation with all the management who work in different levels Minor disagreements and discussions are normal and necessary Dad also asks for their opinion and then they decide together
		Make the father understand new viewpoints Mother and daughter in the same office is more difficult Discussion to reach an agreement, but always keep the father informed No arguments, but constructive discussions

Figure 9: Own Elaboration, Coding System "Family Confrontations"

The findings from the interviews regarding the code "family confrontations" underscored the pivotal role of confrontation within family-owned businesses. The majority of participants emphasized that confrontation is not only crucial but inevitable, particularly

in a context where individuals hold varying perspectives due to their diverse roles and positions within the company. This diversity of viewpoints, while valuable, can also lead to clashes as family members strive to align their visions for the company.

“As far as the history of this company is concerned, there have never been any personal conflicts. There have been some apparent minor disagreements, because if there is a confrontation there is a discussion, if there is no confrontation there are no discussions until the very end. Then, at the last minute, there are still discussions. Different visions on some issues [...] but then I let myself be influenced by the father who anyway had experiences”.

-P03

“We manage different opinions by fighting [laugh], as brother and sister. So, like all brothers and sisters, yes, we try to. Sometimes there is also our mother in the middle, because she is still the President of the company and we try to manage them as best we can. That is, often, as it happens, brothers and sisters are very different, my brother and I are very different. But there is in the end, for the good of the company a confrontation that in the end brings to a common point, that's it.”

-P06

As stated by P04, not having a constructive confrontation could bring to “not taken decisions” in a business, together with clashes and not-profitable decisions.

“Probably the biggest drawback of our business, not being able to have a constructive confrontation”.

-P04

Moreover, respondents highlighted the inherent challenges of working alongside parents within the family business, acknowledging the potential for tensions to arise.

Sometimes, it could be easier to have a good relationship and confrontation with family members when they don't work in the same department or office. Different generations have different viewpoints and sometimes could be not easy to make all the family members agree on one point.

“The comparison between "Logistics" and "Commercial" has always been easier because my mom works outside in logistics, so not at the office or management level. Here I didn't have a direct confrontation with her. There's, I have it with my aunt more. [...] maybe it's more difficult for P2's daughter because she was always afraid, she looked at her mother and said I have to be me, but instead it's her.”

-P02

However, despite these challenges, participants stressed the importance of overcoming confrontations for the greater good of both the company and the family unit. They recognized that addressing conflicts directly and constructively is essential for fostering a harmonious work environment and sustaining the long-term success of the business.

“I have to say that we, together with my mother, have really spurred us on a dialogue with the family so we have also brought this thing back into the work and I must say that we face discussions, problems, but even if you come up with a new idea or there is a problem look, I thought of solving it in this way so I think there is a good dialogue we have reached a much better point than in the past. ”

“At the decision-making level if there are conflicts that until our father agrees, we don't move forward. Dialogue is the key thing.”

-P01

Additionally, participants noted that directors of family businesses feel a heightened sense of responsibility for their decisions, particularly in how they impact other family members who are also employed by the company. This sense of accountability underscores the interconnectedness between familial relationships and business operations within the context of a family-owned enterprise.

“ I have to put my heart into it, I have to, I commit myself. [...] I'm busy, I have to take over from my Dad, that's all. But then I also have my sisters who work here, so I also mean a little sense of responsibility and I say. It's a bit of everything, how to say, connected to if I also owe it to other people. [...] I have many people passing first through my sisters and then in the end we are more or more than 30 employees, so it means more than 30 families that anyway they expect something from me ”.

Overall, the insights gleaned from the interviews shed light on the complexities of navigating familial dynamics and confrontations within the framework of a family business, highlighting the importance of open communication, mutual respect, and a shared commitment to the company's success.

Managerial Responsibilities

Managerial responsibilities	Have freedom to take decisions	Follow personal skills and attitudes	Calibrate positions according to their attitudes and interests	
	Have responsibility towards family and employees	To have family responsibility but also responsibility for employees' families		
	Have managerial responsibilities	Start having responsibilities	Management divided between technical and economic part	Need to be seen not as the son of the entrepreneur, but a manager in a sector
		They gave me responsibility and I carried out the mission	Start to delegate business responsibilities to our sons and daughters	Fear of not being taken seriously because "children of" and "not manager of"
		Father who makes him free to take his decisions and express himself	Leave the company to the new generation, but they are still there if they need something	Seniors are the dream of their younger children, their point of reference
		It allowed him to make small mistakes, but to learn from them	Being hesitant because you're younger than clients and have less experience	Huge responsibility and fear to have a company on your shoulders

Figure 10: Own Elaboration, Coding System “Managerial Responsibilities”

The axial code “Managerial responsibilities” reveals that the involvement of second generations in managerial roles is a complex process deeply rooted in family dynamics. The interviews conducted with descendants of founders shed light on the challenges and opportunities faced by these individuals as they transition into leadership roles within the company and several key themes emerged from the interviews. Primarily, it was evident that many sons and daughters of the founders initially entered the company by starting from the bottom, engaging in tasks such as warehouse management or production processes. This hands-on experience at an early stage not only provided them with valuable insight into the operational aspects of the business but also instilled a deep sense of connection and commitment to the company. Indeed, for many interviewees, childhood memories were intertwined with experiences within the family business, with parents' presence in the workplace nurturing a passion and love for the company from a young age. This deep connection to the company as a place of fun and play in their childhood years has shaped their identity and commitment to the family firm.

“I came in from the base because dad always says, you have to learn how to do everything in the company. So I joined, I worked as a warehouseman, then slowly I did the

management of customers precisely because I already knew them and then slowly I started both from orders and supplier management and now they are quotes and I am trying to be more and more in the technical part, precisely because it is inherent to the studies I have done.”

-P01

“I immediately started working in the company and I was a laborer, my father made me do it, with great clashes even in that period there, then the site manager. And slowly, in short, after I worked alongside my father with considerable difficulty sometimes because he really focused everything on his figure. And behold, we've come to today (Manager of the company).”

-P05

“For two years I worked as a worker in production, experiencing what it was, the development of the products, the realization of the products. And after two years and I started to have the responsibility of running it and.”

-P03

“We have tried to make them all start from scratch to make them know the company, then by plan, now in an increasingly continuous way, we try to give them the powers by inserting them in the top management, inserting them in the decision-making areas, giving them decision-making autonomy”.

-P02

However, transitioning into managerial and administrative roles within the family firm was not without its challenges. A recurring theme was the difficulty faced by founders and previous generations in delegating responsibilities to the second generation. This was not necessarily due to a lack of trust but rather stemmed from a longstanding practice of owners being accustomed to handling all aspects of the business independently. The process of succession and the shift in leadership to the next generation often necessitated a shift in mindset and approach, particularly in terms of fostering autonomy and decision-making among the younger family members. This resistance to letting go of control was

not necessarily driven by a lack of trust, but rather a deeply ingrained sense of ownership and a desire to maintain the company's traditions and values. The gradual transfer of power and responsibilities was facilitated by the ability of the elder generation to give their children the freedom to make mistakes and learn from them, while providing guidance and supervision from a distance.

“The succession process was managed with great clashes, because in any case as long as our father was present and at the production level that where it was that I clashed the most there was a daily clash because in any case he had a vision of work and that was the one that in any case brought him great success but that unfortunately changing the world, changing the years, it was no longer very current and however it was no longer viable to the end and therefore. But clearly on his part, being the one who had created everything he created, it was difficult to understand that it was necessary to change some methods of processing and production.”

-P04

P06, together with other participants pointed out, as a main challenge and hardest period in the business, the moment of the succession. That because, up until that moment, their parents were somehow the only ones in the business who were taking decisions, and for that reason, sons didn't feel prepared at all for a succession.

“So the biggest challenge was when there was the switch. That was really hard, I wasn't prepared for that, for this change because my father is precisely, I repeat, an enlightened entrepreneur, but he has never prepared us for succession and therefore none of us was. It was difficult, but we did it.”

-P06

Despite these challenges, successful transitions were facilitated by parents' willingness to empower their children with responsibilities and trust, even allowing them to make mistakes and learn from them. This approach not only enabled the younger generation to express themselves and manage the company according to their skills and attitudes but also fostered a sense of accountability and ownership in their roles.

“I had a pressure that I knew he was controlling me, but they were looking at me as dynamism. I've always taken the responsibility for making mistakes.”

-P03

“Let's say that he gives you freedom of thought, he gives you enough responsibility to be able to deal with different situations but he still doesn't let you 100% decide”.

-P01

While there may have been initial apprehensions about being perceived solely as "the son or daughter of the entrepreneur," interviewees emphasized the importance of establishing themselves as competent managers in their own right, capable of making decisions in the best interest of the company.

“Rarely does one of us call, our boys call us mom [...] because when you're in here, in front of a third person, they don't look at you because you're the son of an entrepreneur; but you're a manager in a sector”.

-P02

Moreover, effective managerial leadership within family firms extended beyond internal dynamics to encompass broader responsibilities toward employees and their families. Interviewees highlighted the significance of balancing familial obligations with the welfare of employees and their dependents. This dual responsibility underscored the multifaceted nature of managerial roles within Italian family firms, requiring a delicate balance between tradition, innovation, and ethical stewardship.

“I do this job because I felt the responsibility to carry on a project that was born from my father. And I would have felt like a coward, not to have carried it out because I would have been sorry. However, he fed the whole family, he had created respect in the market and then anyway for the sacrifices made by him I would have been sorry, then”.

-P03

“In times of crisis I halved my salary first and then our employees. We used the redundancy fund once when there was that dark period, goldsmith crisis and for two months, not even partial for two months because we were afraid, but before putting them on the redundancy fund we had taken away our salary. In my opinion, these things then make the difference is the way in which you work in which you relate to employees to do something like this means that it is the conception of your staff, your collaborators”.

-P02

“So, in my opinion, my father grew us I repeat, with a certain sense of duty. This has always set us apart, both me and my brother. I believe that this is also very much felt by employees. I say believe because clearly we should hear from them and not from us from this point of view though. And let's say this empathy, this closeness in my opinion is felt. No, we are not the distant entrepreneur, even though we have a quite large company. Now we're not huge, but still, there are so many people working there as well. There's always this contact and this attention to the employees as well and I think that's important”.

-P06

The establishment of clear roles and responsibilities tailored to the individual skills and interests of each successor has been key to successful generational transitions in family firms. The ability of the second generation to carve out their own paths within the company, based on their strengths and passions, has ensured a smooth succession process and fostered innovation and growth. However, the fear of not being taken seriously as a manager, but rather as the child of the founder, has been a recurring theme among the descendants interviewed. Overcoming this perception and proving oneself as a competent and independent leader has been a struggle for many, requiring a strong character and the willingness to make tough decisions for the good of the company.

In conclusion, the axial code of "managerial responsibilities" reflects the delicate balance between family dynamics, generational transitions, and individual aspirations that shapes the approach to leadership and decision-making within these businesses. Navigating the complexities of family relationships and business responsibilities requires a blend of respect for tradition and openness to change, as well as a willingness to take risks and learn from mistakes. The successful integration of managerial responsibilities within the family firm is not only a reflection of personal growth and development but also a commitment to the well-being of the company and its employees' families.

Traditions and experience

Traditions and experience	Family tradition as guiding lights	Having a family tradition was like having a light that shows you the path	Importance of values and history	Less pressure from the family
		Have a father that addresses you and tells you what is right and what is wrong	Someone in your family already experienced and made mistakes at your place	Seniors have now a job of only control
		Have a family tradition means to have a know-how that others don't have	Importance of values and history	Tradition means to have experience and skills
	Have a good product	Importance of having a very well done product	Relevance of the supply chain of Arrezzo in the gold industry	Maintaining traditional features of the product
		Importance of the Made in Italy product	See our products all over the world	
	Importance of being artisans	Importance to give future to these craftsmanship businesses for future generations	Being artisans	Remain focused on craftsmanship
	Strong values	Contribution to the territory is a main value	Sustainability has always existed in this sector, relevance of it	Second generation zone feel the responsibility to carry on the family
		Importance of seriousness and legality	Pay attention to the chemical part, be careful because they are dealing with materials that can give health problems	Try to make a contribution in the territory
		Seriousness in the production of prestigious products, importance of being honest when dealing with precious metals	Hierarchical respect for the father	Try to contribute at a cultural level
	The family- firm has a soul	A family business has a soul	Have the same values of a family and help others	The number of turnover doesn't measure success
		Other priorities than money in a family firm	The family keeps going the company, so if the company fails, in a way, also the family fails	Put in the business objective something more than money
		Non-family businesses are more money-oriented	In non family companies is easier to leave and left the place than in family ones where you are more	
	Trust and harmony	Harmony is fundamental. It's necessary to have trust and serenity	Family success is important at work	Give more responsibilities to the children
		Trust earned by results	Work life doesn't influence private life, but it was so in the past between the parents	Not having problems at work brings more harmony in the family
		Harmony is a consequence of achieving the goals	All the juniors are in different positions and sectors and there's trust among them	Satisfaction at a familial level also comes with economic satisfaction
		Father was controlling, but without so much pressure	Hard to delegate and let strangers (managers) enter a family company	In a family business is always necessary to keep family relationships intact
		It's important to be in harmony with the family to go well at work	You spend more time at work than with your wife and zone	
	Experiencing Italy as workplace	Family satisfaction and harmony are good indicators of success and happiness		

Figure 11: Own Elaboration, Coding System "Traditions and experience"

The axial code "traditions and experience" emerged as a fundamental aspect shaping the identity and operations of Italian family firms within the context of the paradox between tradition and innovation. Participants articulated a multifaceted understanding of this code, emphasizing its profound impact on various facets of the business. At its core, traditions and experience were seen as synonymous with success, with participants attributing the longevity and resilience of their firms to a steadfast commitment to values passed down through generations. Central to this ethos was a deep-seated emphasis on customer loyalty, nurtured over time through direct relationships, a sterling reputation, and unwavering transparency in product offerings. Participants highlighted the deep-rooted relationships forged with customers over time, emphasizing the importance of direct engagement, personalized service, and a strong reputation for quality and reliability. These firms have cultivated a loyal customer base through a combination of factors, including consistent product excellence, attentive customer service, and a genuine commitment to meeting the needs and preferences of their clientele.

Customer loyalty is not merely transactional but is built upon a foundation of trust, transparency, and integrity. Participants underscored the significance of maintaining open

lines of communication with customers, addressing their concerns promptly, and going above and beyond to exceed their expectations. This approach fosters a sense of mutual respect and partnership between the company and its customers, leading to long-lasting relationships and repeat business.

“We are artisans, we are still not an industry, we are artisans, our artisan workshop and I must say that we care about it. Because, compared to other competitors, it made the difference. Very often we are attentive to the customer, perhaps one of the most important things, so listen to them and try to satisfy them as best as possible, something that is always handed down to our employees, to our colleagues”.

-P01

“It is not only before the customers purchase and when you have acquired it and maintain a relationship of trust. And just think that there are customers who have been ours for twenty years. But because now there is such a beautiful, transparent relationship, that if there is a problem, pick up the phone Call me. There is never that arrogance of being a supplier or the customer do as I say. No, I always try to have this transparency, loyalty and respect above all”.

-P02

“The advantages of remaining a family-run company brings the advantage of always having direct contact, both with suppliers and customers, always the same people, without having large hierarchies and maintaining, in short, a daily human relationship”.

-P04

“[...] We call it success because customers come back. We define success because we never knocked on the door. So after all these years, 36, -37 years, we never knocked on a door, but it just happened that after more than thirty years these customers still come back”.

-P03

Moreover, the notion of customer satisfaction extends beyond individual transactions to encompass a broader ethos of stewardship and responsibility towards the customer community. Italian family firms take pride in their role as custodians of tradition and

cultural heritage, viewing their products as embodiments of craftsmanship, authenticity, and the Made in Italy brand. As such, ensuring the satisfaction of customers is not just a business imperative but a matter of preserving and promoting the legacy of Italian craftsmanship for future generations. The tradition was celebrated as a hallmark of quality craftsmanship, synonymous with the renowned Made in Italy brand and characterized by an unwavering commitment to excellence.

“We make everything made in Italy, all made in Arezzo. We don't import anything, except for certain types of stones or materials that don't exist here as raw materials. One of the reasons why we are still here is one of the reasons why our customers still come here, because we are Arezzo, we are part of a supply chain [...] highly attractive to the market. Anyone in our sector can take a plane from anywhere in the world, come to Arezzo and know for sure they can find the product they look for or find those who do it and this is therefore important”.

-P03

“And then also a greater response yes, but a greater availability also at the production level and remaining artisans has made us always remain in short, a bit the tailor of furniture, because whatever one asks, perhaps we may even be too available, too permissive, but we have always been 360 ° artisans and we still continue today to meet all the needs of the customer. “

-P04

In essence, customer loyalty and satisfaction are integral components of the traditions and experience embedded within Italian family firms, reflecting a commitment to excellence, integrity, and enduring relationships that transcend generations. Through personalized service, product excellence, and a steadfast dedication to preserving tradition, these firms continue to uphold their reputation as trusted partners and pillars of their communities.

Furthermore, participants emphasized the importance of adapting to evolving customer preferences and market trends while staying true to the core values and traditions that define their brand. This delicate balance between innovation and tradition allows family

firms to remain relevant and competitive in an increasingly dynamic marketplace while maintaining the trust and loyalty of their customer base.

“Our father founded an artisan company which then evolved over time with the inclusion of more complete furnishings, especially in the living area, then living rooms, tables and various accessories and then moved forward in evolution moving on to the production of kitchens, always maintaining the quality of the product, working in any case solid wood or in any case derivatives. Closely related to solid wood, with a typical rustic Tuscan character which then in the succession of the generations with our generation above all has also evolved into a slightly more contemporary style and in some models, even arriving at the modern to satisfy different customers’ needs”.

-P04

Family tradition was likened to a beacon illuminating the path forward, providing a blueprint of accumulated knowledge, expertise, and best practices honed over decades. This reservoir of experience was not merely a relic of the past but a dynamic force driving innovation and adaptation in response to evolving market demands. Senior members, while transitioning to oversight roles, continued to imbue the company with the wisdom gleaned from years of hands-on experience.

“Having a family tradition was like having a light in front of you that always showed you the way because every day was different from the next. Every day we had to invent what our path was, but I had the opportunity to have a light that was not always in the company on a daily basis because my father was never physically in here, but he lit me up once a day, once a week, even for a few minutes, but he told me that the road was right or that the road was wrong. So having a family tradition is equivalent to having a know-how that others who start from scratch don't have, who have values that others don't have because values are made yes from what is your way of thinking and your true values but they are also made by the mistakes that maybe someone has made before you and this creates knowledge, creates experiences, creates a story“.

-P03

“I believe that our added value as a company, what they have created over the years, lies in the values that we have brought to this day, values with which we have worked and

have established relationships of trust with suppliers and customers who in any case recognize us as suppliers and customers.”

-P02

Participants underscored the importance of contributing to the local community and economy, viewing their businesses as stewards of tradition and guardians of cultural heritage. Second-generation members expressed a profound sense of duty towards upholding and building upon the family legacy, recognizing their role as custodians of tradition in an ever-changing landscape. The delicate interplay between tradition and innovation was evident in participants' narratives, with tradition serving as a guiding anchor amid the currents of change.

Ultimately, the findings illuminated the transformative power of tradition and experience within Italian family firms, underscoring their role not only as bastions of tradition but also as engines of innovation, poised to chart a course towards a prosperous and sustainable future.

Innovation and evolution

Innovation and evolution	Invest and innovate	Always invest what the company has in innovation	Importance of having good machineries to answer clients' needs	Stay updated and innovate
		Invest on innovation more than what was earned	Being an healthy company and pay for our investments	Look for faster and more efficient processes
		Investments in new machineries to make more precise products	The market speaks and you need to listen to stay updated	New softwares
		Invest in technology	Importance to technology	Invest in innovation
		Always look for the best software to optimize the work	Stay updated	From an artisan mentality to a more structured one
	External partnerships and collaborations	External collaborations and partnerships and involvement in the social environment	New projects and products ideas coming from external collaborations	Need for something different so look for external help
		Stay updated through clients' requests and collaborations with universities	Help of an external consultant to go from an artisanal company to an industry	External Partnerships and collaborations
		Partnerships to create new products	External consultants to improve	Support from external consultants
	Train and educate employees	Train and educate the employees	Having good and responsible employees	
		Selection of different personnel	Train the customers	
	Evolution of the company	Evolution of the company after the first years of activity and thanks to his work	Change in the market brought a change in the target and production of different products	If you don't have a history, you difficulty can compete in the market

Figure 12: Own Elaboration, Coding System “Innovation and evolution”

The axial code "innovation and evolution" encompasses a multifaceted perspective on the role of innovation in driving the growth and competitiveness of Italian family firms. Participants unanimously emphasized the critical importance of innovation in maintaining a competitive edge in the market. Central to this theme was the recognition that the evolution of the company, particularly in its formative years, was intricately linked to its ability to innovate and adapt to changing market dynamics.

“Right from the start, I invested everything this company has earned in innovation.”

-P03

“So as far as I'm concerned, innovation is essential and it concerns on a practical level, on a practical level it is about what is the technology to produce our product and therefore at the level of machinery rather than software to program and develop our work and then at the level of image something to level of modeling of our product that has evolved into things a little more modern and due to the market demands”.

-P04

“You have made your changes in the commercial field, and rightly so, your way of being, of carrying on the relationship with customers in a different way from what was mine, which I am adapted to a certain type. I see that my daughter is approaching Human Resources in a completely innovative way, starting with benefits, welfare, a whole series of flexibilities. Already based on the needs that are very innovative today, and so I all see that more or less I see that X who has opened a sector with our children an important sector has opened up that we didn't have, the compliance, cybersecurity, risk management area. So this thing is being done here, before we didn't have this sector that was cybersecurity and that if nothing we have that systems that now when I was looking at that we didn't have before. We are approaching the 14,000 we are approaching the 45,000 between relationship, actions, sustainability we will probably approach the gender certification here. We are going in the direction in which the world is going [...] Having the vision also means this, seizing all the opportunities. That today, if you don't catch them, you're in serious trouble. Because let's say that it gives us a good hand if you have so many ideas, so many things to do. Then if you want to stand still, it doesn't matter if you want to move, in some sense you don't need to, you have to. It has to be approached”.

