

## Can tradition fuel innovation? Insights for family firms

*Managing the tensions between tradition and innovation in family firms*

MIGUEL GIL · KAJSA THOR · ADAM GEMHEDEN

*Published on October 21, 2024*

**F**amily businesses often walk a tightrope between preserving cherished traditions and embracing innovation. These tensions stem from the need to honor the legacy that anchors a firm's identity while pursuing creative strategies to remain competitive in a fast-changing market. The Swedish context, marked by a strong tradition of family entrepreneurship and innovation, provides a compelling lens for exploring these dynamics.

### WHAT WE STUDIED

The study adopts a qualitative methodology involving semi-structured interviews with 10 participants across four Swedish family firms. Thematic analysis revealed how these businesses manage innovation and tradition, identifying key mechanisms and strategies that help sustain long-term success.

### KEY INSIGHTS

#### **1. Tradition as a Guiding Compass**

**Legacy and Values:** Family firms often use traditions to guide decision-making, ensuring continuity and long-term stability. For example, some companies emphasize rapid delivery or avoid taking on debt, preserving a sense of reliability and financial prudence.

**Generational Inclusion:** Many firms incorporate younger family members early on, creating a natural learning cycle that strengthens the company's identity.

#### **2. Innovation as a Growth Engine**

**Proactive and Incremental Innovation:** Firms adopt different approaches to innovation—ranging from experimental and strategic initiatives to gradual, incremental improvements.

**Sustainability and Technology:** Companies prioritize environmentally friendly practices and cutting-edge technologies like 3D printing and virtual reality.

### **3. Managing Tensions**

**Forward Thinking Through Heritage:** Firms use their historical knowledge as a springboard for future innovation.

**Paradoxical Thinking:** Balancing continuity with change requires leaders to embrace and navigate conflicting priorities.

**Operational Control and Governance:** Family involvement in leadership is essential, but external perspectives are increasingly welcomed to prevent insular decision-making.

### TAKEAWAYS

#### **For Family Business Leaders**

- Leverage Legacy:** Use traditions as a foundation for creating narratives that integrate new practices while preserving core values.
- Foster Generational Learning:** Encourage younger members to bring fresh perspectives, ensuring the firm adapts without losing its identity.
- Adopt Balanced Governance:** Blend internal leadership with external expertise to foster innovation and maintain accountability.

#### **For Policymakers**

- Supportive Policies:** Encourage innovation while preserving the socio-economic role of family businesses in communities.
- Promote Education:** Offer resources that help family firms manage transitions between generations

effectively.

## IMPACT

The study underscores the importance of managing paradoxical forces in family businesses. By balancing tradition with innovation, these firms not only enhance their competitiveness but also contribute to regional economies and social stability. Future research could explore these dynamics in diverse cultural or industrial contexts.

## RECOMMENDATIONS

**Experiment Cautiously:** Firms should test innovative strategies within the boundaries of their traditional practices.

**Strengthen Communication:** Open dialogues among generations can bridge gaps between traditionalists and innovators.

**Incorporate Sustainability:** Aligning innovation with sustainability goals can create lasting competitive advantages.

---

Spotlight by CeFEO, *Can tradition fuel innovation? Insights for family firms* Managing the tensions between tradition and innovation in family firms. Downloaded on 19 June 2026 from <https://spotlight.cefeo.se>

---

## CEFEO AUTHORS



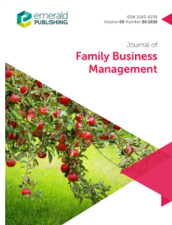
### Miguel Gil

Assistant Professor

Jönköping International Business School

miguel.gil@ju.se

## PUBLISHED IN



Gil, M., Thor, K., & Gemheden, A. (2024). Managing the tensions between tradition and innovation in family firms. *Journal of Family Business Management*.

<https://doi.org/10.1108/JFBM-09-2024-0213>

---

*Spotlight* is an online magazine that translates research from the Centre for Family Entrepreneurship and Ownership (CeFEO) at Jönköping International Business School, Jönköping University, into accessible insights for family business owners, practitioners, and policymakers.

*Spotlight* is supported by the WIFU Foundation. This partnership advances dialogue and education in responsible family entrepreneurship and ownership.

---