-P02

“So in my particular field, innovation, I would say that it's everything, really everything. Because, being a company that carries out work exclusively thanks to machinery, it is essential to keep up with the times with technological innovation, although it is a very particular sector, even inside an auger there is a lot of technology. Even simply all the software that helps you in the excavation, in understanding where you are digging, what

you are digging, what kind of material. So really, innovation is very important in my industry.”

-P05

“So our company does not sell a real product, so it sells a raw material at the end and therefore there is not, I would say, as much tradition as so much innovation. Because, on the other hand, the processes that regulate precisely, all affiliation, what can be summarized in refining, therefore the recovery of raw material from processing waste must be innovated because they go hand in hand with both environmental and technological regulations, and with specific study and research”.

-P06

Key strategies identified included diversifying product offerings in response to shifting market demands, forging external collaborations and partnerships, and actively engaging with the social and academic environment to stay abreast of emerging trends and technologies.

“Clearly, at a time when we were born making a semi-finished product, the market was medium-low. Our target market. It was more important at that time to make more quantity than quality. Then, over the years, of course, our investments have changed, as has the market, and from quantity we have moved on to quality, in which it has been an evolutionary path that has lasted thirty years. Step by step we started to invest yes in technology but It was the technology that looked less at the quantity, but the quality is flanked by the quality of the technology. We have supported the quality of the people, so we have trained them. We made a selection of different personnel, who knew how to interpret this change in the type of product”.

-P03

“We have some companies that we work with. Let's say that In my sector, we carry out some technologies in the panorama of special foundations, but we do not necessarily do everything in order to be able to stay in the market Respond to an increasingly demanding clientele, because in any case there are always larger and larger structures, I would say more and more particular. And particular structures that require various technologies, [...] But you can't do everything. As far as foundations are concerned, so it is inevitable,

if you want to keep up, to have partnerships with companies that complement what you are missing. Let's say that the ones that are successful, the ones that work, are the ones where the company you work with doesn't do what you do and you don't do what that company does. I have companies with which I have been collaborating for many years now because there has never been any overlapping of processing. Tacit agreements [...] This is what I'm also focusing on a lot. That's what helped me to do some construction sites, let's say in Romania, to do construction sites in France. I left, let's say, through friends, acquaintances, equipment sellers. [...] I even believe that perhaps it is a decisive pawn for the future of work in general, but I believe that collaboration between companies and the network of companies is a decisive one for all sectors. ”

-P05

“Research calls, university calls, then European and European projects. So even there we will take a good slice of investment, because it is ours anyway and return because they are financed by Europe. Having the vision also means this, seizing all the opportunities.”

-P02

Furthermore, participants underscored the need to invest heavily in innovation, both financially and strategically, to remain at the forefront of their respective industries. This investment encompassed various aspects, from acquiring state-of-the-art machinery and technology to implementing new software and automation processes aimed at optimizing efficiency and precision in production. Importantly, the evolution towards a more structured organizational approach was highlighted as a necessary step in facilitating innovation and streamlining business operations.

“From the point of view of innovation, we invest so much because we are aware that it is fundamental for the type of work that is done, then we are lucky enough to have employees who are very taken by these technologies. So they are hungry to learn things, so they inform themselves and therefore if we block them we tell them no, we lose them then if productive efficiency is also their motivation ”.

-P01

“Investments are really very important and therefore keeping up with the times in my sector costs a lot. It costs a lot of effort, investment. Very expensive. Around it doesn't cost less than € 400,000, so they are really very important investments and therefore keeping up with the times in my sector costs a lot, however, it is a dog that bites its own tail, in the sense that if you do not modernize with performance equipment that increases the work and production capacity you have more and more difficulty to stay in the market you cannot have success if you do not follow that line there or even more even better to specify”.

-P05

“So we invested more than we earned. And why is this? Because despite being an artisanal company, therefore a value in the hand, but it has always needed a lot of mechanics and mechanics requires investments and mechanics, like electronics, is always evolving to make more precise pieces, faster pieces, more easily repeatable pieces, We have had to grow in terms of investments and that, however, has never scared me because thank God the work has more or less always been there, So that's always driven us to do this.”

-P03

Moreover, the role of temporary managers alongside junior members of the firm was cited as instrumental in fostering growth and strategic decision-making. These external resources provided invaluable insights and expertise, guiding the company towards more informed choices and strategies.

“So we created, laid the foundations for the future, then we put together the temporary managers who had to prepare all of them to manage this company of the future”.

-P02

Additionally, participants stressed the importance of employee training and development as a means of harnessing the full potential of technological advancements and fostering a culture of innovation within the organization.

“We try to contribute just on a cultural level we also make projects with the school. In short, we try to make our contribution in the world of training to young people and to those who are a little less fortunate than us.”

-P03

“I prefer to take people who don't actually want to go back. The goal to grow must be for the work to be stimulating. And there is the desire to train. So I would like to train a person and make him grow with us”

-P02

Overall, the insights gleaned from participants underscored the transformative power of innovation in driving the evolution and sustainability of Italian family firms. By embracing technological advancements, forging strategic partnerships, and investing in the development of their workforce, these firms are poised to navigate the challenges of an ever-changing market landscape and emerge as leaders in their respective industries.

In addition to the foundational role of innovation in maintaining competitiveness, participants emphasized the dynamic nature of innovation as a driver of evolution and adaptation within Italian family firms. Interviews underscored the firm's recognition of innovation as a cornerstone of its operational strategy. Furthermore, participants highlighted the evolution of their product offerings and market positioning in response to changing consumer preferences and industry trends. For instance, one participant noted, Additionally, the imperative of strategic collaborations and partnerships in driving innovation was underscored, with participants emphasizing the importance of forming alliances with complementary firms to leverage expertise and resources for mutual benefit. These insights collectively shed light on the multifaceted role of innovation in shaping the trajectory of Italian family firms, underscoring its significance not only as a driver of competitiveness but also as a catalyst for organizational evolution and growth.

CHAPTER 6

Discussion

The discussion of the results stemming from the interviews conducted for this thesis provides profound insights into the intricate relationship between established family firms' traditions and their approach to innovation within the context of Italy. At the core of this investigation lies the overarching research question: *How do established family firms' traditions affect the innovation approach in Italy?* To dissect this question comprehensively, five sub-questions were formulated, each aimed at probing specific dimensions of the topic.

Firstly, the first sub-question was *How do traditions contribute creating value in family businesses?* and the interviews clearly shed light on how traditions contribute to the creation of value in family businesses. The findings reveal that traditions, rooted in familial values and historical legacies, serve as the bedrock upon which family firms build their identity, reputation, and competitive advantage. Tradition, as identified by participants, encompasses a wide variety of elements deeply ingrained in the fabric of family firms, including but not limited to cultural heritage, shared values, long-standing practices, and intergenerational wisdom. These traditions are not merely relics of the past but serve as guiding principles that shape the identity, ethos, and competitive advantage of family businesses.

One key finding is that traditions act as a source of continuity and stability in the middle of the dynamic and often unpredictable business environment. By grounding their operations in time-tested practices and values passed down through generations, family firms are able to build trust and credibility with stakeholders, including customers, employees, suppliers, and the broader community. This continuity fosters a sense of reliability and dependability, which are highly valued in business relationships, particularly in Italy where personal connections and reputation play a significant role in business dealings. Moreover, traditions contribute to the differentiation and positioning of family businesses in the marketplace. Participants highlighted how adherence to traditional craftsmanship, artisanal techniques, and artisanal heritage sets family firms apart from competitors, enabling them to carve out a unique niche and command premium prices for their products or services. Additionally, traditions play a crucial role in fostering

a sense of belonging and identity among employees and family members involved in the business. This sense of belonging not only enhances employee morale and retention but also fosters a collective sense of purpose and unity, driving organizational performance and resilience in the face of challenges. However, it is important to note that while traditions provide a solid foundation for family businesses, they must also evolve and adapt to changing market dynamics, consumer preferences, and technological advancements. Participants emphasized the need for family firms to strike a delicate balance between preserving tradition and embracing innovation, ensuring that tradition remains a source of strength rather than a barrier to progress. The analysis of how traditions contribute to creating value in family businesses underscores their variegated role as drivers of continuity, differentiation, identity, and cohesion. By leveraging their rich heritage and cultural capital, family firms in Italy can not only sustain their competitive advantage but also thrive in an increasingly globalized and dynamic business landscape.

Secondly, the discussions delved into the challenge of balancing the historical legacy of older generations with the fresh perspectives of new members within family firms. The interviews conducted provided valuable insights into how family firms in Italy navigate the intricate terrain of generational transition while preserving their historical legacy and embracing innovation. Moreover, the interviews highlight the pivotal role of effective leadership in bridging generational divides and harnessing the collective wisdom of the family. A key theme that emerged from the discussions is the notion of tradition as both a source of strength and a potential barrier to change within family businesses. Participants highlighted the rich historical legacy of their family firms, tracing back generations of craftsmanship, entrepreneurial spirit, and shared values. This historical continuity permeates family businesses with a sense of identity, rootedness, and authenticity that resonates with stakeholders, including customers, employees, and the broader community. Moreover, the historical legacy serves as a repository of collective wisdom and experience, providing a guiding framework for decision-making and strategic planning.

However, the interviews also illuminated the challenges inherent in balancing tradition with innovation within family firms. Participants expressed concerns about the risk of becoming overly entrenched in traditional ways of thinking and operating, thereby stifling creativity, adaptability, and growth. They acknowledged the need to reconcile the desire to honor the past with the imperative of embracing change to remain relevant in today's dynamic business landscape. One strategy identified for navigating this tension is the cultivation of a culture of openness, dialogue, and mutual respect across generations within family firms. Participants emphasized the importance of fostering an environment where older and younger family members feel empowered to share their perspectives, challenge conventional wisdom, and collaborate on innovative solutions. This inclusive approach not only harnesses the diverse talents and perspectives of multiple generations but also fosters a sense of ownership and commitment to the future success of the business. Moreover, participants highlighted the role of leadership in shaping the organizational culture and driving generational transition within family firms. Effective leaders were described as those who embody the values of the family while also embracing change and innovation, serving as role models for younger generations. They are responsible for fostering a culture of continuous learning, adaptation, and experimentation, encouraging employees to embrace new ideas, technologies, and ways of working. Furthermore, meritocratic systems for talent development and promotion help to ensure that individuals are recognized and rewarded based on their contributions and capabilities rather than solely on familial ties. In conclusion, the discussions arising from the interviews underscore the complexities of balancing tradition with innovation within family firms in Italy. By fostering a culture of openness, dialogue, and mutual respect, cultivating visionary leadership, and implementing formalized processes for succession planning and talent development, family businesses can navigate generational transition while preserving their historical legacy and driving sustainable growth in the years to come.

Thirdly, the inquiry into succession planning strategies unveils a multifaceted landscape, where the preservation of tradition intersects with the imperative of fostering innovation. The findings suggest that successful succession planning hinges on striking a delicate balance between continuity and change, ensuring a smooth transition of leadership while nurturing a culture of entrepreneurship and forward-thinking. Participants shared various

strategies and best practices aimed at facilitating a smooth transition of leadership while fostering a culture of entrepreneurship and forward-thinking, even though, in most of the cases, they declared that the transition period was the hardest one for the company, but also for the family. Many clashes were present due to different opinions and operational systems. One theme that emerged from the discussions is the importance of early and strategic succession planning. Participants emphasized that, in many cases, children naturally became involved in the family business from a young age due to their parents' involvement. Living and experiencing the company environment since childhood, these children were immersed in the culture, values, and operations of the business, which instilled in them a profound connection and dedication to the family enterprise. This organic involvement from a young age served as a powerful foundation for grooming potential successors, as it provided them with firsthand experience and insights into the intricacies of the business. By growing up within the company, these individuals developed a deep understanding of its operations, values, and challenges, preparing them to eventually take on leadership roles with a strong sense of purpose and commitment. This natural integration of children into the family business from childhood underscores the importance of fostering a supportive and nurturing environment that encourages familial involvement and nurtures the next generation of leaders. Moreover, participants highlighted the significance of aligning succession planning with the long-term strategic goals and vision of the business. Successful succession planning goes beyond simply identifying a successor; it involves a strategic assessment of the organization's current and future needs, as well as the capabilities and aspirations of potential successors. This strategic alignment ensures that the chosen successor is not only capable of leading the business but also shares the family's values and vision for the future. Participants emphasized the importance of investing in the professional development of family members and key employees, providing opportunities for growth, mentorship, and exposure to different aspects of the business. Furthermore, participants highlighted the importance of clear communication and transparency throughout the succession planning process. Open dialogue and regular communication help to build trust and confidence among family members and key stakeholders, reducing uncertainty and resistance to change. Moreover, involving family members in the decision-making process and

soliciting their input and feedback fosters a sense of ownership and commitment to the success of the transition.

To answer the fourth sub-question *How does the organizational culture of family firms impact employee engagement, considering the balance between traditional values and innovative practices?*, the interviews reveal that the organizational culture of family firms plays a pivotal role in shaping employee engagement and organizational performance. While traditional values foster a sense of belonging and loyalty, innovative practices spur creativity and adaptability. Hence, the challenge lies in fostering a culture that embraces both tradition and innovation, thereby maximizing employee engagement and driving sustainable growth. Traditional values, such as loyalty, trust, and familial bonds, were identified as foundational elements of the organizational culture that foster a sense of belonging and commitment among employees. These values create a supportive and nurturing work environment where employees feel valued, respected, and part of a larger family unit. However, participants also acknowledged the need to strike a balance between traditional values and innovative practices to drive employee engagement and organizational performance. While traditional values provide stability and continuity, they can also inhibit change and innovation if not balanced with a culture of openness, adaptability, and continuous improvement. Participants highlighted the importance of fostering a culture that encourages creativity, risk-taking, and experimentation, while also honoring the legacy and heritage of the family business. Leaders who demonstrate transparency, integrity, and humility create a sense of trust and psychological safety among employees, encouraging them to voice their ideas and contribute to the organization's success.

Lastly, the exploration of the last sub-question on external partnerships and collaborations elucidates the extent to which family businesses in Italy engage with external stakeholders to drive innovation. The research findings suggest that while a minority of family firms are cautious about external collaborations, others actively seek strategic alliances and partnerships to access new markets, technologies, and expertise. However, it is noted that successful external partnerships require a careful alignment of interests, values, and objectives. In the interviews conducted, a recurring theme emerged: In the interviews conducted for this thesis, a consensus emerged among participants regarding the critical importance of external partnerships and collaborations in driving innovation and growth

within family firms. Participants highlighted a diverse range of external partners, including universities, companies in the same sector but with different production processes, schools, and regional entities, as well as participation in exhibitions and similar events. Partnerships with universities and schools were identified as invaluable for fostering innovation within family firms. Collaborating with academic institutions provides access to cutting-edge research, expertise, and talent, enabling firms to stay abreast of the latest developments in their field and leverage academic insights to drive product development and process improvements. Moreover, partnerships with universities offer opportunities for knowledge exchange, collaborative research projects, and access to funding sources, further enhancing the innovation capabilities of family firms. By investing in the development of future generations of workers and entrepreneurs, family firms can secure a pipeline of skilled professionals and leaders to drive innovation and growth in the long term. Additionally, partnerships with other companies in the same sector but with different production processes were recognized as a source of inspiration and learning for family firms but also a way to expand the business. Collaborating with industry peers allows firms to gain new perspectives, exchange best practices, and explore innovative approaches to common challenges. By leveraging the complementary strengths and capabilities of partner companies, family firms can enhance their competitive position and drive mutual growth and success. Furthermore, participants emphasized the importance of regional partnerships and collaborations in supporting the growth and sustainability of family firms. Engaging with regional entities, such as economic development agencies, industry associations, and local government organizations, offers access to resources, networks, and support services tailored to the needs of family businesses. By participating in regional initiatives, family firms can tap into funding opportunities, access infrastructure and facilities, and leverage collective efforts to address common challenges and seize growth opportunities. Lastly, participation in exhibitions, trade shows, and similar events was highlighted as a strategy for sourcing new products, technologies, and inspirations for innovation within family firms. By attending exhibitions and networking events, firms can connect with suppliers, customers, and industry stakeholders, scout for emerging trends and technologies, and identify potential collaboration opportunities. Moreover, participation in exhibitions

enhances firms' visibility and reputation within the industry, positioning them as innovative leaders and driving demand for their products and services.

In summary, by leveraging their rich heritage, embracing change, and forging strategic collaborations, family businesses can navigate the complexities of the business landscape, drive innovation, and secure long-term success.

6.1 Recommendations for future research

While this thesis provides valuable insights into the interplay between tradition and innovation within family firms in Italy, it also opens several avenues for future research. Firstly, future studies could expand the sample size to include a more diverse range of family businesses across different regions and industries within Italy, allowing for a broader understanding of how regional and sectoral variations influence the balance between tradition and innovation. Additionally, longitudinal studies could be conducted to observe how family firms evolve over time in response to changes in market conditions, generational shifts, and technological advancements. Such studies would provide a dynamic perspective on the adaptation strategies employed by family firms.

Moreover, comparative studies between family firms in Italy and those in other cultural contexts could yield interesting insights into how cultural values and norms shape the interplay between tradition and innovation. This cross-cultural approach would enhance our understanding of the global applicability of the findings and identify unique strategies employed by family firms in different cultural settings.

Another promising area for future research is the role of digital transformation in family businesses. As technology continues to advance, and being identified as a crucial aspect of a business, investigating how family firms integrate digital tools and platforms into their traditional business models could reveal critical insights into their innovation processes. Furthermore, exploring more the impact of external collaborations and partnerships on innovation in family firms, particularly those involving technology and digital innovation, could provide deeper insights into how these businesses leverage external resources to enhance their competitiveness.

Finally, future research could delve into the psychological and social dimensions of succession planning within family firms. Understanding the emotional dynamics, conflicts, and interpersonal relationships involved in generational transitions could offer valuable guidance for designing more effective succession strategies. By addressing these areas, future research can build on the findings of this thesis, offering a more comprehensive understanding of the complex relationship between tradition and innovation in family firms and contributing to the development of more nuanced theories and practical recommendations.

CHAPTER 7

Conclusion

This thesis set out to explore how established family firms' traditions affect their approach to innovation in Italy. The research was guided by the central question: *How do established family firms' traditions affect the innovation approach in Italy?* To provide a comprehensive answer, five sub-questions were developed to examine various facets of the topic.

The journey began with an extensive literature review to understand the existing body of knowledge on family businesses, traditions, and innovation. This review laid the groundwork by highlighting the complex interrelationship between tradition and innovation in family firms and identifying gaps in the current research.

Following the literature review, six family firms in Arezzo were carefully selected and recruited to participate in the study. The selection criteria ensured a diverse representation of industries and business sizes, providing a broad perspective on the research topic. In-depth interviews were then conducted with key members of these firms, including owners, managers, and employees, to gather rich, qualitative data on their experiences and insights.

The next step involved a detailed analysis of the interview data. The analysis focused on identifying recurring themes, patterns, and insights related to the research questions. This process yielded a wealth of information on how traditions impact innovation in family firms and the strategies these firms employ to balance the two.

The discussion of the results provided a nuanced understanding of the findings. It became clear that traditions play a multifaceted role in family businesses. They contribute to creating value by providing a stable foundation, fostering trust and enhancing the firm's reputation. Traditions also help differentiate family firms from competitors through unique craftsmanship and heritage, which can command premium prices.

However, the research also highlighted the challenges associated with balancing tradition and innovation. Generational transitions were identified as a critical period where the

preservation of historical legacy must be weighed against the need for fresh perspectives and innovative approaches. Effective leadership and a culture of openness and respect were deemed essential for navigating this balance successfully.

In addressing the first sub-question, "*How do traditions contribute to creating value in family businesses?*", the findings revealed that traditions serve as the bedrock of family firms, providing continuity, stability, and a sense of identity that resonates with stakeholders.

Regarding the second sub-question, "*How can family firms balance the historical legacy of older generations and the fresh perspectives of new members for organizational growth?*", the interviews underscored the importance of inclusive dialogue, strategic succession planning, and leadership that values both tradition and innovation.

For the third sub-question, "*What strategies can family businesses employ in succession planning to ensure a smooth transition while encouraging innovation?*", the research highlighted the significance of early involvement of younger family members, strategic alignment with long-term goals, and investment in professional development.

The fourth sub-question, "*How does the organizational culture of family firms impact employee engagement, considering the balance between traditional values and innovative practices?*", revealed that a balanced organizational culture that honors traditional values while promoting innovation leads to higher employee engagement and organizational performance.

Lastly, the fifth sub-question, "*To what extent do family businesses in Italy engage in external partnerships or collaborations to foster innovation?*", showed that external partnerships with universities, industry peers, regional entities, and participation in exhibitions play a crucial role in accessing new knowledge, resources, and networks to drive innovation.

In conclusion, this thesis provides a comprehensive examination of how traditions influence the innovation approach in family firms in Italy. By leveraging their rich heritage and embracing change, family businesses can navigate the complexities of the modern business landscape, driving innovation and securing long-term success. The findings offer valuable insights for both scholars and practitioners in the fields of business

management and entrepreneurship, highlighting the delicate balance between tradition and innovation that is essential for the sustainability and growth of family firms.

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Appendix N.1

Topic Guide for Interviews



Topic Guide

Content

- Informed consent
- Introduction
- Opening questions, background and contextual information
- Main interview questions & follow-up questions
- Winding down

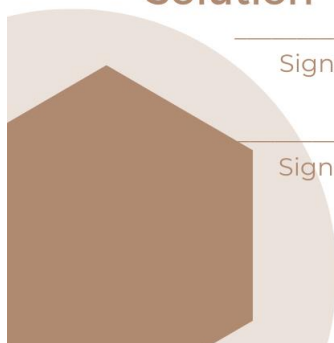


Informed Consent

- I _____ voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves answering the questions related to the personal and professional experience linked to my personal professional experience, my family's business and specifically the relationship is has with tradition and innovation.
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.

- I understand that signed consent forms and original audio recordings will be retained on OneDrive, with limited access to the researcher, Caterina Coradeschi, until July 30th, 2024.
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for two years.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.
- This interview will take approximately 45 minutes.

Solution



Signature of participant

Date

Signature of researcher

Date



Introduction

In the economic tapestry of Italy, family businesses stand as pillars of tradition, yet the winds of innovation continue to shape the landscape. This research seeks to unravel the intricate relationship between tradition and innovation within the unique context of Italian family businesses. The primary focus is on the perspectives and strategies employed by CEOs /owners of the firm to manage, contemplate, and harness the synergy between these seemingly contrasting elements, exploring how this delicate equilibrium influences the trajectory of their businesses.

The essence of family businesses lies in the intergenerational transmission of values, customs, and business practices. However, in an era marked by rapid technological advancements and evolving market dynamics, the need for innovation becomes undeniable. This research endeavors to probe into the ways Italian family business CEOs navigate this dynamic interplay. How do they conceptualize tradition and innovation? How are these concepts practically managed within the fabric of their enterprises? What impact does this interplay have on the overall success and sustainability of their businesses?

The research is conducted by Caterina Coradeschi, a Master's degree student from the Global Management and Politics study program at Luiss Guido Carli, for her thesis on Global Organization Design and HRM. The supervisor of this study is Prof. Luca Giustiniano and the co-supervisor is Prof. Antonio Daood. The aim of the study is to bridge the gap between theoretical insights and practical implications. The research is driven by the recognition that understanding the strategies employed by Italian family business CEOs is not only crucial for academic discourse but also essential for guiding these businesses through the complexities of a rapidly evolving global business environment.

By unraveling the nuanced approaches employed by CEOs, this research aspires to contribute valuable insights to both academic and business communities. It aims to provide a deeper understanding of how tradition and innovation coalesce in the realm of family businesses, offering a roadmap for CEOs to navigate these dual forces effectively.

All your data will be kept confidential, and every answer you give us will be used exclusively for this project and will not be shared with anyone outside the research team. You already have consented to the interview with the previous form, but do you have other questions before we start the interview.

Opening questions, background and contextual information

I would like to start with a few general questions:

- What is your name?
- How old are you?
- What is your current job position?
- Can you provide an overview of your family business, including its history, industry, and core values? When was the company born?
- What role do you currently play in the family business, and how did you become involved?
- Referring to your family business, what do the words innovation and tradition mean for you?

Main interview questions & follow-up questions

Topics	Main Questions	Potential Follow-Up Questions
Innovation and Tradition	How does your business approach innovation?	<ul style="list-style-type: none"> • Are there any recent innovations or changes you have implemented, and what motivated those decisions? • How is the process of generating and implementing new ideas or initiatives managed within your family business? • In what ways do you stay informed about industry trends and emerging technologies to incorporate innovative practices into your family business?
	What are the core traditional values or practices that your family business aims to preserve over time?	<ul style="list-style-type: none"> • Can you share examples of how your family business has successfully integrated innovation while still maintaining traditional aspects? • To what extent does your family business place importance on preserving traditions and heritage? (Both in the production process and strategy and business in general) • How do you communicate and reinforce the importance of tradition to both family members and employees within the business? • Are there specific areas of the business where you see the most tension or challenges in balancing tradition and innovation?

Main interview questions & follow-up questions (continued)

Topics	Main Questions	Potential Follow-Up Questions
Succession Planning	How was the succession process managed within your family business, and what factors influenced the decision-making?	<ul style="list-style-type: none"> • How do you navigate the balance between preserving traditional values and embracing innovative practices within the family business during succession? Are there intentional efforts to preserve certain traditions, or is there openness to introducing new practices with the new leadership? • What role does the grooming process play in preparing potential successors, especially in later generations? • How do you manage potential resistance to change from family members during the succession process? • Have you encountered any unexpected challenges or lessons learned during the succession process, particularly concerning the balance between tradition and innovation?
Family Culture and Values	How would you describe the core values that define the culture of your family business?	<ul style="list-style-type: none"> • How does the cultural identity of your family influence the values and decision-making within the business? • How is the cultural identity of the family reflected in the relationships between family members and employees?
	How does the family business address personal conflicts that may arise among family members?	<ul style="list-style-type: none"> • Can you share an example of a time when a personal conflict within the family had an impact on a business decision, and how was it resolved? • How do you manage the delicate balance between personal relationships and professional responsibilities within the family business?

Main interview questions & follow-up questions (continued)

Topics	Main Questions	Potential Follow-Up Questions
Agreement and Decision Making	Is there always unanimous agreement among family members on significant business decisions, or are there mechanisms for handling disagreements?	<ul style="list-style-type: none"> • How do you handle situations where family members have conflicting visions or goals for the future of the business? • In what ways do family meetings or discussions contribute to building consensus and aligning family members on business strategies?
Leadership Perspectives	How do you define your leadership style within the family business, and how has it evolved over time?	<ul style="list-style-type: none"> • How do you balance the responsibilities of being a family member and a leader within the business? • In your view, what are the most critical leadership qualities needed to navigate the complexities of a family business environment?
	As a leader in the family business, how do you personally view the role of innovation in ensuring the long-term success and sustainability of the business?	<ul style="list-style-type: none"> • How do you navigate conversations about innovation with other family members who may have differing perspectives on its role in the business?
Leadership Transition	How did you prepare for the transition into a leadership role within the family business, and what were the most significant challenges encountered during this process?	<ul style="list-style-type: none"> • How does your leadership perspective align with the overall goals and values of the family business, especially in terms of innovation and tradition?

Main interview questions & follow-up questions (continued)

Topics	Main Questions	Potential Follow-Up Questions
<p>Role of Technology</p>	<p>How does your family business leverage technology to drive innovation and maintain competitiveness in the market?</p>	<ul style="list-style-type: none"> • Can you provide specific examples of how technology has been integrated into your business processes to improve efficiency or introduce new products/services? • How do you ensure that your technology investments align with the long-term goals and values of the family business? • Have you encountered any challenges or obstacles in adopting new technologies within your family business, and how have you addressed them?
	<p>What role does technology play in shaping your family business's strategies for growth and adaptation to changing market dynamics?</p>	<ul style="list-style-type: none"> • How do you prioritize investments in technology amidst other competing business priorities? • Can you discuss any instances where technology has enabled your family business to identify new market opportunities or diversify its product/service offerings?
<p>Collaboration and Partnerships</p>	<p>Can you discuss how your family business fosters collaboration and forms partnerships with external entities to promote innovation while preserving family tradition?</p>	<ul style="list-style-type: none"> • What criteria does your family business use to select potential partners or collaborators? • Can you provide examples of successful collaborations or partnerships that have led to innovative initiatives or projects within your family business? • How do you ensure that these collaborations align with the core values and traditions of your family business?

Main interview questions & follow-up questions (continued)

Topics	Main Questions	Potential Follow-Up Questions
<p>Measuring Success</p>	<p>How does your family business define and measure success?</p>	<ul style="list-style-type: none"> • How do you assess the impact of innovation and tradition on the overall success of the family business? • Are there specific milestones or achievements that your family business considers particularly noteworthy in its journey toward success?
	<p>In your opinion, how important is family satisfaction and harmony as a measure of success in the family business?</p>	<ul style="list-style-type: none"> • How do you incorporate feedback from family members, employees, and customers into the assessment of the family business's success? • Do you believe there are unique challenges or considerations in measuring success within a family business compared to non-family businesses?

Winding down

Now we are approaching the end of the interview, these are the last questions to conclude the interview.

Final questions

What do you believe are the biggest strengths or unique qualities that distinguish your family business from others in your industry?

If there is one key takeaway you'd like our audience or readers to gain from your family business experience, what would it be?

In considering the delicate balance between family dynamics and business operations, what strategies have you found most effective in fostering both personal and professional growth within the family?

Notes for wrapping up the interview

In reflecting on our conversation today, is there anything else you would like to share about your experience in the family business or your views on the interplay between tradition, innovation, and success?

Information about next steps

I am going to collect all the data, report and analyze it, to see the outcome of our research.

Notes for saying bye

I would like to kindly say thank you to you for your time and for your answers.

Appendix N.2
Transcripts of Interviews

P01-08042024

Date of interview: April 8th, 2024

Gender: P1 Female, P2 Female

Age: P1 30, P2 37

Interviewer: Caterina Coradeschi

I: Good afternoon, Thank you again for having me. Let's start with our interview. Your contribution to my study on family firms will be very relevant. As you have signed the informed consent form, I would like to ask you some general questions about you to start and then proceed with the rest of the interview.

P1,P2: Okay

I: To collect some demographics I would like to know your age

P1: I'm 30

P2: I'm 37 years old

I: What is your current job position in your family firm?

P1, P2: We are family employees. This year there was the transition to S.r.l and a company was created in which all four of us are there. The two of us (founder's daughters) and our parents.

I: Can you give an overview of the family business, including its history, industry and core values? When was the company founded?

P1: On February 11, 1985 and by the will of X (father) and initially it was a tiny reality, born in a garage and just to try to do something new starting from rewinding the engines, doing the first assistance to the factories and furnaces, above all. So it was born little by little, they expanded, they managed to buy the land, this current one and from there they created the real company together with his wife, the owner and his wife worked there.

I: How did you get involved? Let's say at the beginning, the first time within the company.

P2: So when I joined then, let's say that I have always been in the company, also because when I was a child I was always here with them. So both the suppliers and representatives have always known

me, even the customers. I went to technical school. And in the afternoon I was here. And then I went to university, I did information engineering with a specialization in automation, which is exactly what we do. And slowly I entered. I came in from the base because Dad always says, you have to learn how to do everything in the company. So I joined, I worked as a warehouseman, then slowly I always did the management of customers precisely because I already knew them and then slowly I started both from orders and supplier management and now they are quotes and I am trying to be more and more in the technical part, precisely because it is inherent to the studies I have done.

P1: I've always been in the company since I was a child. I went to a scientific high school, so the perspective is a little broader than hers, mainly technical. And then I did business administration after I got out. I joined here four years ago, I didn't initially have a well-defined role and in fact I almost looked for one. Something to do, I also started from the bottom, very much from the bottom. In particular, I threw myself a lot into employee management, so try to follow them, in fact if I am responsible for all the updates she is responsible for all the updates maybe it is the most technical part of the employee aspect, and then having done economics and I really like marketing, business strategies, I tried from the simplest thing that the sale of the products we have and create product price strategies to try to implement what I studied to what I had in hand and I must say that it worked because there was a good growth from this point of view, so I was very happy and slowly I also thought about a bit of some order of what I know about the brands to which I was practically responsible, I liked to be together with customers, so also the sale, and now instead from this year I become responsible for accounting, so basically I am going to look at a new one, or rather a different part than what I had studied, always inherent, but it is anything but. So yes, let's say it's been quite a journey.

I: And what do the terms innovation and tradition mean to you when it comes to your company?

P1: I have to say that we care a lot about tradition, but for the simple reason that we have always been taught, that is, we have always gone ahead with the fact that we are artisans, we are still not an industry, we are artisans, our artisan workshop and I must say that we care about it. Because, compared to other competitors, it made the difference. Very often we are attentive to the customer, perhaps one of the most important things, so listen to them and try to satisfy them as best as possible, something that is always handed down to our employees, to our colleagues. And innovation is key, above all. I'm thinking on a technological level, so for the type of work we do, you know, if you don't keep up with the times, you lose position within the market, so it's very important. But maybe still a very specific strategy, no. However, although we are very innovative precisely because it is inherent in the work we do. We have to keep up with the times, but we still have tradition, in my opinion, and

we still put a little heart into it. Well, we are not an industry and therefore we still manage to have that extra bit of attention to the customer, which perhaps distinguishes us, a more direct relationship than perhaps with an even larger company, which are just numbers, because they are not numbers, they are names, faces, customers.

I: Of course, so how do you approach innovation?

P2: Technically, oh well, we do courses, the Boys, they are constantly evolving, also because they take in hand tools that increase every day, they change their content, then they are new and we do, we go to fairs, we do everything possible. In short, to keep up with the times.

P1: Almost every year we are part of the partnerships of companies, in any case of the territory you have through the development of Tuscany. From there we are able to create new products, both within the main project and also for ourselves. From there we try to receive funding, so we don't go to affect our internal finances and to create something in the new new products. To try to keep up with the times and have something more to offer to customers, yes, I must say that too, it always helps us, to be part of these innovation groups.

I: And what are the traditional values or practices that your company aims to preserve over time? That is, you said the fact of continuing to be part of the craft instead of the industry, do you think this is, which has, I don't know, an added value to your product?

P1: I have to say that everyone compliments us because we have a well-made product, especially because I'm lucky, I have some very very good guys, good, responsible, efficient, precise. I think they have always recognized that and sometimes seeing the works of others you can see the difference even for an ignorant eye. The desire is there, to get bigger and bigger, without exaggerating, therefore without biting off more than you can chew. But I think on my part, on his part, to try to make a leap forward. There is comedy, that is, definitely doing something more, maybe even the idea. An idea. So that the X mark is recognized around. It's not that we necessarily aim to be an industry, absolutely not like others, but in companies that are famous all over the world, but that still know us, at least in the territory. So here is the expansion, that is, if we succeed then expand and all that unfortunately the numbers of the staff lead you to no longer be a craftsman, but an industry, so Yes, but the fundamental value of working with your hands and heart, that is, without being disconnected from, from the customer, from and from what we do, what you are always here, so to maintain the same values, the same desire to do, but Growing, of course.

I: How was the succession process handled in your family business and what factors influenced the decision-making process?

P1: I imagine that you (P2) for what you have studied for, for what you do at the moment, you are more responsible from the point of view of looking for jobs and carrying them forward, giving technical advice. Making estimates, that is, from a technical point of view. On the other hand, for what I studied for, so dealing more with the economic and financial part, that is, more or less I think that the direction should be that, but there will always be a certain type of decision-making conversation between the two of us, not that it is completely unrelated so to always carry out the decisions together.

P2: In my opinion, in the future there will not be something that divides us or that is, that we will always be the same level, even if we think that we will work in two different sectors of the company, also because they are connected to each other anyway. For example, I'm fine, I do a project but the invoicing then I have to talk about it with her, so in the sense they are closely connected, in my opinion the only thing that could discourage us a bit in the future is being a woman in a sector, because unfortunately there are two things, first of all that it is a purely male sector And unfortunately the man, Even if he is given a right technical suggestion, however, it has another value if it is given by a man himself, and then sometimes unfortunately not, in the sense of a good thing, but I realize having two children that when there are difficulties such as school, as if they are sick, their mother always has to leave. And so I'm afraid that this is the only thing that maybe we could influence a little bit in part

P1: Definitely, that is, I think it would also be right to rely on people who do that work with us anyway, but to give them certain responsibilities that if we are not there they know perfectly well. That's why, as these guys already do, everyone has their own clients, everyone carries out projects, so from this point of view we continue. Whether to work with them or a future then I also hire other people having the good fortune to have very prepared guys who care about what they do so even giving them the right recognition from this point of view in my opinion should not be seen, we should not see it as a limit, but rather as an increase, A richness even if we may be at the top because we are owners, but underneath there is a well-articulated structure that if we are absent there are no problems. Then we were lucky, especially the younger guys see less of this detachment, in fact it is different. But young guys and for them it's more natural, but for when they come also a customer. Simple. Don't you see yourself as a woman? So I don't want to talk to him, I want a guy instead older people want the technician, yes, maybe they don't imagine that in any case that person you have in front of you, even if a woman could be a technician, even if you try to be sure when you tell them to argue the thing well, so show that you do it but no.

I: There have been other companies that have reported the same thing to me. So women at the top are sometimes belittled, especially in areas that are purely male. For example, I have just spoken to a company in the chemical sector. Slowly, in fact, with customer loyalty, with relating to the customer continuously becomes easier, doesn't it? However, the customer trusts even if you are female, but he understands that if you have a technical role and you are not at the top just because you are the daughter of but you are also competent. But the first impact is often yes, that's how it is.

P1, P2: That's right.

I: But I'm confident that maybe with time, surely the new generations are more open and they are trying to break down this wall a bit.

P2: I hope future generations don't have these problems.

I: But I think it's going to get better. How does your company deal with personal conflicts that may arise between various family members?

P1: There's dialogue, there's a lot of dialogue, above all, I think since the two of us came in, especially our Dad, yes, as a person, anyway as a personality he's very closed, yes, yes and he gets angry, it's not that he externalizes emotions or that much. What he feels. I have to say that we, together with my mother, have really spurred us on a dialogue with the family so we have also brought this thing back into the work and I must say that you face discussions, problems, but even if you come up with a new idea or there is a problem look, I thought of solving it in this way so I think there is a good dialogue we have reached a much better point than in the past. a few years ago than before.

P2: Because we still have a good relationship with the guys, yes it will also be us because we are almost many, we are almost the same age, so in short, some of them have done ITIS together, so maybe even this friendlier approach he (Father) has recognized, and therefore talks more with us.

P1: That is, now on a personal level it's what I said before, if you refer to how many, even what do I know, there are these guys and they have problems, doubts, they report it sometimes I think more willingly of us, and this makes us extremely happy. Eh, you can do more, to mold X (father) and make him understand the doubts that they also have. Maybe there have been problems that nothing is going its way yet, but yes, other times we have made it and we have managed to find a solution.

P2: He's also got a pretty tough character. Then maybe it also comes from his parents, his grandparents were farmers, but there was still the idea, the woman in the house, the man must be the man, therefore.

I: So always related to what you were saying before, is there always agreement between you, between the whole family in general on business decisions or not always? And how do you handle any disagreement?

P1: So it's not easy to find unanimous agreement from everyone, sometimes it happens, other times we are almost three against one and above all I don't know if there is also a bit of fear from the point of view of X (father) but not because he doesn't trust him, because he is afraid to leave the helm and therefore he is always on the opposite side of what we say. So it's not always easy, even if he realizes that we're right, but he's always done it that way, he hardly changes his mind, but other times he's appreciated it and so there was a unanimous decision.

I: Yes, so let's say that it gives you freedom of thought, it gives you enough responsibility to be able to deal with different situations but it still doesn't let you 100% decide.

P2: No, but it's not because it's us, in the sense, regardless of who is there, he has a character that always prefers to have the last word, he just feels more confident. So here we are, too. But that's part of its character. Then I think it's normal, but sometimes you do things, that is, even without asking for your consent. Yes, it is normal to do. A certain thing, or doing it in a certain way, or talking about it with someone. But in the end, almost a bit to say look, we did this thing, or I did it like this, you're fine even if I've already done it, even if I'm sure, but he's fine, but he's always informed, that is, it's just impossible that he doesn't know anything, nothing about what you do.

I: We talked about this a little bit at the beginning, but how do you personally see the role of innovation in ensuring the long-term success and sustainability of the company?

[P1 and P2 pause to think and reflect for a few seconds]

I: That is, how important is innovation for you?

P1, P2: It's critical.

P1: It's important, it's not easy to apply the right one at the right time. Eh, but yes, innovation is necessary not only to maintain the role within the market, but also to work better, however, there is, let's say, many Digital Innovations, but also policies that help companies to move forward. So I think it's not easy to figure out which one is best for us, I think because we're still a little bit immature.

P2: Yes, then, but let's say that sometimes, even in our own small way, even the work we have done, the projects that come.

P1: Well, from that point of view yes OK, because I was thinking about something completely different.

P2: For example, because we were sorry to waste so much paper for an economic issue, then an environmental thing. However, we have done with one of the guys some projects that are opened all online, you create the project, you create all the documentation, the Charter is reduced and so even this which seems like a small thing but to us it has brought us a great novelty within the company because it is all documented and all done well, all within everyone's reach and therefore even if in its own small way, however, improvements like this they want to tell us very. I think from a storage point of view the physical space has decreased, so you try everything again 1000 times faster. I think, and above all, also the dismantling of a place where there was only an archive of projects. Now it allows us to increase the space for employees as well, for new hires. We would like to invest more. The idea would be to make a plan up here and increase everything related to the design study also because our robotic automation are still constantly evolving, so why not also throw ourselves into robotics but reserve space, so we are waiting a bit looking for the right idea to be able to invest and be able to increase. Even opening an online shop and therefore it is almost necessary, but of course I like to do things done well, so it took a long time to get to understand how to manage it, which platform to choose, whether independently or do it through Marketplaces already present. Because there are so many things to do, so we have less time to spend on these things. Here it is. In my opinion, we have brought some help, but in short, it concerns the company that in any case is just the sale. But also the sale of clothing of everything that brings more customers, brings more round, brings more things that maybe X (father) would not be there, would not be dedicated. So this is also innovation. Integration and also sale of different things, a little less, even inherent, in short.

I: How you leverage technology to drive innovation. You more or less told me so, so even new platforms use new software.

P2: yes, yes, even guys just the other day were talking to me that a new software from Siemens is coming out. There will be courses in the summer, it takes place, there is an expensive cost, it doesn't matter, in the sense that something must be done because otherwise you will be left behind. So we're going to deal with that expense as well.

P1: From the point of view of innovation, because we invest so much Because we are aware that it is fundamental for the type of work that is done, then we are lucky enough to have employees who are very taken by these technologies. So they too are hungry to learn things, so they inform themselves and therefore if we block them we tell them no, we lose them then if productive efficiency is also

their motivation. So yes, but that I wanted to ask if for anything. There is something more to be done, they are the ones who tell us. There was hardly a 'no' from us.

I: And by any chance have you also implemented forms of collaboration or partnerships with external entities to always promote innovation?

P1: Yes, I think that's what we were talking about before, so through the calls of the Tuscany region, we have already made 3, 3 recognized by Sviluppo Toscana, plus others that were the first but that did not have the current value. Now we are on it, we have started to do a fourth, but of course we have to see if we are part of the programming but we have already started it because this has allowed us to collaborate through the partners very happily they have always chosen us because we are never incapable, so we are always partners chosen by the leader and we are very pleased because for really almost 10 years with also because in any case they last two or three years and there is this relationship of collaboration, innovation, so I think that even from the point of view of the leader, It means that they recognize something in us, an added value, that they do. So then these calls were also for us to get bigger, why not? Slowly, with the money received from the Tuscany Region. Before we were already here, but we were projected to the front. So we had a small sale of the small offices, but also thanks to these, these tenders, the money received, we undertook, did other things. And in any case, also to create new, more innovative products. They also looked at us from different perspectives. So if we didn't know something with what we saw within the leaders, it gave us motivation or an idea to propose something similar. However, if it could be tied together, it would also make sense to another client without of course copying the idea. But there is something, a product that can be offered to them that has been successful that we can also use for another customer, but also a main feature that requires exactly Tuscany. There has to be industrialization, there has to be an evolution of programming within the products that usually comes from the company.

I: And how? Do you define and measure success within your company?

P2: In customer satisfaction OK, employee satisfaction OK. If they're happy, they're fine. To us, this means that we are also doing well in terms of economic results. If one manages to create a Profit and have something that can then be spent inside for innovations, whether they are enlargement, whether they are new vehicles and everything else that generates satisfaction anyway, always having something new and not having dated stuff or outdated courses allows you to give satisfaction. Even the aesthetic thing, however, is a company It shows up, guys, they are all dressed well, there are vans the writing also this In my opinion it entices the customer a little to get to know us also in fact aesthetic, even if he can, if it can be maybe more.

P1: Then this year it has allowed us to give increases to everyone, which is also this, especially satisfaction also of the employees, to have been able to recognize something more given the current critical economic moment in the world practically Go towards it. And it's about us, we care that you're okay. So yes, I think one of the most important values is employee well-being. Also because if they weren't there, we have no point of existing. That is, they make us even if we don't have someone who helps us, who has the same way of thinking as us, in any case the same goals. Eh, we wouldn't exist then.

I: On the other hand, how do you evaluate family satisfaction and harmony within the success of the company, that is, how important is it?

P2: Surely when we are satisfied and content, we are more serene. We're more collaborative, Why not? So, in my opinion, it's a good yes.

P1: Maybe if no one asks us no, we don't even think about it, but there are periods that I know about my dad, who was quite expected a few years ago, a good company turnover some guys left and he took it very seriously. And then there were others who maybe, almost, when you say you close a door you open a door, right? And seeing him from a dramatic moment he was so angry he thought that the fault was ours, even ours too, you don't know that anyway when you are in the moment like that you always go to think the worst. And then came other guys, other customers, Perspectives. He also changed his attitude, but both at work and at home. However, at lunch we are all together, so we live a lot of the character of each other. He gave great satisfaction to everyone, that is, seeing him serene made us more serene too. So yes, I think it's important, that family success is also important at work.

P2: One also felt right for me, Eh I don't know if a little bit of guilt more than you say maybe it can also be my fault because maybe just a little bit because we are women, so maybe you can really trust the sense in this area. I don't think so.

I: Do you think there are any unique challenges or considerations in measuring the success of a family business compared to non-family businesses?

P2: In my opinion, yes, for a simple reason, that we are all committed to keeping this company going. But if something goes wrong, in the sense that we are a whole family, that is, that we collapse, it's not that maybe he says oh well, one works in one place in another, if it goes wrong peace and so in my opinion yes there is if instead one works in a large company that in any case does not interest him.

P1: Then certainly also from a decision-making point of view. Oh well, more or less all the same direction, not completely, but I imagine a limited liability company formed by partners the L series in any case formed by completely separate partners, one from the other it is also easier to say I leave

and give up the place to someone else or we split up or in any case Everything that follows, the corporate division. On the other hand, sometimes even if it was said, but I'm leaving, that's all, Then you always think about it, what do you say? Anyway, even my company, however the name, there is also mine and you change your decision and so yes, there are pros and cons. Both sides. But it's that you are pleased, from the company, yours and everything, that is, the whole family. If you do it as you said, you do it for your whole family. The downside is that you're a little more conditioned. But at least I've never tried any other type of work, except the family one, so I wouldn't be able to express myself too much.

P2: We were born here and it's ours now.

Q: Is there anything you want to add, do you have any questions?

[Silence]

Q: You said earlier that usually, even if there is not a unanimous agreement among everyone, you manage to agree somehow. So how do you handle on a practical level the situations in which the different members of the family have conflicting visions about the future, about a project.

P1: If it's not huge, let's do our own thing.

[Laughter]

P1: Nothing decision-making, that wouldn't have changed. That's when it's small decisions. Of course they are broader decisions, important, that is, until the answer is found, that is, that it is valid for both one party and another, so an agreement does not go forward.

P2: Then let's say again, despite the fact that our father is retired, he is always at the forefront of the line, still at the decision-making level he has the highest percentage. And then kneading can pull down his idea.

P1: Anyway, I've always talked to us, he's asked us for our opinion, so there's a change, an evolution, yes, absolutely, but also because I think he also wants to understand how he would respond what we will do in his place. But because he rightly says, if I have to leave what I have created, because then I imagine He has created everything from him that even if we are small but in short I think it is a satisfaction for Himself and leave it to someone and even if you love him and if you have formed him many years, Of course it is not easy. Maybe those who come, I don't know, the third generation is a little more advantaged because they say that they have already been there for years, they have already understood how to evolve the succession, how to do it. So I think it's very, very difficult for him. But I hope slowly. The decision to create a S.r.l was also his, he initially had some doubts, in fact it took

a long time. It had already started, but we didn't end because she had doubts just so as not to create confusion between me and her and. So this also pleases us, it means that he also has a lot of consideration for the future of the two of us and so yes, but at the decision-making level if there are Gods conflicts that until he agrees, we don't move forward. Dialogue is the key thing.

P2: Then you know, sometimes, just being in a family business, sometimes even if it ends there. Well, maybe if he were in a different company it would be different.

I: Does what happens, let's say, at work influence your private life? Everyday life?

P1: She and I less, our parents more, in the past more. Then they talked about it and decided that when they entered the front door they should not come out of work, also because after that they would not be one, also because I saw my parents fighting, not because there is a problem with them, but because of work, work was bad in short. And so yes, they decided when we were younger many years ago that what was of work stayed at work and the house remained home. Me and her much less, also because I don't know, if I were to ruin the relationship with a sister I love so much that indeed I want to do everything well try to go on together, therefore to support each other, I still find a grudge because of work I think it's a stupid thing.

P2: And neither do I. And even with the parents, I don't know if we got angry or there was a conflict within the work, it's not like when I enter the house we don't talk to them anymore. There's the anger, but then that's where it ends, but we don't bring her home.

Q: If you have nothing more to add, I thank you again for your time and availability.

P1, P2: It was a pleasure for us, thanks to you and good luck with your studies!

P02-08042024

Date of interview: April 8th, 2024

Gender: P1 Female, P2 Female

Age: P1 28, P2 66

Interviewer: Caterina Coradeschi

I: Good afternoon, Thank you again for having me. Let's start with our interview. Your contribution to my study on family firms will be very relevant. As you have signed the informed consent form, I would like to ask you some general questions about you to start and then proceed with the rest of the interview.

P1,P2: Perfect

I: To collect some demographics I would like to know your age

P1: I'm 28

P2: I'm 66 years old

I: What is your current job position in your family firm?

P1: I'm part of the board of directors (CDA), together with my parents, uncles and cousins and I'm the communication and marketing manager. I'm also responsible for the business development.

P2: I am now part of the board of directors, I was in charge of the commercial part of the company until my children took over.

I: Can you give an overview of the family business, including its history, industry and core values? When was the company founded?

P2: So, first of all, what you say is seen by you, I have a different view. Everyone starts from their own vision And I start from the senior vision: first of all, you reap the fruit of your work. All the time. Both in the family and then in the professional one. Because then it's the people who go into the business, OK, so we found ourselves running this business With a father who passed away at 56 so he passed away early, young. Centralizer, the only signatory of all the documentation, yes we worked, but we were all very young, 24, 23, 22, 16, 17 so we were, that is, when I was his age (of P1), I had been managing this company for 10 years to understand, so the thing was. They, the new generation expects a lot, always waits, very often to be ready to do something for us. Eh, ready or not ready you have to walk eh, because then life teaches, okay? So very often you carry what you are inside you and we have been lucky enough to make the company feel to all our children and all our children have chosen. They chose to come to the company. Except that we had already set up a statute, set up a company statute in which it was said that not all our children had to come to the company, but they had to come to the company, those who were able to give to the company. If somebody wasn't able to give, they didn't come, period. We have tried to make them all start from scratch to make them know the company, then by plan, now in the in an increasingly continuous way, we try to give them the powers by inserting them in the top management, inserting them in the decision-making areas, giving them decision-making autonomy, In their areas, in relation to what are then those that we have experienced, intuited, can be their strengths. Example P1 at the beginning was born Qua dentro, to be the one that managed the financial part more. We have seen that she performs much more in contact with the customer.

[P1 nods]

P2: Good, and you also like it because you like to go around, to go away. My daughter, on the other hand, If you put her on a train in the car, she gets anxious, she feels better here, in the office. So we then calibrated things in relation to their hips, let's say the ideas,

P1: Let's say that I just ploughed through several parts of the company with my own hands, me or not, because I went almost immediately. But then he helped us to take a different path.

P2: My daughter, for example, has done the warehouse, she has done the Front Office, she has done the shopping And then the commercial and now a step behind, because she will do the commercial (P1) and she will do the general area, Let's put it this way. because one is very careful. Precise, very rational. Also not more unfocused, but precise, come on, because for example, I'm more of a reasoner,

yes, but I like her. However, this vision of the future of the company is not that it was born because they arrived, it has always been there. When we did in the years 2004, 2005 we had put the first external consultant to help us in the business organization to improve the organization of the classic artisan company and that was Dr. X, at that time we gave our customers the course on the management of communication companies because we were convinced of the chain of success. So we were convinced that if my client is successful because I gave them something extra, I'm successful too, so that's how the chain is, isn't it? If I am successful, my supplier is successful. And in this project of training, of customer loyalty, which was an important project that lasted several months, we even involved our suppliers who made a contribution to this project because we were trying to do something different, so even then. And they weren't there yet.

P1: I was 9 years old.

P2: We had the first consultants who came into the company to improve us. The first corporate letter of intent was born, the first meetings all together. To make it clear that it is the customer who is in charge. That's enough, because all it takes is for him to call somewhere else or enter another gate instead of the one in front of us. So the attention to all these things started then. Then as we went along, we realized that there was a need for something different and other consultants came in that you found, you found,

[P2 nods]

P1: You found them from here, they came in here when I started and they lasted two or three years. They began to talk to us about meetings, management, sharing, it began, let's say, to make us move from a purely artisan mentality, at least to a slightly more structured organization, the job description for all people a somewhat structured organizational chart we began to be, to structure ourselves a little more. Until they (juniors, sons and daughters) we saw that they were taking up space and then we decided to. And the company was also growing in turnover. And before X and lei (P2) I was in charge of the commercial area, so it was growing. We went from 2017 with 2.3 million euros to 2022 with 9 million euros. So the leap was very important in those years. Yes, it was really strong, so it was born there with this important growth in turnover but also in investments. The need for 1 more structured consultancy arose, so we called a software that was no longer a management software but was a pick, so it would lead to the automation of all business processes, both tangible and intangible, even the intellectual ones. Also human resource management, even management like production

management or like order like customer. Everything was a little bit more like industry 5.0 to understand each other, so we invested in this software. That's where the need arose to say, oh well, let's put a software. I called consultants. For such advanced software, we had not taken an SAP business One, which is an international software in the international PIN, which is present in over 60 countries translated into 28 languages, generates 62% of the world's GDP, so it is number 1 in the world is divided into SAP business One and SAP one. SAP One would be the one that multinationals have that have locations in multiple European, European and non-European countries. Hence they said, but to put a program like this in place first will have to prepare processes to be ready to take in the information. And so we acquired 6 temporary managers who added an area to each one And from here we grew, we learned, they (juniors) found their place Precisely because we tried a little bit to grow also in organizational terms, we had the need to insert new resources because we also tried to understand what our children could do, So did we have the skills among our children to do certain tasks? Was there a purchasing manager in here? No, we gotta take it out there were people here, A production manager right? We have to take it out. So we also went to find resources where we didn't have them, where we could invest We tried to invest internally in the guys, so we created The structure we tried to create a structure. In the process that in the long term that started from the years 7-8 years ago, probably until today we have searched as it has always been said, we have looked first NSC then the industry, then S.r.l then we have created the container, then we create the Spa. And we're ready for the future. So we were the most advanced business combination, then we said let's invest in real estate, so we went from 5-6000 square meters to 25,000 square meters with further increases, so we also created the logistics structure. So we created, laid the foundations for the future, then we put together the temporary managers who had to prepare all of them to manage this company of the future. The rest is to be done, yes is to be done without me ever entering into the middle of saying, you have to do it so often and willingly, then maybe something could have been done better. But if you delegate something, you delegate it. They have to be the ones to say but here what can I do if they don't feel the need I don't interfere, it's fine. Because? Why not at all, but unfortunately unfortunately he taught me how to tell how to deal with a customer. One day I had the need to leave and go, no one taught us how to tell how to use a program or a calculator by going through handwritten bubbles. Yes, this is our story. The handwritten invoices where I didn't remember the customer number, but out of 600 customers we had, then I remembered all the addresses. Because we wrote them by hand, if they did it by signature, yes, by hand. They knew the prices by heart. Who taught us how to switch from that to a computer? So we didn't even know how to do it. Nothing. You do it, the experience, the will and the commitment, this if you expect to have the skills, the basic skills must be there, but then if you always wait for the market it is so fast that you don't run after it, so you need flexibility and

adaptability, indeed it would be better if you can also influence this market. No? Sometimes, then have the vision. So the important thing is that the most important thing that entrepreneurs need is the vision. Once you have this, you are able to deal with anything. If it's not there, it's really difficult in a world that changes so fast. Having said that, we have left a company that is structured, that has the foundations and prerequisites to be able to grow. Now it's up to them to do things seriously, with commitment. If there is a need they ask, if there is no need it means that they are able to do it themselves. Eh Eh, that's right. We're here. We're on the one side, OK, so they have to move on.

P1: When I say that I need, I still need you, not that if you are not there I will throw myself off the terrace, but you are still the historical memory and the different mind. So I honestly don't have you here I lean on you a bit. I'll have to exploit you while you're here, won't I?

[Laughter]

P2: Let's say that what there is today a company, then things change, today there is a program to get your hands on, still not well understood but structured. But it's not that we've come to this point, that all the new comes out a path behind. They've arrived that we had 5 million in turnover, Eh, that's it, so something has been done and that you were already a respectable name anyway. Today we are becoming in some areas of. A leading company at national level. Well, they will have to face the international challenge.

P1: Already scheduled. [Laughs]

P2: But in a company you need vision. In other words, change is needed, and not by chance. What is the vision? And yesterday I read in the newspaper that I read in the newspaper Ah, I read in the newspaper that there is a rain from the Sahara, misery the first thing that comes to your mind is not that you read the rain of the Sahara but we have a product against the algae of the Sahara, But then we put this article here, we advertise the article and let's put our anti-algae behind it and do something. In short, that's it, that is, everything you see, capture, capture, that is, you have to do things up to the second. For example, there is the water crisis, but we can study it with this water crisis that puts the world of the swimming pool sector in crisis. We could study something, we have to study something. What are you talking about Green? There is talk of a circular economy that is being done, what could be done? This is what you have to think, 4.0 is over, there is 5.0. So what is artificial intelligence, which ones, which ones? What could we do with this intelligence? You could visit yesterday, he arrived the other day and the sales director of this software house that provides us with the program

that is the neoexperience and that he made the owner was Steve Jobs' right-hand man. He worked for 15 years at Sky. And now he's been putting the Next Xperience on the stock exchange for 11 years, which is already listed on the stock exchange. Namely. Understood? And he, he told me, we work with Marcegaglia, which we say maybe the company, today number 1 in Italy we work, they work with the Nasdaq, the Nasdaq is the international financial index, so they make the programs for them, that is, things that are dreamed of here. They did the first artificial intelligence project on emergency rooms, so the responder of first aid that in responder which is a virtual artificial intelligence but that modulates its voice relates to the case is in front of so this is vision, so you must always propose yourself in the new because otherwise you are destined to end.

P1: I'll tell you about them. Yes, innovation will continue. Yes, we already have a different way of working than they do, a different way of thinking. We are far apart in age, one of those that my cousin is forty years old and anyway I am 28 years old now we were born in two different periods that is already very different than that, so already between us there is a gap in this sense which is not that they clash but we give each other points of view already very different so we are able to compare ourselves on different basic things. However, I believe that our added value as a company, what they have created over the years, lies in the values that we have brought to this day, values with which we have worked and have established relationships of trust with suppliers and customers who in any case recognize us as suppliers and customers. And that's what they were very good at conveying to us. Because I have so many friends who have parents with companies, grandparents. And I see them, that is, I realize how much effort I put into it, but because for me there is a strong bond with this company, I am in love with the company. I see many other friends who instead the company is a Christmas present, they have left the company, you arrive at 11 o'clock, you go to Viale Tre and you don't even know what you do inside. That is, I see them. That is, my uncle is still here on Saturday mornings at 5 o'clock, in the evening until 9 o'clock, if there is something to do, the company is yours and you have to do it. And if there's one thing you need to solve, you don't wait until Monday, you fix it. From this point, however, here, on what they have transmitted to us is precisely the way of reasoning and the commitment that you have to put into it, take nothing for granted, I think that we have succeeded, in short, I believe that you have raised children, in short, it did not go very badly. But that's it, it's quite a commitment. I understand why so many companies don't have generational changes, because it's not that everyone, that is, I perceive that it's a big commitment for me, sometimes I say do it at 25 years old, I was already here, I had done a year of university, I already had a company, but because I wanted to start. But it's a big commitment. I mean, I think about it and say, that's a lot of people I

know at 25, but who makes you do it? To lock yourself in a company, that is, the idea that if this is the case today,

P2: The idea today is that I saw an interview, a girl, I went to do the job interview, they told me that my schedule is 7 hours a day. Are we kidding? Is my life where it is?" Eh, that was the answer, you know?

P1: That's what I say, I realize that sometimes I say I don't have the time, maybe go three hours to the beautician, I don't care, but I realize that it's not that everyone is willing to commit like that. I believe that I am committed, I am working hard to day to have great feedback, tomorrow,

P2: Let's say that many people don't have their heads like that. Because then you explain to me if a. Leggerino, Leggerino,

P1: Yes, but I've also seen this when I go around to customers that I was very hesitant at first. One, because I was 25 years old, I say I have to deal with people who have been working for forty years and therefore certainly know more than me. And the second thing was also a woman, that is, in my head, in my imagination, since I had to enter the purely male sectors, because I am still one of the few women, there will be three of us, you the fourth. These sectors in which we work were not there. However, even walking around my age was not a problem at all. Because? Maybe it's my company, but I'm pretty sure of my races, so I didn't have any particular difficulties in this sense. My concern having never gone out and having to deal with people I didn't know what else but here they also directed me very well the fact that they made me start from scratch because yes, we were very advantaged, but in any case they made us see the company at 360 ° because I remember even before university, In high school in the summer, we are all here in the summer, we were there almost 15-16 years old in the summer he starts to stick the labels of the jerry cans and that is I understood the importance of sticking the label well which seems a triviality, but sometimes my uncle kept us for half an hour on a label that until it was straight it was not good. You understand how long it takes to make a bench, to produce, you also put yourself on the side of the employee because in my opinion you have touched it with your own hands, you cannot say anything, you know nothing. So this thing that they made us do anyway More or less everything, then not in an obviously Grossa way though, that is, in general yes. Now we're working on it together.

P2: I was always in the office when we were little, I had an employee who made bubbles and then everything else, I managed the administration. And then moving forward in time, there is now the

management secretariat, 2 administrative. Mine is more of a job of control, of verification than anything else. However, if there is an example of Covid when it is now the there at a time of crisis in which the goldsmith sector has come to a standstill. The work was less and you made a sanitizer. He took on a commission from the ministry. Well, there was work to be done day and night. Because? Maybe we worked shifts at night, I worked at 5 in the morning, we got up, we worked shifts, I don't know, from 5 to 12:00 or from 8 in the evening until 5 at night. And yet I was in the warehouse, working with everyone else. It makes the difference with other realities.

P1: And certainly also that all of us, including the seniors who are still in the company and still get their hands dirty, that is, it's not that we are here from above, we look at what happens, more or less we are each of us inside a process and therefore we get our hands on it. The fact that there are so many of us, when I say there are 8 of us on the Board of Directors, people say, "who knows how much you argue". Well, I have to say that this thing can be discussed, it can be discussed, it is always discussed on topics Obviously not by chance, but it is discussed constructively, in the sense that at the end of the discussion there is always the square.

P2: Also because if the target is the company, either you're stupid or otherwise you understand what the best solution is.

P1: There is always someone who says you are right and therefore the square is always found. Although there are 8 of us, there are so many of us, it's not easy. Of course, you make better decisions on your own and you sing and play it. But you don't have the comparison. This also helps us a lot to see different points of view, because for example the last practical meetings I saw a product outside at the fairs. However, in my opinion, the market trend should go in that direction. You can do something like that, let's throw it out and maybe me and X, who are here in the commercial, will see other things. Ah yes, the beautiful idea, but the cousin who works in production and at the production level comes along and another machine is needed that costs these times like this, then we start to think. Okay then in the investment plan in two years because we can't do it now. But you have the Confrontation, obviously we don't all have everyone, that is, the whole vision of the company at the same time, so it is also right that we have this type of comparison, then I have to say us. Work, family is enough, that is, it is divided and fused at the same time. But when you come in here we have one thing to do, that is done in the evening, if in the afternoon we have pulled something with us.

P2: Rarely does one of us call, our boys call us mom.

P1: If we are alone, yes, maybe I call her aunt, if not, I say Mrs. Lucia. And it wasn't easy to change that. Eh, because when I arrived I was 19 years old, I got there for me that's my mom, my aunt, my cousin isn't it? That is, after that you change even quickly, because then as soon as you go out you have to change it.

P2: But we've always demanded this because when you're in here, in front of a third person, they don't look at you because you're the son of an entrepreneur, and a manager in a sector.

P1: They pushed us a lot on this. I wanted to say that even that slowly, even leaving us a little space, we managed to take that authority/authority. And it was requested, in the sense that little by little they told me Every now and then when I talk to you I feel like I'm talking to P2. And I say, why? No, because if I call you, you'll solve things for me. So if I need I know that I can ask you if you are my point of reference, thank you it's nice but it's nice because anyway they have a fear yes that you say let the children in, they always know the fear of having the son leave him the company but he doesn't know which way to go. But also on my part, I think also for my cousins, also on our part, but fear of never being taken seriously because we are "children of", so also the same commitment to make room for us and Let's say to be seen for what we actually are and not because we are children of.

P2: Eh, like the one for my daughter, for example, she confessed to me the other day, you know, now if I'm going to do an event, my big dream is to talk in front of people like you did, you're going to talk to them because you're part of the General Management, P1 commercial. So like, you're going to talk to us like if you're going to talk to us, I say you can do it quietly. I say, or rather I say, this is what yours must give you. I say, but how do you do last year what you did? I made a speech that was not commercial. Part. I didn't even mention the products. Not even by a swipe.

P1: Yes, it's definitely the comparison between "Logistics" and "Logistics" has always been easier because my mom works outside in logistics, so at the office or management level. Here I didn't have a direct confrontation with her. There's, I have it with her more. It's just that if I worked a lot together, I took so many things from P1 very willingly, also because. Let's say and maybe it's more difficult for P2's daughter because she was always afraid, she looked at her mother and said I have to be me, but instead it's her. Should you like your mom in your work, do you understand what the point is? On the other hand, I use it as an example that I went behind no that now adults. As long as I can learn, I learn. However, it wasn't easy to give from both sides. In my opinion, to succeed in a generational

change, it takes a lot of factors together. If you are in love with this company, you will also be lucky in my opinion, you will be lucky if you have children who have the same desire that you had. But, in short, there are a number of factors. Certainly a lot, that is, the push from those who want to change and who are not afraid to leave you a little space. And if from above I think that if you hadn't left a little room, we weren't here, right?

P2: Yes, definitely, you would have been here, but in a different way.

P1: Much more limited and without the right to speak or reply and you remained this company that we were before it was before. Eh because basically, even if we haven't done big things yet, big changes are not that we have brought about on our own, this will be seen over the years when we will actually be alone. However, there has been a nice change in the practical level of management EE in my opinion, but trivial at the management level.

P2: You have made your changes in the commercial field, and rightly so, your way of being, of carrying on the relationship with customers in a different way from what was mine, which I am adapted to a certain type. I see that my daughter is approaching Human Resources in a completely innovative way, starting with benefits, welfare, a whole series of flexibilities. Already based on the needs that are very innovative today, in short, in any case, no, then? And so I all see that more or less I see that X who has opened a sector Well, with our children an important sector has opened up that we didn't have, the compliance, cybersecurity, risk management area, meaning by risk not only everything that is risky for in the sense I get hurt eh, physical risk no? Risk is anything that deviates from the goal: more is less of a risk, it is also an excess of customers, an excess of turnover. If you don't know how to manage it, then everything that strategically moves more or less away from the goal. So this thing is being done here, before we didn't have this sector that was cybersecurity and that if nothing we have that systems that now when I was looking at that we didn't have before. We are approaching the 14,000 we are approaching the 45,000 between relationship, actions, sustainability we will probably approach the gender certification here. We are going in the direction in which the world is going, the thing that has not been said that in my opinion is a priority is that this is a women's company. According to all European standards, if not because it is said feminine, no, according to the national and international canon, the company, in order to be female, must have more than 51% of shares of women EE therefore of company shares and board of directors must be at 51%. Women, we are the choice for 80% of women in social office, 80% of quotas and shares, so to all intents and purposes, yes, yes, this has also been a tough one, even there, the world has moved in that

direction, so also calls in this sense. They have helped and that more we always carry on. Research calls, university calls, then European and European projects. So even there we will take a good slice of investment, because it is ours anyway and return because they are financed by Europe. Having the vision also means this, seizing all the opportunities. That today, if you don't catch them, you're in serious trouble. Because let's say that it gives us a good hand if you have so many ideas, so many things to do. Then if you want to stand still, it doesn't matter if you want to move, in some sense you don't need to, you have to. It has to be approached. And then let's see, we'll give it our all, then what's going to happen? Do you have any other questions for us?

Q: Actually, you've pretty much answered me everything. Is there always unanimous agreement among family members on significant business decisions, or are there mechanisms to handle disagreements?

P1: An agreement is always found. The same sense that you always arrive, however, is always made from a comparison with factor analysis, so in any case the square is always found. We arrive unanimously, also because we always find that we are a company that. We use consultants a lot, don't we? We have a management control consultant, a financial consultant, an administrative consultant, a board of statutory auditors, so Eh and where there is a need, there is always the support of an external specialist for that area. So you can always find the right balance if the goal is the company.

P2: The other thing that they've been used to understanding is that the company is not the tool to satisfy personal assets, personal needs. Let me explain, it's not that I have 10 cars in the name of the company so I have them in the name of the company and I use the car no, here none of us has ever registered our own car. And this is the company car, it's the company's car and you go to the customer, a sales manager goes there, they go there, you go, you leave. But it's from the company. My car was never registered to the company. So it's not a tool to do something, you know? It's not that I'm missing two lire because I want to buy the house by the sea and I take it from the company, no, that's not the salary

P1: They taught us that I don't see if I see everything opposite around and I ask, I've always seen them here. That is, there have never been people who are in the Canary Islands from December to March to take their holiday, that is, first there is work. If I had two days left, I would go to the Baths. Eh, surely we need to have neither too little nor too much in the way, also because the rhythms are so

tight that one at a certain need otherwise goes crazy in his head. But they also marked this. That is, it's not that you have the company, the salary is assured that you can do whatever you want

P2: Not only that, in times of crisis I halved my salary first and then our employees. We used the redundancy fund once when there was that dark period, goldsmith crisis and for two months, not even partial for two months because we were afraid, but before putting them on the redundancy fund we had taken away our salary.

P1: In my opinion, these things that then make the difference is the way in which you work in which you relate to employees to do something like this means that it is the conception of your staff Your collaborators in my opinion or us and a few others can call employees collaborators. Because you see them a certain way. And this is then seen in the work every day. There are people who have been here for a very long time. Someone saw it born, they have been part of the family for a lifetime. That is, they have always been here, they have the same perception of the values of work as we do. In short, this is what we try to convey to the newcomers. But here, yes, they taught us well.

I: So you told you that let's say, that is, you have always been introduced to the company, so since you were little but let's say

P2: You started it was pretty distinctive sorry if I meddle for all of them. Instinctive in the sense, you have to do the internship where you do the internship, but can I come here? Yes. Everyone has done their internship here. Then I say, but then what do you want to do? And my daughter said, but I would like to come to you.

P1: When I was six years old, I remember in the first grade the day of entry to school still a few teachers, I still feel it, they tell me that I have arrived, what would you like to do when you grow up? I go to high school, then I do economics and then I go to my company. And that's what I did, that is, at the age of six I knew and I made my path, I arrived. The difference? I am, apart from my sister who is the youngest actually, but and it's always a little off. No, you're the fifth. I am the last of those. I am the smallest of those who are currently here. And since our grandparents are gone, the very young My mother used to take me to the company after kindergarten and I lived it. There is a small one for me was the place where I used to relax and come here. I played with paper, with toilet paper, with reels. He was the mascot of the square because I was a three-year-old girl and so I grew up these afternoons here. The first words I said were hydrochloric acid, that is, understood, to make you

understand, I am in love with this company, I am fine with it. Then it's hard work and fatigue for me too, it's not that in the evening at 9 am I'm very happy. I'm not too sorry, but I would have done something else. But yes you do it and surely this makes me have this thing of falling in love with my company, because I have lived it like them, that they have invested everything. 'Cause when my grandfather passed away

I: So it was your grandfather who founded it?

P2: Great-grandfather, we have to find the first receipt, it's from 51, but we're not sure if the first one actually says so it's even older. And he sold chicken pox with a pickup truck. It was my great-grandfather and my grandfather Nicolò who had opened this company in Arezzo. Eh after the company itself my grandfather and then in the 60s he had my uncles take over, then my mother who at the time my grandfather left was 16 years old, when she joined the company she was 16 years old. Later it passed to them when my grandfather passed away. In '96 my mom was pregnant with me, they moved here. So you don't know, I have the pictures. All of their pregnant moms who paint with them have really spent all their energy, strength of everything and so this thing makes me want to give them something back because he has given us so much, they have really spent their lives on it, so absolutely yes, but all of me and my cousins. The idea is a little bit for everyone at home, of the desire to do also to assert oneself, almost a challenge. Doing better than them, in my opinion, always takes a bit of effort, otherwise you stop. So we want to get involved, let's get involved, let's see where we go, we're all young but we're quite concrete. Each of us has our own scope, so we don't bother ourselves. And X does all the external maintenance of plants, plant engineering, new machinery. He also does the customer service part, the more technical part, for example the pool sector, he is the one who then manages that part there. And X, on the other hand, all the compliance and regulatory part, so regulations Labeling go into the chemical, it's a hallucinatory stuff And so each of us has his own area and in my opinion that's also why we make decisions well, because if I don't know something I blindly trust what they say and they trust me the same. When there is trust and you know the value of the other, so you recognize it I think the problems are not there. Then we're all pretty good jokes about various we get angry, and then after 10 minutes we're having coffee. It's quite strong for us, so I think that also plays a role, it plays in our favor. The other fact said earlier P1 that they didn't always have the conception that the company is not suitable for doing your good, in the sense that it is not that you can use it for your own personal benefit. Everyone's company is a family, all things about your stuff. This is the company. I have to say that it helps, but they have it, they have imposed it in another sense as well. This company is us, so the four of them, we four children, no one has anything to do with it.

It's correct, for example, we don't have our choice, but it's that we subscribe to all our friends, we don't take boyfriends to work. And it's not wrong, because if I think that a friend of mine will lie here and then I have to do, I have to treat a certain way, I would have to treat a certain way, I would be wrong because I go against everyone, if she makes a mistake and I have to tell her I ruin the friendship, who knows how it goes? I could create arguments, so we have always avoided this thing and even that has led us also because maybe I know, I say I take a friend of mine, she is very good, very intelligent I take her, but no, maybe my cousin also says a friend, but if you have lost her friend then, you create a precedent. So these things I wrote ours, we are all our circle and the pros were to say that it led then for this line that I have always brought positive things. We're very transparent, that helps too. We don't have big ones, we don't hide anything, in fact they make fun of us because we have practically daily meetings all 8, even 10 minutes, just to say, for three things that have happened you have to do them. But this allows us to both have two minutes alone and actually talk about the company. If there is something wrong, it is a moment, even a moment of respite. We are all here, we take stock of the situation, many times this thing gives us a hand that in the meantime you feel overwhelmed, I personally at least would like to do 3000 things to do, I feel very charged, then I owe it to myself that I have not taken, as soon as I stop for a moment I breathe. If someone can help me even that, it's hard to do everything. In fact, when I say they were good. Because delegating is very difficult. If I don't do this, they don't do it as well as I want them to. Instead, little by little, you have to find the right balance. Even knowing how to explain them is not easy because I realize that you have to be good at that too.

I: But I think that this, that is, knowing how to delegate, is one of the main problems in this type, not only in the family-run business But maybe especially in the family-run business, because on the one hand you trust yes, it's your son But at the same time you say he will have the necessary skills? I've been doing it for thirty years, so I definitely know how to do it better.

P1: It's hard, it's hard. But in fact the fact that they also had these temporary managers accompany us all a little disturbed at the beginning. However you think about the people who have to live in the company, it's not very easy to let strangers into your world.

I: In fact, it's a peculiar choice to have had someone outside work alongside you rather than them.

P1: At that time we were all, all 8 of us, very aware that something had to change because by then we had gone up, I worked our way up, we young people felt ready to take that extra step, even to change

things. And because then, as P2 said, the company grew in a short time, so the way of thinking about the other, about change and above all outside had to be adjusted, because P2 was much more open-minded than others, mom my uncle who working outside is another type of job in the hands did not see this, this need to change things. So they had the whole idea of saying yes, we have to go something, but we didn't know where to go, so we lacked practice as well. So these people were winners not because they taught us something new, you don't have to teach us anything, the company is our company. But optimize, that is, you know you have to do these things, do them better, you can do them like this, you could also do them like this, then hold them back as you want. But having them every day we changed things a bit, basically, that is, you think, they started from logistics, where I give you a ride, so you can see it? Logistics first, the trucks that come in from here. We'd go to the bottom, I'd unload the tanks, I'd have to turn around and come back here. And they said, "But you know how much time you waste, but we always did it that way. Do you know how much time you waste running the truck in the middle? That if you open half a meter there, it goes around, two trucks come in at a time." Cabbage. That week later my uncle came on Saturday, done done, solved a problem we didn't even know we had. But then, in practice, it changed a lot of things. And so is the whole logistical part. So how do you move the pallets? High-turn, low-turnover warehouse goods. How to move them? Like things that we may have known ideologically but that no one ever had time to do. They were good, we were good at accepting the change in the way, and actually putting it into practice, but to believe in it, also because if you put it into practice but you don't know what you've done, it's useless. If, on the other hand, you put it into practice, you put your hands on it, you commit yourself, you sweat on it, then it makes sense. And that was it. It wasn't easy. Because then we are, our sector is seasonal from March to October, we are full of work. And so these days a week do all day to you take away the doing and when I was in charge of logistics I was not there for two days. So it was hard for everybody, exhausting. But rewarded by the fact that you immediately see concrete results and therefore where it went was fine. Everyone was happy Our guys took it very well too, I must say. I didn't think everyone got involved. And oh well, because they also believe in it very much in our generational change. I saw a collaborator that we have recently hired, just new salesmen for parts of Arezzo, for the deficit department and we did it together. He changed in a company he said I'm leaving not because I'm sick, I've been working here for twenty years, but because now there is a generational change And I don't see myself at all, in the ideology of the children, and how I want to structure the company. He came here, I had, I talked to him a little, he shot my cousin a little bit he said I go hand in hand with your idea of the future, so I come very willingly. I'm in line, I'm online, even that isn't easy. They were good. And the fact that they gave us a place, that we went, Straight luck she says no a little bit in my opinion yes, but also a great desire to get involved. It's hard work.

That is, in my opinion you have to put yourself in the perspective that whatever you want to achieve you have to work hard, that is, it cannot come to you from the sky. Then, when they tell me, you're lucky because they left the company to you. You don't know what I'm doing in there. That I'm not going to sit and wait for 5 o'clock and leave. There is the responsibility of the company that it built seventy years ago, the fear that it will go wrong because it is always there, then it pretends not, but it is always afraid of making mistakes. Then you make mistakes you learn, I also learned to do that, I'm afraid, but then in the end you learn to throw yourself into it. So rather. There are 8 of us, somehow it is repaired, it's fine, so you throw yourself in, but the effort is great. Not only physical, mental and then physical. I'm not in the real square, I don't do that kind of effort, it's true. But when you know, I think, at 27 I have to manage 5 people under me. I have to manage people, their work, make it as serene as possible because you spend more time at work than at home and grow, achieve the goals I have set for myself and all this weighs on your shoulders when you get home in the evening. So very lucky? Yes. But if you want to grow and move forward, the effort is a lot and it must be done and it must be done, if you want to get there it must be done. You can't, you can't, you can't escape. That is, maybe someone is very lucky, runs away from these efforts, achieves the goals. I don't think I'm like that, but I'm okay with that. That is, it is much more satisfying when things are done to you and when you see that you achieve the goals that you set, maybe you even think that you are not able to do so. I left, I've made it anyway. We are happy, we are all and I must say. I'm happy with everyone. Of how it's going, it's a beautiful reality. They have left us a beautiful world to do, to discover, still to be discovered, especially if you take what we have done, put it in your pocket and start from scratch.

I: What role does technology play in defining your family business's growth and adaptation strategies to changing market dynamics?

P1: It is essential to keep up with what the technologies are, but one to reduce waste at work, to support the staff, especially the outside part. However the working conditions are not that office you're out hot, cold and so you always try to put them in the best possible conditions. Work permitting, of course. And in addition to that all the part that is behind it such as business intelligence, we are now expanding the new management system And we are also looking for a way to insert artificial intelligence, that is, we are trying to understand how it can help us or at least promote development. To be understood, ours is a particular sector. Then with the chemist you have to be careful about the regulations of sectors that are a lot, so not everything that is technological is good yet, they are still things that need to be controlled in another way. But certainly preponderant. It's the basis of all our investments, of course. Like sustainability. Little by little we have already put solar panels, so we

already produce energy in industrial quantities and slowly the idea of enlarging the Green part area we still have a lot of place that has not been used for the moment. We are also thinking of restructuring the company in a different perspective, but also making it more accessible to all offices and rather warehouses. So little by little, one piece at a time, because then there is always work to be done that you have to line them up, but we try to include this too, certainly this too. My cousin was trying to implement the HR part. This, in my opinion, also derives from the context in which we are now and therefore the needs of the person has changed. Before, maybe there were problems, so he would rather do it 27 hours of overtime and he was happy, now maybe he prefers to work better, work less. It's not wrong and therefore we have to put everyone in a position to have these, these, this power, in short. So this also comes from the context in which we are and maybe in twenty years my sister will arrive, in 10 she will have another conception and we need that too. In my opinion, it gives you an eye that you miss a little bit from the world, because then every generation has its heritage.

I: Also because we live in different contexts, different situations, so everyone brings their own richness in some way what they have experienced, what they have experienced

P1: Yes, but also the fact that I have lived outside or have always lived here They are two people who think in very different ways. Of course, and then everything has to be adapted to the Italian system. It's obvious that what they do in America, I couldn't do in Italy. For example, we have also assumed the short week for us. For now it is conceivable now, but why haven't we been structured, from suppliers to customers to work to work on these timelines? It is obvious that if my suppliers worked from Monday to Wednesday and my customers until Wednesday, I could easily do so. Now it is not possible for us, but these are all things that even if we do not do, we constantly monitor and evaluate always with a view to changing and growing. Improve because what can be done is done, in short. And let's see.

I: Maybe the very last question. How important are satisfaction, family harmony as a measure of success in the family business?

P1: So maybe we take it for granted because as I told you before We have never had big problems in terms of harmony or our satisfaction As far as management is concerned, the satisfaction of our collaborators is certainly important, therefore of our direct employees, because then they are the ones who give value to what you do, that enhance your thinking in practice. So surely that is part of our, our success metrics, together with those standards that are turnover, in addition to the fact that margins

are more trivial and therefore seeing if we are actually it, we are working on our product or not, reputation, because for us it is fundamental starting from the values we have. It is also essential that reputational level is optimized and so I must say that for now this has never gone badly because we actually manage very well to overturn our values on the end customer or in any case on the people around us, so they see us as we are. Yes, I think we can do that. The goal is then to continue, perhaps to highlight it in other ways. I always tell you when I go around I talk about the commercial and I tell my customers if you are looking for a company that gives you a good price. I am not doing it for you because I have never devalued my product, but because behind my product there are people. That they work in a certain way with certifications. And with certain ideas, values are respected and you can find that in my product. And so this never makes a difference in the short term, it doesn't give you big big positive things, then in the long run it bears fruit. Why did you recognize yourself as the company? There is the fact of also working in that way, even after, that is, when it is not only before the customers purchase and when you have acquired it and maintain a relationship of trust. And just think that there are customers who have been ours for twenty years. But because now there is such a beautiful, transparent relationship, that if there is a problem, pick up the phone Call me. There is never that arrogance of being a supplier or the customer do as I say. No, I always try to have this transparency, loyalty and respect above all for the value of the work of his meters. And then I give you something that is excellent because you work at your best and then everything turns upside down a lot at work. So surely that is also one of our success meters and the loyalty of Collaborators, as I said before, are fundamental, on those All your work is based. That were moments like now we were looking for staff in the warehouse we can't, that is, there is very little, there is very little supply and. And so I don't know, it will be tough and difficult for us because then we season. We have a rather peculiar policy. Only on the intern's collaborator, on the other hand, we always try to avoid it. I prefer to take people who don't actually want to grow back. The goal to grow must be for the work to be stimulating. And there is the desire to train. So I would like to train a person and make him grow with us who offer these contracts that do not bring anything. That is, we never take the usual think votes, that is, if you come here and really do then something lets me in. And only in offices, after university, is it easier to find personal. On the other hand, out in the warehouse, the work is unfortunately not a beautiful job. It's the job you have to work hard in, unfortunately. And then you are repaid in letters, eh, arrived in a little effort in a it's a bit difficult to find staff, I've heard this thing a bit all over Italy. Maybe abroad, but what kind of now in Italy all the problem of. Eh, we see them. It's hard that you need that you have to shoulder additional loads. The boys? But let's see a little bit at the pace and then tested. In short, it certainly does the same to have collaborators who share. To work and. Keep the results. I'm happy, it means that it's being done, you can feel it, I put it among the most important for

sure, in addition to the standards you need. You have to do though, here's that too. Then if you go on the sales factors are so many because there is the writing are the customer, so it makes a difference from the customer and the new entrants or if the percentage of lost customers were historical customers or new customers. He always tries to minimize it, but he also gives you an indication, I must say that even there. Our strength is seen in the fact that we are usually a customer. Usually when you lose you lose a customer who arrived the day before yesterday. Yes, indeed. You can destroy them a little more than. He talks and finds the right balance, but it's more difficult to break away, so we're happy.

I: Is there anything else you'd like to share about your experience in the family business or your views on the interplay between tradition, innovation and success?

P1: I think I've said it all, I can't think of anything else.

I: Thank you for your time and your availability.

P03-11042024

Date of interview: April 11th, 2024

Gender: P1 Male

Age: P1 52

Interviewer: Caterina Coradeschi

I: Good afternoon, Thank you again for having me. Let's start with our interview. Your contribution to my study on family firms will be very relevant. As you have signed the informed consent form, I would like to ask you some general questions about you to start and then proceed with the rest of the interview.

P1: Perfect

I: To collect some demographics I would like to know your name, age and which is your actual work position

P1: I'm X, 52 years old. My position is Sole Director of this company and 50% shareholder.

I: Can you provide an overview of your family business, including history, industry, core values? When was the company founded?

P1: It was born in 1986. A bit of history comes from the know-how of another family company of ours to serve the goldsmith and silversmith sector of the province of Arezzo with the production of semi-finished products, then give a service with semi-finished products to the Arezzo goldsmith sector which was and still is the first sector in Europe. And I joined when the company had three employees. For two years I worked as a worker in production, experiencing what it was, the development of the products, the realization of the products. And after two years and I started to have the responsibility of running it and. The company has grown since then because we have become about 65-70 people depending on the moment and from the semi-finished product we have started to range in many other products that are no longer just semi-finished products, but there are also finished

products. In the beginning, we only processed precious metals. We use gold and silver and today, for market reasons, we work with gold, silver, the non-precious metals, so from jewel to bijou.

I: When and how did you first get involved in the company?

P1: It was easy because I wasn't a good student, I was immature because I thought studying wasn't a necessary thing. And clearly I saw well-being. When I was a child I saw well-being, so I thought that I shouldn't have to sweat so much in my life because I thought that what my parents did was enough, for me to live a comfortable life and so this denotes immaturity but maturity everyone reaches it at different times and therefore at school I was not willing and so in fourth grade I told my father that I wanted to stop going to school and I would have liked to I started working because for me the fatigue of school was a waste of time. And he said, Perfect, you want to go to work, Go to work in the morning until 3 p.m. and then in the evening from 6 p.m. go to school and he sent me to go to night school. And I graduated as an accountant and I did a year as a working student and after that I started I started the path as a worker to have the basics of how to make products, because in the end you to manage a company, but if we see products we don't sell gossip. Because if you don't know how to make the product, you can't even ask your collaborators to do it in a certain way. And they can't even talk to customers, because you don't even understand what we want, marketing, our marketing is the product. If you make a good product, you work, if you make the product that is good, you close after a week.

I: And what do the terms innovation and tradition mean to you, when it comes to a company in general or your company?

P1: So innovation Right from the start, I invested everything this company has earned in innovation. So let's say that we split the profits a few times because everything that came from this company as an economic result at the end of the year we reinvested in the following year, indeed we even invested more than we earned because we were in debt in the medium term With leasing they were once a financial system that was convenient We did leasing, that you bought the machinery and paid for it in 5 years, so we invested more than we earned. And why is this? Because despite being an artisanal company, therefore A value in the hand, but it has always needed a lot of mechanics and mechanics requires investments and mechanics, like electronics, is always evolving to make more precise pieces, faster pieces, more easily repeatable pieces, We have had to grow in terms of investments and that, however, has never scared me because thank God the work has more or less always been there, So

that's always driven us to do this. Clearly, at a time when we were born making a semi-finished product, the market was medium-low. Our target market. It was more important at that time to make quantity there than quality was more important. Then, over the years, of course, our investments have changed, as has the market, and from quantity we have moved on to quality, in which it has been an evolutionary path that has lasted thirty years. Step by step we started to invest yes in technology but It was the technology that looked less at the quantity, but the quality is flanked by the quality of the technology We have supported the quality of the people, so we have trained them. We made a selection of different personnel, who knew how to interpret this change in the type of product.

I: And when we talk about tradition?

P1: When it comes to tradition, tradition is fundamental because there is no school or a book where you learn how to be an entrepreneur in your sector, you have to invent it. And for me, having a family tradition was like having a light in front of you that always showed you the way because every day was different from the next. Every day we had to invent what our path was, but I had the opportunity to have a light that was not always on in the company on a daily basis, because my father was never physically in here, but he lit me up once a day, once a week, even for a few minutes, but he told me that the road was right or that the road was wrong. So having a family tradition is equivalent to having a know-how that others who start from scratch don't have, who have values That others don't have because values are made Yes from what is your way of thinking and your true values But they are also made by the mistakes that maybe someone has made before you And the one who has knowledge, Create experiences, create a story. My story was, if you will, facilitated by the fact that I had at home an entrepreneur who was an innovator, who invented a profession when it did not exist and who probably made the mistakes that I did not make, maybe he made them is that he enlightened me and that gave me the opportunity to get to today surpassing our first more than 30 years of activity, so values and history are fundamental, a company like this today can be done if you have many millions of euros. But you will never be able to reach us from scratch because you don't have our history and our values that are made up of days and days, articles, tests, processing techniques that are A great thing, I'll give you a stupid example, You can make walnuts, But if you want to make walnuts you have to wait thirty years, forty years if someone comes today says today I want to plant some walnuts Let's get to 30, forty years and with such difficult and selective moments If you haven't built it and you're not ready, today in our sector you can hardly compete in such a difficult market.

I: So what are the core traditional values and practices that your company seeks to preserve over time?

P1: Eh, the tradition is that of the product and we make everything made in Italy, all made in Arezzo. We don't import anything, except for certain types of stones or materials that I repeat don't exist here as raw materials. One of the reasons why we are still here is one of the reasons why our customers still come here, because we are Arezzo, we are part of a supply chain where there are 1300 companies that do more or less our job and that together form a supply chain that is highly attractive to the market. Anyone in our sector can take a plane from anywhere in the world, come to Arezzo and know for sure, even by product they can find it or find it, or find those who do it and this is therefore important. So we have always tried to make our contribution, which is for us. The main value. If it is true that in Arezzo 2000 years ago there were the Etruscans who made the granulation of gold, today we are inserted in that track, in that supply chain there and that let's say compose and value more important. Then there is the value of seriousness, of legality which is important in our work because when we sell metal, a finished jewel, in every jewel we sell there is our brand imprinted. It's like a car that runs a red or green light, there's the license plate, there's the camera and they shoot it and they reach you and they give you a fine. In our sector, we value legality. You can't see it. Fundamental. Because? Because in every jewel we sell there is our brand that is not the name, but a code. This means that in twenty years' time, if a metric office of a Chamber of Commerce goes to do an analysis of the product and sees that that product is not up to standard because the title is plus and therefore equivalent to a scam, so there is less gold or less silver, they will take away the administrator's centenary license. There are important rules because in 1 kg of gold there are 70,000 €, if I melt 1 kg of gold in it, copper, brass, aluminum, I sell it to you for 70 but in reality it is worth 10. So I have to guarantee this and this is another value, legality and then another value is sustainability, because we as a sector are the first that have always recycled raw materials. Today recycle, recycling. It seems to have become the buzzword, no. The rubber behind the fabric. People invent anything. We have always recovered our processing waste because there is the raw material inside. Our garbage has always been recovered in specialized companies, which are also part of the supply chain. Raw materials are recovered from those wastes, which are highly valuable. So the theme of ecology, the theme of recycling for us is a value that is fashionable today, but we have always been here. And then there is a value to be careful also on a chemical level, because our products are very often part of our body. An earring goes through your earlobe and so it pierces you, it pierces your lobe inside, there can be no allergenic substances of a ring, you keep it on your finger, a necklace around your neck. Stuff that stays on you all day so this too. We pay particular attention to the seriousness of what we put into our products, why? Because they could give you health problems.

I: How was the succession process managed in the company and what factors influenced the decision-making process?

P1: Well, Eh This is a family business that was originally owned by Dad and his uncle's brother. I've been running it for years. First as a non-administrator, but I was acting in his place, but I wasn't officially, then after that I became an administrator and then 10 years ago, maybe 8 years ago, I don't even remember how long ago I bought 50%, so it was a facilitation, let's call it that, that my Dad offered me. Since you're there, since you're managing it, since it's not yours but it's like it's yours, why don't you buy it and so I bought the shares that were his but then the uncle's shares remained with my uncle, so this was the Path clearly I was probably lucky enough to pay it then over time, Because it's not like I bought from a stranger, so it was all a real facilitation.

Q: And how, if any, have you dealt with any personal conflicts that may arise between the various members of the family?

P1: As far as the history of this company is concerned, there have never been any personal conflicts. There have been some apparent minor disagreements. No, because if there is a confrontation there is a discussion, if there is no confrontation there are no discussions until the very end. Then, at the last minute, there are still discussions. Different visions on some issues but then after some I brought them to the end, I second to how I saw and others instead maybe I saw slowed down And I let myself be influenced by the Father who anyway had experiences. I followed him and it's not that I did as I wanted, but then there is also hierarchical respect, no, in the end I was born, lucky for me. Those who are in the second generation are lucky, because I do this job because I felt the responsibility to carry on a project that was born from my father. And I would have felt like a coward, not to have carried it out because I would have been sorry. However, he ate the whole family, he had created respect in the market and then anyway for the sacrifices made by him for what for the sacrifices. I would have been sorry, then. Eh, in my opinion many young people who say no, but I don't say what my father does. A priori, why? Because this is hard work. That requires so many sacrifices, requires difficult. But if you do it with passion, it becomes the best job in the world. When you enter a family business and clearly in the family conditions that allow you to do so, I am a family that is perhaps more difficult than the luck I had. However, as life is uphill. It's not downhill to join a family business. However, the climb is lighter. That the thing is not just a thing, there is already a story and then there is the possibility of taking maybe one step after another and you know that the ground is there because there are those who look at you, so I suggest to continue these companies clearly if they are healthy and well managed otherwise it is good to do something else.

I: The role of innovation has been discussed before, however.

P1: If you want I'll tell you that we are collaborating with the University of Pisa engineering to get special projects done for us, if you want I'll tell you that socially this company is directed towards a collaborative relationship with a cooperative that assists young people, who have addictions to the world of drugs, so that they make young people work who have problems with addictions, This company pays textbooks and registration fees to those who attend the goldsmiths' school in Arezzo to make a social contribution to this supply chain. As I told you before that the stuff that in the end we believe to be important, we try to make it contribution More than sponsoring the local football team, that in the end sport is also important, when friends ask us give me 1 € we do that too, but we try to contribute just on a cultural level we also make projects with the school. In short, we try to make our contribution in the world of training to young people and to those who are a little less fortunate than us. This is an argument that I think the second generations are probably better at. Because? Because my Dad, who is someone who has done so much good for the territory, but maybe he was more focused having started from scratch No, I who maybe started from more than one also had the opportunity to fantasize And having never suffered from hunger, maybe even to have a different attitude than that euro that maybe you were able to earn. Maybe there is a different mentality, a little more comfortable. Which maybe also allows the second generations to have a slightly more altruistic vision. I don't know if I've explained myself well.

I: Yes, yes, absolutely. I get it, yes. How do you leverage technology to drive innovation and stay competitive in the marketplace? So maybe machinery. Software

P1: So we are always looking for the best software, but unfortunately we in Tuscany and our province say that it is far behind in terms of software dedicated to this sector, because we believe that the partners we have, that we always have, with whom they have always worked, are not as contemporary as our companies are. Unfortunately, that is a great deficiency that today makes us spend a lot of money, makes us spend a lot of energy. But the result that we entrepreneurs would like, probably there are no companies, there are many because the goldsmith and silver sector is a small sector, it is not a highly industrial sector and therefore perhaps the big companies that have great brains, great energy to invest have not invested, perhaps they have invested in other sectors. This is a little more in the hands of local companies. The software that doesn't make us so contemporary, let's say, we are a little behind, but we try to take advantage of everything we see and we call ourselves to the

maximum, we train the workers who work in companies that use these tools. And then it's not that, I repeat, our marketing is the product and having machinery behind it in the laboratory that allows us to say yes to the customer. Before they ask us the question, that was the goal. When I was a boy and I worked in here and I was a single product because I only did one processing phase. I thought, but I would like one day for customers to come and ask me a question that I could say yes before they asked it. That was the goal. Today we are at 90%.

I: How does the company define and measure success?

P1: Then it defines success and measures it. And we define it on customer loyalty, which is not about giving gifts, that you don't even give gifts anymore, you don't even wish you well anymore and for now we call it success because customers come back. We define success because we never knocked on the door. So after all these years, 36, 37 years We never knocked on a door, but we had always rang the bell, evidently we had a name That gave guarantees to customers is success thank you. And it just so happened that after more than thirty years these customers still come back. And those who leave one company and go to work in another, perhaps continue to come back to us. Maybe they bring us new clients because they know that we are reliable, that we do the job well done because they know that it is serious, that if they do an analysis inside there are the characteristics that must be there and why then because with and probably also many names, even the sonati. And this gives us satisfaction because then maybe we see in our products beautiful showcases of the world and then because of the success of measurement. The fact that we are a healthy company and that all the investments we have made we have managed to pay for, to bring them to the end, so this has happened for us, even if he is not good or a good man, as long as you work you can't measure it, because the pitfall in the company is always ready, so it is always with your feet on the ground to wake up early in the morning and go to bed late at night. And try to please everyone. A lot of work

I: And in your opinion, how important are family satisfaction and harmony as a measure of success in your family business? Now you have said that at this moment you don't work directly in contact with your father, with your uncle, who are always part of the company though.

P1: Let's say it's fundamental, OK, harmony is fundamental because if there's no harmony there's clash, if there's clash, a company like this is society and society is 50%, where one is worth the same as the other, if there's no harmony, there's no trust and there's no serenity, it can't go on. A lot of family businesses made up of brothers fall apart because one thinks that the other is smart, one is the

frontman and one is in production The one who is producing feels less satisfied, that is, there are so many dynamics. Or the brother's wife comes along. Fortunately, therefore, they gave me a proxy, I carried it out as long as I was a director, not a partner. And when I became a partner of this delegation and it remained, the same characteristics remained, the trust of trust. And then trust is clearly earned as results, because if the results are not there I want to show all the trust in the world, but sooner or later we fight. Because? Because it's missing. Harmony is fundamental, but harmony is a consequence, we don't talk about money when we talk about activities, it is the consequence of achieving certain goals of ours, small or large, ambitious, not ambitious, but it must always achieve goals. If this company got into debt, bought machinery and then had no money to pay for it, the harmony would fall and the company would split up, maybe the partners are still here after 37 years.

I: So do you think there are any unique considerations or challenges in measuring what success is in a family business versus a non-family business?

P1: So when you are an entrepreneur you have various goals, don't you? One can have just one. The money of that is the goal that an entrepreneur can have. We have always tried to put something more than money, so an aspect that had a focus on our territory. And therefore also make our collaborators who come from this territory work. In the end, it is true that we have to eat in the territory, for a company it has to make investments, but in the end we distribute wealth in this territory through salaries, which are never union salaries but are always certainly higher. And try to make the people who work with us feel good. I challenge unique considerations in measuring the success of a family business versus non-family ones. Well, a family business probably has a soul. Different and there is something different. Which is not necessarily better. No, because probably following the top 10 companies in the world Maybe they are holding companies or they are multinationals where the family maybe only takes the profits, maybe it doesn't participate but we, I repeat, it's not just the priority money, it's other priorities. One is also the quality and satisfaction of what we do. That's what I told you before No? what you then manage to leave in the territory that in the end is worth as much as money. Because you could have as your goal to be money hoarders, but honestly in my personal goal there was never to become richer than the cemetery there was there was my personal goal, there was never to become richer than the cemetery, there was to have a satisfaction that allows you to wake up in the morning with a smile at 04:30 every day, including Saturdays and going to bed one night, maybe at 00:00 with a smile, because you do what you like. I think a non-family business has more of a money-oriented orientation, on the business side. Maybe it cuts off the heads, maybe we don't cut off the heads. We try to love, to give even the most needy, maybe we have people who inside

That if I had to make an analysis of the profitability of that individual maybe I would have to cut it, but I don't cut it because I know that if I cut it maybe it goes in the middle of a street so this falls a little bit into what are the values of a family, because the company is not a big family, because when you are 4-5 you can consider yourself a big family, when you become 65 and 70 people it is no longer a big family but Those family values still remain, if you need something, you always find a way to give him that something to help him, to solve other people's problems as well. Yes, the family business has a soul, unlike a company that is led alone, alone, managers probably lose their soul there because they only have economic goals.

I: Basically, I think we've said almost everything. In my opinion, you replied to this. Before. However, considering the delicate balance between family dynamics and business operations, what strategies have you found most effective to foster both personal and professional growth within the family?

P1: I was lucky because I don't know if my father was because of intelligence but I think so, but also because he ran another company and he didn't have much time to be with me. It's that next to it there is the Father or the Uncle and the Father and the Uncle who are better because there is an experience because the company was made by them. Maybe they always keep them under their hats, don't they? Or from Toilet Paper to 100,000 € Gold They want to do everything themselves because they are sure that they are not wrong. And they never give you the chance. I, on the other hand, was lucky, One for intelligence, certainly because he imagined that by leaving me free I would be able to express myself. I could have trained the two differently because he probably didn't have much time. I felt less of this pressure from my family. I only had advantages. I had the advantages of having guidelines that I couldn't deviate, which were, for example, not to confuse the receipts with the profits of the year that are important in our sector, but if you go and see when you get to the end of the year, the money that goes around is a lot, but the profits that can be played are few, So you have to be careful. This has always been a value that we have done something to date, we have always made very thoughtful, very careful choices, because I felt this responsibility of not being able to make mistakes. Why did they tell me that I don't have to do them, but they didn't explain to me what was the principles to be on and the rules no? I had a pressure that I knew was controlling me, but they were looking at me as dynamism. I've always taken the responsibility for making mistakes. So there you have it. Maybe a little anomalous, because out of 100 cases of second generation, maybe 80 have to be side by side with their father, it's more difficult. But I was lucky, maybe I'm one of those 20 who were lucky enough to be watched from a distance and if there was a ditch they made me fall into it, but if there was a ravine they stopped me first, so it was luck. Absolutely, why? It allowed me to make small

mistakes, maybe to scrape my nose but not to break all my teeth, so it's better to have teeth than not to have them, let's say learned.

I: Do you have anything to add? How do you stay informed about industry trends, emerging technologies to incorporate innovative practices?

P1: So the emerging technologies I go looking for them when customers make special requests to me, so let's say it's all very related to the customer theme one if customers ask me for particular things I go to look in the market for what you can get from the market if I have visions that are not there in the market Maybe I do some collaborations with for example the University of Engineering of Pisa, or I go to those who produce machinery and tell them what I would like and have them do it, or I go to fairs and if I see something new that enters my eye that maybe in a slight way I have heard some rumor I deepen it and I can afford the purchase to be able to offer better customer services. But let's say that the market speaks, no, the world speaks and if you are able to talk to the right market, you probably know today what I want in the market perhaps. It's going to be two years for those who are less innovative, right? But if you have a lot of customers, if you have good customers, maybe out of every 100 customers there are three who, if you listen to them carefully, can show you what the path is and therefore also easier to make a certain type of investment. You can buy square things Because the one who is the best of all, one day talking maybe told you the word square, that for the square you have to work on it, that the path in the square is not oval. Yes, but the world speaks. Just listen. Search. Because then that gives you the trends, because it gives you, it gives you a lot of information. If someone really has passion for their work, if you don't care about your work, but you're only here for the money.

I: Yes

P1: I'd like to add one thing because you asked me. Since I have two daughters, more or less one, maybe even almost your same age as you who wants to be a psychologist and I'm happy if she becomes a psychologist it comes true. I'm happy if you're going to deal with eco-sustainability and so on and so forth, but let's give them a future, to these companies because We are in a land where craftsmanship is very important and where there is a tradition and we are Lucky, no, you specifically, you are lucky I would never want to tell you to go and work in the carpentry, but I tell you that since the world is a little bit old, I happen to shoot it and talk to people and so on and so forth. I believe that with artificial intelligence, many Professionalism will be surpassed by tools that fit in a pocket.

Behind it there are warehouses full of servers AND billions of euros of investments But with a deal in your pocket maybe you surpass the lawyer or maybe you surpass many, maybe even the doctor sometimes. And certain things, on the other hand, now I have to do the new house maybe, and I have to do the kitchen and artificial intelligence doesn't do it for me. Should I ask for my bride's hand in marriage? I have to give him a ring, obviously artificial intelligence doesn't make a ring. No, he doesn't serenade you and it doesn't have the same value if I do. So certain things, bread doesn't do AI, food doesn't do AI, you can improve farming, but the Producer will always be the one to feed you. So the farmer, carpenter, who makes shoes, so study because the study that takes you to become better than us. But don't underestimate the advantages you can have, I tell my daughters, Take advantage of them, don't throw them away.

I: I agree. Thanks again for your time, have a nice evening.

PI: Thanks to you

P04-18042024

Date of interview: April 18th, 2024

Gender: P1 Male, P2 Female

Age: P1 50, P2 54

Interviewer: Caterina Coradeschi

I: Good afternoon, Thank you again for having me. Let's start with our interview. Your contribution to my study on family firms will be very relevant. As you have signed the informed consent form, I would like to ask you some general questions about you to start and then proceed with the rest of the interview.

P: Perfect

I: To collect some demographics I would like to know your name, age and which is your actual work position

P2: My name is X, 54 years old, partner of company X of P1 & C. Who is my brother.

P1: Giovanni fifty years old, partner of X and brother of P2.

I: Okay, can you give an overview of the company, including the history, industry, core values, when the company was born?

P1: The company was founded in 1968. Our father founded an artisan company and that worked with wood, building above all, objects and small, small furnishings and then evolved over time with the inclusion of more complete furnishings, especially in the living area, then living rooms, tables and various accessories and then moved forward in evolution moving on to the production of kitchens, always maintaining the quality of the product, working in any case solid wood OR in any case derivatives. Closely related to solid wood, with a typical rustic Tuscan character. Which then in the

succession of the generations with our generation Above all has also evolved into a slightly more contemporary style and in some models, even arriving at the modern

I: What role do you currently hold in the company and how did you get involved the first time?

P1: Currently I hold the role of General Partner Eh and within the company I play the role of a bit of a handyman above all I deal with purchases, the production of the part, especially the initial part of the production and at an active and operational level And then after anyway at the level of control a little bit of all the production is for what concerns the more Less part, less practical, less active and in any case I also deal with customer relations, relations with some representatives and design and graphic processing of the. Of the projects we are commissioned to

P2: I, on the other hand, basically deal with the administrative, bureaucratic part of what concerns All the invoicing, accounting, payroll and the various managements Daily practices that are perhaps used to sometimes support production, in the sense of the various external commissions withdrawals from small suppliers on site rather than small deliveries if necessary, but in short, the small local external commissions.

I: Okay, how did you get involved?

P2: I was involved as soon as I finished school and I was supported by my mother who in any case kept the administrative part of this company since it was born because, as P1 said, it was founded by both parents and among other things founded with the support and help of my mother, and so I was supported by her for everything that concerned the administrative part of the company. slowly over the years, a little supported by an accountant who would give us a little more tips and. And now? Almost almost alone in the administrative part, leaving a bit halfway between me and P1 the part that concerns the quotes and these things here. In short, where the mother still gives support

P1: At the end of school, I went to the institute for surveyors, at the end of the five-year period, I graduated. The choice was between joining the company, working or going to university, university, at that time I didn't particularly intend to continue studying and so it was a consequential choice to this

I: So what do the terms innovation and tradition mean to you when it comes to your company?

P1: So as far as I'm concerned, the term innovation is essential and it concerns on a practical level, because after that, on a theoretical level it should be about many other things, but on a practical level it is about what is the technology to produce our our our product and therefore at the level of machinery rather than software to program and develop our our work EE then at the level of image something to level of modeling of our product that has evolved into things a little more modern And due to the market demands, what is tradition is our However, even in innovation, always maintain the fundamental quality of the product. And so, while evolving in the lines, in the techniques, in the most modern aspect, but still maintaining the use of quality products, substantially on wood and therefore maintaining the final part of the production, the finishing of the product itself keeping it strictly handcrafted.

I: And how does your company approach innovation?

P2: With feet of lead

[Laughs]

P2: It approaches, as P1 said, on what can be the improvement in the end of production with the help of machinery, the same accounting with the help of programs, software. But in the end, we have always remained anchored to what was the foundation of this activity and consequently an activity that still focused on quality and craftsmanship.

I: Nothing to add?

P1: No

I: How was the succession process handled in your family business and what factors influenced the decision-making process?

P1: The succession process was managed with great clashes, because in any case as long as our father was present and at the production level that where it was that I clashed the most And there was a daily clash because in any case he had a vision of work and that was the one that in any case brought him great success but that unfortunately changing the world, changing the years, it was no longer It was

no longer very current EE however it was no longer viable to the end and therefore But clearly on her part, being the one who had created everything she created, it was difficult to understand that it was necessary to change some some some methods of processing and production and. And slowly then after we arrived at A that even if never revealing it, but anyway he started to have a little more confidence in what I was doing and what I was carrying out and so he let me take part a little more, I always took care more and more completely of what was the production and Until I got to the point that unfortunately due to health problems He still had to pull the oars a little bit in the boat and so I had to and anyway I I wanted to take charge of everything that was the production process, from the purchase to the realization, the design, everything EE I actively took over.

I: How would you describe the core values that define the culture of your family business? So a bit like what you were saying before, the fact of remaining artisanal.

P1: Quality, Seriousness. Eh, availability and service towards customers. And these are the fundamental characteristics that we try to bring forward and that are the ones that we see that still give us a more direct feedback from customers, a trust from customers.

P2: Yes, the benefits of staying anyway. Yes, the benefits of staying anyway. The advantages of remaining a family-run company brings the advantage of always having direct contact, both with suppliers and customers, always the same people, without having large hierarchies and maintaining, in short, a daily human relationship.

P1: Beyond greater flexibility in response

P2: And then also a greater response yes, but a greater availability also at the production level and remaining artisans has made us always remain in short, a bit The tailor of furniture, because whatever one asks, perhaps we may even be too available, too permissive, but we have always been 360 ° Artisans and we still continue today to meet all the needs of the customer.

I: How does the family business deal with the personal conflicts that may arise between the various members of the family?

P2: Screaming

[Laughs]

P1: Bad, because in any case it often comes to the clash until someone gives up and that often then after nothing comes anyway, because And no, there is no A A Planning and a careful analysis of what is the background of the company and a planning for the future.

P2: Probably the biggest drawback of our business, not being able to have a constructive confrontation and Ready a confrontation and a clash, because in the end the clash can also be there, it can also be there, but it never becomes a constructive clash because then by making a wall against wall precisely, as P1 says or someone in the end gives up and you never get There But it's not that one gets to say OK, I want it this way, in my opinion it has to be done In the end, when the clash comes that one pulls oars in the boat, it is difficult to give up then one of the two goes on that road, there he abandons himself just totally. And probably even this has often and willingly not made us grow. As a company and maybe not even as people.

I: How do you personally see the role of innovation in ensuring the long-term success and sustainability of the company?

P1: It's fundamental, it's fundamental because it's important for the production part AND it should also be for the office part and the proposal of the product to customers. Because? Because if you don't keep up with the times, there are those who do, so they cut you off from the market. While for better or worse we manage to keep up with the times as far as the production part is concerned, we use it much less for what concerns the commercial part and the administrative design part. i

I: And how do you leverage technology to drive innovation and stay competitive in the market?

P2: Little has been exploited in technology compared to what it would probably bring. Oh because in any case, even behind technology there is always a need for there to be a person who manages it, who programs it, who runs it, who keeps it updated. And consequently this is also another part that should probably be improved. Probably even with more people. Something that always remaining anchored so much to tradition remains a bit difficult for us to implement our staff as well.

P1: I think technology is important but not very important, that is, it depends a lot on what kind of customers we have today. And if we continue to work as we have always worked with furniture

makers, so furniture stores or a warehouse or something like that, technology is important from 30 to 40%. Because, in any case, they are all realities that need the visual support of paper and the person who continuously visits them. And to say that we are there, we are there for whatever they need we can meet the needs. If one addresses a clientele that can be the local or national private individual, then technology, the communication part, becomes much more important. But then the company must have a whole structure, a structure capable of being able to use all that request, a very trivial example. In nutrition. And the companies that produce foodstuffs first place them on the market of income points, then start with advertising. You can't do otherwise, therefore, if you don't first have a distribution network, a complete customer satisfaction capacity, it doesn't make sense to switch to technological advertising campaigns that can only put you in difficulty. Eh then there is also the channel instead of professionals who are the interior-design architects that there is yet another, yet another strand where the technology at the eh, proactive and advertising level is practically irrelevant because you have to have the relationship and the bond with the architect, with the professional and have the trust of the professional, which is then the one who submits to you his initiatives and the feasibility of his projects.

I: And this, however, as far as communication is concerned, that is, you talked about technology at the level of advertising communication, but for everything that concerns perhaps production at an administrative, organizational, corporate level...

P1: It's absolutely critical. Although it's absolutely critical, as I said before. Although it is also absolutely dangerous, because the moment for any reason you lack network support, nowadays, you are practically incapable of being able to produce, to be able to work, so it is always a balance of should be managed in a very sensible way. And but not only from small companies, from the entire sector and from the entire Italian system. And that's not all. Because if someone really wakes up today and says I'm going to turn off the power plant, we're all going to stay, we're going back to the Stone Age and no one is able to do anything anymore.

I: How does your company define the measure of success?

P2: Then it is measured. First of all, with the appreciation of the client that continues to be maintained over the years at the end, if after 50 years after no more. If after 55 years we still have stable relationships with long-standing customers, evidently the appreciation is there both of both the

product and the company. Eh then, as far as the more general appreciation is concerned, it could also be measured in many other business phases, which maybe, perhaps. They could also get better.

I: Beyond the classic economic indicators, therefore, what can be profits, turnover

P2: Customer satisfaction, yes. That's right, then we can measure that and we can be satisfied with what is concerned with profitability, production, everything else. Because, in my opinion, always remaining a little anchored to the past and tradition, today the costs have become decidedly higher EE maintaining even a family business as we have always maintained it we always keep us a little, even mentally tied to what could once be the markups, to what could be the costs. There are many costs that may not be clearly visible, but unfortunately must be calculated within an activity. And on this kind of work, we have probably remained a little too anchored to old systems. And then, of course, it is difficult to bring them to today's implementation, because the market is not that there is this demand for a product. Today, the quality of the product is no longer considered an added value as it was considered years ago. Today we have gone through a period in which there was much more consumerism and consequently the artisanal product was less appreciated. It is hoped that in the coming years it will return a little more A little more to the center of attention of the population.

P1: Then Satisfaction is basically measured in two ways. First On an economic level, therefore, in the end it must Eh, return to turnover and balance sheets. And then at the level of personal satisfaction that customer feedback gives you. Huh. Level. Eh, what a personal satisfaction and as far as customer feedback is concerned I can say that we have rarely had them and As far as the economic level is concerned, we have probably not been able to It is true that the markets have changed, but for what is our production potential, we have probably not been able in some periods to identify. And to make our product accepted by the customers who would have it. Implemented immediately and therefore we have lost market share to other companies our competitors

I: And in your opinion, how important are family satisfaction and harmony as a measure of success in the family business?

P1: So I don't think they're not fundamental, in the sense that. It's not what makes you stand out on a business level. And it helps. It's one thing. It can give greater satisfaction But it's not that If at the family level you get along with love Consequently The company is fine Eh, it's a contrary thing that if the company goes well it may be that at the family level it goes better Because anyway there are

fewer problems, there are fewer clashes, but it's not. And on an entrepreneurial level it's definitely not the first thing to keep in mind in my opinion because I repeat: You can go. Everyone is in love, all right, but then maybe the company goes wrong.

P2: On the other hand, I believe that it is essential to have a Union and to have all the members going in the same direction independently. Then if one sector does not do well, one will find another, but if there is a Union and if there is a common thought it is certainly an added value, that is, I believe that the Italian artisan companies that have had a generational turnover, who have had the strength to see everyone in the same direction, have certainly obtained more results and more satisfaction than those who have perhaps had clashes. Or at least, even if there are clashes, there must always be a leader who has the strength to carry on a thought and follow it, eh? Because surely even the clash, when there is a Union, as P1 said, is definitely not the whole. There is a satisfaction also on an economic level, but if the work that one does and also reports benefits on an economic level it is normal that then have an economic satisfaction from an activity but given that in any case one invests in a business on his own, if there isn't even economic satisfaction, surely even having clashes is more. It's even easier, because when everything goes smoothly, if everyone goes in the same direction and the results at home are reported. One may have a different thought, for heaven's sake, but the clash is certainly less strong, less heated.

I: Do you think there are challenges, unique considerations in measuring the success of a family business compared to a non-family business?

P2: Of course there are unique challenges, but there is the challenge of keeping family relationships intact beyond work. On the other hand, in the end in non-family work relationships, if there are also ruptures that lead to deep ruptures, Peace, while within a family it is always necessary, in my opinion, to bring to the forefront, the fact that in any case one is a family.

P1: Yes,. In my opinion, one side is true, not the other, in the sense that there is often a risk for the sake of peace and the family not to do what should be done at the entrepreneurial level.

P2: But there is often a risk, even for work reasons, of ruining families. Ditto, same downside.

I: What do you think are the biggest strengths or unique qualities that set your company apart from others in the industry?

P2: Flexibility. Compared to our competitors.

P1: No. I don't feel like I have any extra strengths. We have ours, theirs have theirs. Then it's all about how do you manage to build customer loyalty, but there are no gods. Particular strengths. It depends on a series of reasons, on a series of joints that may or may not occur, that a customer looking for this type of product becomes loyal to us rather than to another company. And this anyway is one of the problems in our company, because not having that extra strength often you don't have the strength of amounts is that is a lack

P2: But what could be the extra strength compared to others in this sector? Are there any additional strengths? How many of these, of this, an image, a different image A different image, a different competitiveness in terms of discounts, a presence of representatives on the territory more active and more important than the others and there are many things that could be strengths. Now we don't have them, maybe on some things, we have something less than our competitors.

I: Do you have anything to add?

P1,P2: No

I: Thank you for your time and availability.

P05-20042024

Date of interview: April 20th, 2024

Gender: Male

Age: 46

Interviewer: Caterina Coradeschi

I: Good afternoon, Thank you again for having me. Let's start with the interview. Your contribution to my study on family firms will be very relevant. As you have signed the informed consent form, I would like to ask you some general questions about you to start and then proceed with the rest of the interview.

P: Perfect

I: To collect some demographics I would like to know your name, age and which is your actual work position

P: I'm X, I'm 46 years old and now I'm the sole director. My position in the company is that of sole director who manages the entire company. Here. This happened, let's say in the period after my father passed away who was in the company, founder of this company in 1970 until 5-6 years ago. That's what we say, it's my bureaucratic path within the company.

I: Perfect. Basically, you've already given me an overview of the company, but tell me a little bit more including the history, the industry, the core values.

P: So we deal with it, we work within what concerns the construction sector, we are a company but it calls Hyper specialist, we only do certain engineering works, which are those concerning the execution of special foundations. What are they really said in simpler words, we do drilling, we make Foundation piles, various types of piles with various technologies, because soils are not all the same. So, to make an extreme case, in rock you do certain things, in sand you do some things, in swamps you do some things. This is a company made by my father in 1970, although before that year my father was an employee for a company that did this type of work. It was a multinational because it

was present all over Europe, it had several offices, he worked let's say for the Italian company because of the skills of My Father who was really very good as a worker, Eh, he was a machinist. He wasn't my father, he had the fifth grade as a studio, but he was really very capable of working, he was very good. In fact, over time they have led her to work around Europe a bit. He spent many months in Belgium, he was even in Libya. This touring Europe, Compared to the 60s Why my Dad did it in those years there is not like now Communications and everything had brought discontent to the family. Let's say because he got married to my mom, he had my older sister, little one. This family management was difficult, until we got to what we have always been told to a very heated quarrel, almost from separation, led my father, who already had the idea of starting his own business, to quit his job and with the few means and things that he had put aside over time Buy a first piece of equipment called a probe, In that specific case, beat the ball and start the business. In short, EE was born there, it was already called by the usual name. We have the usual VAT number, so we celebrated 50 years in 2020, but so it is already 53 years of activity. A company that is everything in terms of capacity, it has started to make Foundation stakes, it has grown, it has moved forward, it has had various vicissitudes, including corporate ones, partners have entered who then left, but let's say that the reference has always been, it has been that of my father. Here, and later, over time we children, I am the youngest of three brothers, we all joined the company, each with his own tasks and we entered, I am a surveyor, finished surveyors practically I immediately started working in the company and I was a laborer, my father made me do it, with great clashes even in that period there, then the site manager. And slowly, in short, after I worked alongside my father with considerable difficulty sometimes because he really focused everything on his figure. And so lo and behold, we've come to today, come on.

I: Okay. How did you state? Oh well, you've already told me pretty much how you got involved So the first time in the company right after school you started?

P: Yes, right after that, surveyors basically. I was, I have always been, a very curious, hurried person, I have to say at the time, wrong, because in hindsight I tell you that I am sorry, It was a regret not to have continued to study, not to have graduated. I was in a hurry to enter the world of work and the world, in the world I just say no, that's it. After surveying I stopped, I immediately entered the company.

I: OK, what do the terms innovation and tradition mean to you when it comes to your company?

P: So in my particular field, innovation, I would say that it's everything, really everything. Because, being a company that carries out work exclusively thanks to machinery, because we use augers, we use pile drivers, we use excavators, we use pumps, it is essential to keep up with the times with

technological innovation, although it is a very particular sector, even inside an auger there is a lot of technology. Even simply all the software that helps you in the excavation, in understanding where you are digging, what you are digging, what kind of material. So really, innovation is very important in my industry. Tradition, understood as Experience, comes to mind, is crucial because during the processes having the experience of understanding the land where you are going to work is decisive. Let's say you don't invent this job. Well, if tomorrow everyone can buy an auger, you can afford more or less money. You go to a dealership, there are companies, you buy it, but what? It's not that you take it and go, you set it in motion EE you know how to do it like all jobs you need experience, skills, so they are two things that go hand in hand, but the technological one is certainly very important. Here.

I: So how do you approach your company, innovation?

P: And unfortunately we have to go hand in hand, I say, unfortunately I say why? Just to give you an idea, no, one of our new equipment, let's call it medium-small, which if to give you a trivial example could be a Fiat 500 to be able to go around does not cost less than € 400,000, so, i.e. for heaven's sake, you can also keep old equipment, but you should not expect results Let's say that they keep up with the times. Your company size has to be small. You almost fall back into the field of craftsmanship. And then if you're okay with that little world there, for heaven's sake, you can do it, but you won't have the results at the national level. We work both in Italy and in some countries abroad, so you have to have modern equipment and keep up with the times.

I: What are the core values or traditional practices that your company seeks to preserve over time?

P: So let's say that if I understand well what I try to do with the people who work with me, with my collaborators, is to maintain human contact. DiMi comes to say of a big family, in the sense of having a relaxed, serene atmosphere. And my workers, from some of them, sometimes, if they have any problems, even on a personal level, they talk to me about it. Which in many ways is fine. And other times, the flip side of the coin is that a relationship that is a little too close for an employee can also be confusing, right? Sometimes, however, I believe that it is the right way to go, also because in any case if you do not have dialogue and a direct relationship at all levels of the company, an administrator can lose parts either in production or in management or in quality control. If you don't have a close relationship with those in charge of that industry, you lose pieces. Which then maybe can also be fine, for heaven's sake, because if you say, if everything goes well it's always fine, no, but. It happens to make mistakes or mistakes, so you have to have the relationship, so let's say that what I like to continue to keep is the relationship with people, at everyone, at all levels.

I: And how was the succession process managed in your company and what factors influenced the decision-making process?

P: Eh, it was very simple, in the sense that I had a close war with my father. It's been a constant clash from day one. Let's say that I was lucky enough to come with a strong and very decisive character, in short. I'm a very framed person, if I think about something, I spend time thinking about it, thinking about it. But then after that I'm quite sure if I think something is right or on which I strongly believe I really fight, also because I've never liked ifs and buts. To say, but who knows what it would have been like, if you would have done something else. So I'm convinced that on a personal level this characteristic of mine, good or bad, has helped me a lot because my Daddy has a very strong character. I have a very strong character in my own way. So you can imagine, we've really clashed over a lot, but really we've had a lot of wars. I tell you sometimes to my father to write in his hand both the scientist, without knowing anything, without knowing norm 3, 4 times. We have the dismissal letters from my father and that he was fighting, he went to my sisters, but I had a fight with your brother, I don't talk to him, I can't talk to him. He took it, he went away. So here is the succession, which took place in a somewhat warlike way, I would say, was not easy. Then my Father had difficulty in expressing himself, not in saying so many, many things he made you understand without expressing them in his own voice. I saw it, I understood it, that it gave me confidence and that it understood that Potential was there, right? To be able to move on, but do you know how the two Gauls in the henhouse? And war was inevitable. So on many, many decisions we have clashed with both verbal and decision-making conflicts. We stayed weeks even without talking to each other, but I had in mind where I wanted to do and how I wanted to do it because in the sense I used intelligence in quotation marks, I said to myself it's not that I was born and I said but how nice it is to do the poles as much as I like. Ah, my dream of a lifetime. I wanted to be a driver, I wanted to race in a car, I would have been a mechanic, so I would have liked to do something else. But one day I sat down alone and said, eh, thank goodness, my Dad has worked a lifetime, he has done a lot, the company is there. But let's call it successful, because it has been working for so many years. It's a pity, so little that I have, I owe it, but this, to what my Father has done, why not take advantage of it? Don't take advantage of it, I would say, don't take advantage of it. Let me see, let me commit, let me understand. And so, once I got in, I got hooked. Here. That's it. Unfortunately nowadays you have to work, have economic income to be able to do certain things, so I have to say, for heaven's sake, everyone would have liked to be an astronaut, an airplane pilot or you do it, period, you close yourself Studies, you work for that. Otherwise, I mean, having the opportunity to join one, to join the company, it's still your thing, your parents'. I put my heart into it, I say, I have to put my heart into it, I have to, I commit myself. Why waste this opportunity? Well, these two things put together. He made me say, come on, I'm busy, I

have to take over from my Dad, that's all. But then I also have my sisters who work here, so I also mean a little sense of responsibility and I say. It's a bit of everything, how to say, connected to if I also owe it to other people, it's not that I'm alone I can also decide, but you know who cares? I close, I go to the beach, Hello, instead I have many people passing first through my sisters and then in the end we are more or more than 30 employees, so it means more than 30 families. That anyway they expect something from me then. Also in this sense of Responsibility, in short, it made me take this step. What if I'm too much?

I: No, no, perfect, very clear. And how does your business deal with personal conflicts that may arise between various family members?

P: Look, do you cancel all the appointments between now and Monday?

[Laugh]

P: It's in fact, unfortunately, a bit like what happened with my father, it doesn't happen with my sisters, why? As much as everyone has their own sector, I deal with administrator, so I do a little supervision, a little everything, but it is logical that in technical matters, in technicalities we understand little about paychecks and pay, to give you an example, or budget or drafting a security pos. I know what's inside it, but I'd waste a week making one, which my sister prepares in 5 minutes, so maybe sometimes having to supervise a little bit of everything, anyway try to understand a little bit of everything When I go to relate to my sister who does security to say unfortunately it happens that in the preparation of the teams In the last minute I have to make changes, The construction sector is really full of regulations and also in terms of safety. Everyone must still have a license for the mention they hold, so it is not easy to upload the documentation of every single worker who enters the construction site to the portals. It is logical that if something changes on Sunday night and on Monday that person is changed from the construction site, he has to run to the portal, upload, integrate the person's documentation, He gets angry like a hyena because maybe he worked a week, from Monday to Friday, on the preparation of that document Then unfortunately, because maybe someone doesn't call me and say Ah, I don't go up on Monday, do I have to change it? He gets angry. For my part, I try to tell him, I understand that you get angry, but what can I do if I have the people, the staff? And a lot of times I say: Ah this, fire him, send him away, and how do I do it? But what do you say? But what are you talking about? And after that, who makes the poles on the construction site? Unfortunately, I also have to be a little bit of an intermediary, don't I? They are clashes, sometimes heated verbal, exchanges of opinion are not. Or my sister: Let's say it's an administration. When I ask to be able to evaluate an important investment, I don't want to spend all this money, I don't care, I don't want to make it. So how to say, he's looking for me, I have to do a bit like the CEO, I have to go through, no,

to sow slowly, try to get them to think, to understand how to do it. Even if I tell the truth about business decisions, I'm almost giving it carte blanche, in the sense that maybe I go to war, but then you do it as I say [Laugh]. It's very democratic. Let's say that I democratically come to you and say you would like to do this, but I would like to do this, wouldn't I? I want to do it, no, but come on, look. We do it anyway. [Laughs] Understood, so it's not easy.

I: No, but sometimes it also takes a person who, despite the differences, despite the fact that they are not all in agreement, but in the end takes matters into his own hands. I say, OK, in the end you do it this way, because otherwise in the other way no one does it and you stay stuck where we are.

P: Would you stay put yes, would you stay put instead that if you want to kill a company make it immobile, that is, in the sense if you want the put I want to close it that is enough you make sure that nothing changes and that slowly consumes itself by force of things, but I repeat for at the level of character that I came so it comes to me, quite natural to do. I make wars, I don't care, that is, if I believe in it, I think it's the right thing, anyway. But it counts, because then, I repeat, it doesn't. You're working, so you're in the work environment, but you're that is, you're your relative, you're your brother, so he was there. So in the sense, unfortunately, but it's inevitable, if you have a fight, you have a clash at work It also affects a little bit the personal one, right? Sometimes, therefore, even with them it happens that there are days when we may barely greet each other because we are back from a quarrel made the day before, so it is really difficult to have a very delicate scale, very delicate the relationship working with relatives, in short, close at a family level is hard. Inevitably, one the person, let's say, who administers or who does those Those who hold that position there necessarily on a character level must be stronger, more than otherwise you can't make it. Many times I go through difficult times even on a personal level, sometimes I am told but who makes Me do it. Well, then after it passes you, you think about it on Monday, Start again, start again.

Q: And nothing, yes, the next question now, is there always unanimous agreement between family members or are there and if there are mechanisms to handle disagreements?

P: No. The mechanism, let's say, is not that there is a protocol to follow, a mechanism that many times they, who had a position, perhaps think about it. And they understand and after a few days they come back. And they make you, but I don't tell you, they make you understand that oh well, come on, you were actually right or magically what you had proposed that was not good at the time, after a few days it was learned.

I: How do you personally see the role of innovation in ensuring the long-term success and sustainability of companies? A little bit of what you say, maybe at the beginning, which is fundamental.

P: That's what you do in my industry. In my company, technological investment is fundamental, keeping up with the times is inevitable. I'm just telling you if I showed you the photos of the machines with which my Father worked and the photos with the machines with which we work now, the example is the cart pulled with donkeys and The shuttle that goes to the moon there is nothing. They are really also some technologies that did not exist in those years, that have been invented and improved over time, that I was the first leap I made, let's say a company at the end of the 90s. Believe in those technologies there and invest in them. To start making them, here. So in my industry it's crucial.

I: I don't know if you have any collaborations or partnerships with external entities to promote innovation and technology.

P: So yes, we have some companies that we work with. Let's say that In my sector, precisely Being a specialized job that follows We carry out some technologies in the panorama of special foundations, but we do not necessarily do everything in order to be able to stay in the market Respond to an increasingly demanding clientele, because in any case there are always larger and larger structures, I would say more and more particular, even by design sometimes. And particular structures that require various technologies, even within the usual construction site Many times there is not just one thing or how to get a house, it is not that there is only the kitchen, the living room there is the bedroom, there is the attic that is the same here it is not that there is only the bored piles, there can be micro piles, tie rods, nails. But you can't do everything. As far as foundations are concerned, so it is inevitable, if you want to keep up, to have partnerships with companies that complement what you are missing. Let's say that the ones that are successful, the ones that work, are the ones where the company you work with doesn't do what you do and you don't do what that company does. I have companies with which I have been collaborating for many years now because there has never been any overlapping of processing. Tacit agreements, don't worry what you do I don't do it AND what you do and vice versa, even to the point of my clients, who maybe call me and say, Oh, the work of bolting the slope because it's coming down the hill, which I don't do. I say, look, it's useless for me to get in the way, call this friend of mine, he does it, they're good, they're trustworthy. And there is exchange. It's just the exchange to say Look, my client will call you, treat him well, he's a good person, pay and all. Then serve it. This is what I'm also focusing on a lot. That's what helped me to do some construction sites, let's say in Romania, to do construction sites in France. I left, let's say,

through friends, acquaintances, equipment sellers. Let's say that in the Italian scene they know about the solidity of my company, so they are comfortable suggesting me sometimes even to other companies introduce me, so this exchanges collaboration. I even believe that perhaps it is a decisive pawn for the future of work in general, but I believe that collaboration between companies and the network of companies is a decisive one for all sectors.

I: How does your company define success?

P: I think that the bare and cold number of the turnover is limiting. Yes, it is true that maybe it can give you an idea of the turnover, but you also have to tie it to the sector to which you belong, I think, because it is useless to invoice perhaps a lot and then have a very low margin or very low profits. Which is more successful who has 30 percent margins per 1 million or one percent per 1 trillion, I mean? I think this, let's say that I would introduce a parameter that is something else, or rather that turnover is, is to understand the margins and profits that a company generates, a bit like the stock exchanges do. Here, to give AI, to give the votes to the companies is actually not numerous in turnover. My success as I evaluate it, I also evaluate it a lot Nella in the serenity of work, I would say. Mine, the collaborators, the peace of mind that if you absurdly make a mistake and it happens that you have to fix something, you don't have the anxiety to say I don't have the resources to be able to do it Or with serenity to be able to change a construction site vehicle but also a simple van or a company car, allow my workers to go to the construction site with beautiful new vans. I also care about the image. When I can, I bring the drills back here to wash them. It's true, you lose time, and time costs money in work. Maybe that week that is here could be in the pipeline producing, invoicing. But in that construction site it would have arrived, maybe very dirty and ugly and I don't like that, I also want to have an image applied to my sector that is not easy to say. But just to say, having a clean car, a clean auger instead of dirty with concrete, all half broken with glass, gives another image. So yes, turnover is needed because you have to make as much profit as possible. But I would almost say that it is precisely the relationship and the relaxed atmosphere of the workers, of the work environment, that is.

I: In your opinion, how important are family satisfaction and harmony as a measure of success in a family business?

P: I anticipated this question a bit, it is necessary A lot, indeed at the family level I would say that it is almost the most important thing the harmony between relatives, in short, between between me and my sisters. Because if you work serenely with a clear mind you produce even more and better and you make less effort in doing the work you do, if instead you have contrasts and everything you are worse off. I say it many times and I think it's the truth, it's worse than a marriage, work. Because if I

think about how much time I spend with my wife and children compared to how much time I spend with my sisters in the company, I'm married to them, I'm not married to my wife, my wife. The time I spend here is the time of life. I have to say, that other one is a pastime, why do I only go there in the evening then? It is with them that you have to build a serene relationship to be able to go on and do everything, well, EE was not easy, because in short, the clashes are many, in a company 1000 decisions 1000 things but in short, you have to try a little to stay afloat, how to say?

I: Do you think there are any unique challenges and considerations in measuring the success of a family business compared to a non-family business?

P: Are there more challenges practically?

I: Yes, different challenges or considerations.

P: And then I definitely. Let's say that if I did the usual job, my usual position, but in a non-family business. But then this also means in a company that was not mine, if I, if I, were called to be the director of a company owned by companies?

I: Yes.

P: So? I would almost say, it would be much simpler. Much simpler, because anyway let's say that even simply on a mental level, you would be relieved of all those responsibilities that you have in a family business but that are not written in the chamber certificate, understood? At a certain point how to say, I manage something, I manage it well, OK, but it's not mine. In the end, I'll be given what I have to do, right? What's the downside? I manage a company that in short limps a bit. There are some problems I get busy, but the partners don't buy me the machines, The ownership doesn't make me make choices, it doesn't make me hire staff, I consider many aspects adequate, if it weren't yours in quotes you are a little more relieved I don't have to say. It goes wrong and you understand that it's not your fault, but that it's the property's fault. At a certain point you say, oh well, I don't care, it's not mine. Badly said, however, to understand.

I: Yes, of course

P: But in a family business, I mean. Where you have your signature is your house, not someone else's house, you understand that the house is there, your children, so you get busy? As if to say, magically you have an extra sprint and desire. This desire to do more in the family business is facilitated. So also because then in turn, your sisters in my case. You also have to give them a hand to make this thing work, that's it.

I: What do you think are the biggest strengths, unique qualities that set your company apart from others in your industry?

P: So let's say that with the fact that at the family level we cover the entirety of every sector that concerns the management of the company, I certainly feel like saying total dedication, in the sense that we personally Mi mi mi is also weighing me Eh for heaven's sake but I am almost available 24 hours a day, which maybe in a customer is an added value. Because he knows that the figure in front of him is that of responsibility and image of the company. That is, my face is my company, they know that if they talk to me they talk to the company because they don't talk to someone who will then have to report or do therefore even simply in facing the decision In every sector, in every company department, if they call, they know that they are talking to the owners. So definitely, I think, an added value.

I: There's something you want to add that, that comes to mind that we haven't always discussed this topic.

P: I don't think so, I tried to tell what it is.

I: It was really interesting and I really thank you for your time and your availability.

P: Thank you.

P06-08052024

Date of interview: May 8th, 2024

Gender: Female

Age: 58

Interviewer: Caterina Coradeschi

I: Good afternoon, Thank you again for having me. Let's start with the interview. Your contribution to my study on family firms will be very relevant. As you have signed the informed consent form, I would like to ask you some general questions about you to start and then proceed with the rest of the interview.

P: Perfect

I: To collect some demographics I would like to know your name, age and which is your actual work position

P: My name is X, I am 58 years old and I am a managing director.

I: can you provide a general overview of the company, including its history, industry, and core values. When was the company founded?

P: It was born in 1974, it was born as an offshoot of X which was the first goldsmith company in Arezzo. My father worked in the chemical laboratory of this company that recovered raw material, so essentially gold, silver from processing waste and in the 70s there was a large, let's say, spin-off from this company and among the many things that they outsourced there was precisely the one who had said that it was called the Refining department so our company was born that did this work also on behalf of third parties, Over the years. The company has evolved a lot and from gold and silver alone, all the metals of the platinum group are currently recovered, which are very important because they are the critical and strategic materials and recognized by the European Union because they are technological materials that Europe is completely deprived of and that must be supplied in countries such as the Russia and Sudan.

I: How did you get involved the first time within the company?

P: And oh well, I put her on Me, I've always considered the company a sister, the little sister, because in short, my brother we are Grown-ups and we were born before the company and for us he has always been and has always grown up with us and so when I graduated in chemistry and I didn't go to work directly there, I worked for many years at the laboratory company that deals with all-round consulting for companies, especially concerning environment and safety and management systems and so on. So I joined my company as a consultant essentially and then slowly, clearly, growing. I joined the board of directors.

I: So what do the terms innovation and tradition mean to you when it comes to your company?

P: Oh well, innovation and tradition are the basis of all companies. So our company does not sell a real product, so it sells a raw material at the end and therefore there is not, I would say, as much tradition as so much innovation. Because, on the other hand, the processes that regulate precisely, all affiliation, what can be summarized in refining, therefore the recovery of raw material from processing waste must be innovated because they go hand in hand with both environmental and technological regulations, and with specific study and research, which not, for example, the key half, a direct line with the University of Pisa, in particular with the Department of Chemistry and the Department of Engineering. And maybe as far as tradition is concerned, I don't know, something related to the fact that it's a family business, so I consider the company as a younger sister. So the fact that there is a link maybe with this company, maybe the tradition in this sense. The connection is Strong. My father left us this company, he is still alive, but in practice when he, unfortunately, fell ill he could no longer come to work, he left us this company and For us the sense of duty has always been important, that is. It's not. In short, we felt like our own, that's for sure.

I: And so oh well, you've already answered the question how do you approach innovation in the company? You told me with partnerships, collaborations with universities.

P: yes

I: How was the succession process managed and what factors influenced this decision-making process?

P: And so I repeat, my father is still alive, so there is not a real succession. My brother has always worked in the company since he graduated and apart from a couple of years, always in the same company but in Vicenza. Because we have a sales office in Vicenza, it deals in particular with the

Italian sales department. And he's always worked there, so it was natural for him to stay in the middle of it, even if he doesn't have any position in a practical sense, actually.

I: And how would you describe the core values that define the company's culture?

P: I wouldn't know which way to go though Oh well. We have said we have talked about innovation, but what we care about is the attention to the territory, the attention to new technologies and to embrace technologies more and more. But I say in clean quotes. But I mean not only the environment, but also the people, the product and the product. We have customers all over the world, who puts a company that is one that has the highest turnover in Tuscany and. In short, a study came out and it seems to me social, 24 hours perhaps on the Corriere and in which the top 12 family-run companies in Italy are among the top 12 family-run companies in Italy, excuse me, all Italian, And this important. These are values that we care about so much. We have a lot of audits, obviously third-party, of customers and we always try to respond as best we can. And we try to have a governance that is suitable for this type of I don't know the things we do.

I: And how does the company deal with personal conflicts that may arise between family members?

P: *We manage different opinions by fighting [laugh], as brother and sister. So, like all brothers and sisters, yes, we try to. Sometimes there is also our mother in the middle, because she is still the President of the company and we try to manage them as best we can. That is, often, as it happens, brothers and sisters are very different, my brother and I are very different. But there is in the end, for the good of the company a confrontation that in the end brings to a common point, that's it*

I: *It is* always linked to what we were saying now. If there is always unanimous agreement among family members on business decisions and if there are mechanisms in place to handle disagreements. So what do you do then?

P: Then there are no real mechanisms. I mean, I don't know how to say, let's say Eh, it's not like there's a protocol. They don't exist. So since there are only two of us and generally there are two of us, then there are also practically there is the CEO, There is a whole staff in those who put and we managed, let's say my father was the person who managed everything, he had the responsibilities of everything. The moment when my father unfortunately could no longer come to work, to work and prosecutors were appointed, each one an expert in his field, I don't know how. In short, let's say that he has responsibilities and responsibilities Of the attitudes, in short, in one's own field and therefore at the moment when there are or different opinions, in any case something gives But beyond the differences, something to be decided is done a little bit all together. That's it, right now.

I: And How do you see the role of innovation in ensuring long-term success And the sustainability of the company?

P: It is fundamental, crucial. Innovation is fundamental. I can make a great digression that innovation is unfortunately not followed by On the bureaucratic side of what we are harassing entrepreneurs, because I'll give you an example, the past top then submitted an environmental impact assessment to increase the amount of waste treated In 2016, the Environmental Impact Assessment was approved in 2019. We are in 2024 and there is still no authorization. That is, you understand that from 2016 to 2024 the world has changed technologically. Does this mean that a company is going to die? That is, there is no way, that is, is all this in compliance with the regulations. I always say no one wants discounts for this type of company that is so important at national level because, I repeat, we produce as much as a huge mine in South Africa and South Africa is the first country to produce platinum group metals. There are three who have these metals in their hands in the world or in their sweat, Russia, Sudan, Zimbabwe. If someone stops giving us this stuff, we are in troubles. So we really have a mine In Europe, because I'm talking about Europe, I'm not talking about Italy, and since 2016 they haven't given us the opportunity to renew the plants, to take actions, and even the ones we presented in 2016 at this point are old. They have changed. Of course, it would take another new plan, updated to 2024, yes, 2024, then they give it back to you, 2032, that is, understood what the difference is, that is, the enormous problem, this is a problem that Italy must interface with, that is, it is not possible that there are these problems, but they are there for us, but they are there for everyone, eh, that is, it is not that. And this is true for any company, of course, that is, Italy cannot be the country of tourism and restaurants, because unfortunately it is becoming so.

I: How did you prepare for the transition to a leadership role within the company and what were the most significant challenges encountered during this period?

P: So the biggest challenge was when there was the switch. That was really hard, I was I wasn't prepared for that. To this change because my father is precisely, I repeat, an enlightened entrepreneur, but he has never prepared for succession and therefore none of us were prepared. It was difficult, but we did it and now we're happy. But it is done.

I: How does The company leverages technology to drive innovation and maintain competitiveness in the market?

P: That is, much better. Oh well, we always follow the BAT and BREF so Best Available Technologies, therefore, the best available technologies, which are those issued at the European level, are sometimes anticipated even not, that is, when, for example by doing the environmental impact

assessment, we had already adjusted our limits To the BREF that would come out later, which are now logically in place, but we had already planned to adapt our systems to new technologies, basically, so we are also looking for this close collaboration that we have with the University of Pisa helps us to keep up with new technologies regarding the systems,

I: Other forms of collaboration? So you spoke before with the University of Pisa with I don't know if you already have other collaborations, external partnerships just to promote innovation, to try to stay up to date.

P: Depending on the moment, I would say of the moment, we have various collaborations. It is clear that as the University of Pisa It has created, let's say, let's say closely linked because I repeat, both in terms of the chemistry department that follows us the part a little more of fine chemistry, and in terms of engineering which instead concerns more plants, right? And then gradually, that is, it happened to collaborate with other universities as well Florence, but depending on the projects we had in place.

I: And how does your company measure success?

P: Eh, then? No, I, I respond in a much, much more way than that, that is, certainly with turnover, certainly customer satisfaction, secondly, certainly with the international recognition that we have, with also the certifications that we have from third parties and. For example, all the certification part of the LBMA for which we do both All our precious metals, in fact, are. Certificates accredited by a third party that carries out special audits every year. In short, there isn't. There are so many in the world, these certifications will tell you, so it's time if this has happened, yes. In short, it's certainly really important for us. At the apex of these, of these things.

I: And how important do you think family satisfaction and harmony are as a measure of success in your company?

P: Fundamental I would say, since there are two of us, I would say very important. Yes, right?

I: And do you believe that there are challenges, unique considerations in measuring the success of a family business versus a non-family one?

P: No, maybe it's easier in a family one, because then the more direct relationship can be even more difficult if one looks at it from other points of view. Because then family relationships also come in. No, they are more difficult to manage in the workplace, but it is also. It's more direct, huh? As in this case, can it be simpler? Yes.

I: Still with regard to what was the succession, therefore the succession process, what role did the training process play in the preparation of successors?

P: And so I graduated in chemistry as my Dad and so I was a bit predestined In some ways technically to take his place. But I have to tell the truth, technically I'm not particularly good and clear. It is clear that having worked for many years in a company that deals with environmental consulting, safety issues, management systems issues, etc., in short, I am better prepared on those issues than Brother who on the other hand, has a degree in political science, for example, who has always been involved in commercial and who On these issues he is a little less knowledgeable, so in my opinion is a varied training important? No, because it's clearly a company. It is clear that if one of the two were to be a manager, there would have to be what I have prepared in one thing in the other, but in this case where the company has more than a manager And each of whom deals with, let's say, his own field, is. That's fine. In short, simpler, because I believe that everyone, being specialized in their specific sector, is also able to have a vision of the company that maybe, that is, maybe you have a more technical vision more than the chemical aspect. Your brother has an appearance, he has, let's say, the vision and maybe he lacks it at a certain moment, the more commercial vision that maybe his brother is more complementary, isn't it? If we were both in the same position with the same formation, maybe there would be even more fights. That is, if I was a manager then, I am of the idea that I am a real entrepreneur You are born into it, I don't know how to put it, it's not that you become, that is, it's those things that you have innate in your spirit and heart. And in our case, my Dad had it. And I don't believe either I or my brother, now I say this perhaps with false modesty, I don't know, but neither of us has this spirit, and therefore for me it is essential to have people around me who I trust and who have precisely knowledge, that I do not have, I cannot have and that I repeat, that I trust and that I have on whom I can count. In my opinion, team spirit is fundamental, then it is what the company does, what it does and when you find a team that works well. And in my opinion it is fundamental, also because I believe that in a world that is constantly evolving, that is, it is difficult to keep all aspects of a company under control, all things, especially now. Exact. Therefore That is, I always say my Father, that is, there have been many entrepreneurs who have been entrepreneurs in the 60s, the 60s It was also simpler, in some ways. There were fewer regulations, in short, to say this. And there was an evolving world, a world that seemed endless. And now on things are completely different, that is, you don't go on without things. For example, my Dad used to say that some things in companies are useless things, that is, if you don't have a people's office, a team that takes care of what I call it sustainability, but a bit all-round. So we are talking, I repeat, about quality management systems, contact with customers and now you are not moving forward.

I: That's right, yes, oh well. How is the cultural identity of the family reflected in the relationships between family members and employees?

P: I don't know what this question means?

I: Cultural identity that yes, in the sense of what maybe your values are, Family members, as they are reported perhaps in the relationship with employees.

P: So, in my opinion, my father grew us I repeat, with a certain sense of duty. This has always set us apart, both me and my brother. I believe that this is also very much felt by employees. I say believe because clearly we should hear from them and not from us From this point of view though. And let's say this empathy, this closeness in my opinion is felt. No, we are not the distant entrepreneur, despite the fact that we have quite large companies. Now they're not huge, but still, there are so many people working there as well. There's always this contact and that's this attention to the employees as well and I think that's.

I: And do you think this is What distinguishes the family business compared to those not family-run?

P: I think so. Yes, I think so because the entrepreneur all starts from the fact that the company feels it, as I said before, my sister, so and in any case she is part of the family and This means that those who work inside are also part of the family.

I: I don't know, if we've talked about that before, I mean, how do you balance the responsibilities of being a family member and a leader within the company?

P: The hardest part. Now I don't know if it means in the family.

I: The family in every sense, both family, you and your brother, and family, you, your husband and children

P: The one that is a little more difficult because precisely because of that sense of duty that, as we said before, is sometimes taken away Time for one's family and one's values. That is what I have noticed, that is, I have noticed it and unfortunately it is not that one who has advanced with age decreases the workload, but on the contrary. It increases more and more because the more you are inside, the more they suck you in a little bit Companies. That yes, unfortunately yes. Sure.

I: I think we more or less have. Yes, we've said everything, but I don't know if you want to add anything.

P: No, I don't know.

I: Which do you think is one of the greatest strengths, unique qualities that distinguish your company from others in the same sector?

P: Oh well, first of all, the company was the first, it was that, in my opinion, a great strength is. And then they were good, in fact, also at an international reputational level, to have always determined, let's say always to be at the forefront, one would say, so to have also faced all these certifications in which we were talking before. Which are fundamental for this type of company first and foremost. So we've arrived, we've always been a little bit of a trailblazer, that's a little bit now. One indeed came after the company in my family, but I realized that these two companies have some differences. If it was not the first in the district of Arezzo and opened the way for the whole district, in fact, it is still a beacon, that is, in the sense that it is the one to follow. The same thing happened to the company was the one to follow. In that field, precisely because she was the first to face them, the problems and still do. We are, in short, we don't give that we drag the whole district of metal recovery and Also at the regulatory level, I would say. Because having very important numbers then we are the ones that are weighed, of course, logically.

I: Thank you so much for your time and dedication.

P: Thank you, Bye.