Spotlight
by CeFEO

Can unrelated families unite for breakthrough innovation in their shared business?

Can emotional legacy and bold innovation go hand in hand in family businesses?

FRANCESCO CHIRICO · R. DUANE IRELAND · DANIEL PITTINO · VALERIANO SANCHEZ-FAMOSO

Published on February 23, 2022 *https://doi.org/10.68623/spotlight.2025.3t7*

Family firms are sometimes considered too conservative for radical innovation, especially those owned by multiple unrelated families. Yet these firms are often rich in resources, experience, and long-term vision. The challenge is how to channel their collective assets into action. This study addresses a critical question: **How can multi-family ownership affect a firm's ability to pursue radical innovation?**

By focusing on knowledge integration and "commitment to change," this research offers actionable insights into what allows—or blocks—radical innovation in complex family firm settings.

WHAT WE STUDIED

The study, published in the *Journal of Business Venturing*, investigates **how knowledge integration and the number of unrelated owning families interact to influence radical innovation**, and whether **a commitment to change** can offset the potential downsides of ownership fragmentation.

Key Constructs

- **Radical Innovation**: Innovation that introduces substantially new products or technologies, rather than incremental improvements.
- **Knowledge Integration**: The firm's ability to combine and apply internal and external knowledge to develop new ideas.
- **Number of Unrelated Owning Families**: A structural characteristic affecting how goals are formed and coordinated.
- **Commitment to Change**: The shared willingness across family owners to pursue and support change initiatives.

Data & Methods

- Surveyed **236 non-listed Spanish family firms** (31% of which were multi-family owned).
- Used **validated psychometric scales** for radical innovation, knowledge integration, and commitment to change.
- Controlled for industry, family involvement, firm age, and R&D intensity.
- Applied **regression analyses**, **endogeneity checks**, and **slope difference tests** to validate findings.

KEY INSIGHTS

1. Knowledge Integration Is Necessary—But Not Sufficient

Firms with strong knowledge integration capabilities are more likely to engage in radical innovation. This confirms prior findings from organizational learning theory: when diverse knowledge is combined meaningfully, it fuels creativity and innovation.

2. Multi-Family Ownership Introduces Coordination Challenges

As the number of unrelated owning families increases, so does **goal divergence** and **path dependency**. These dynamics can **block** the translation of knowledge into innovative outcomes, especially when families prioritize different objectives—some favoring stability, others favoring change.

3. Commitment to Change is the Game-Changer

When family members across different owning families share a high **commitment to change**, they can overcome coordination problems. This shared mindset

enables effective communication and mutual trust, creating the conditions for radical innovation to thrive —even in ownership constellations with otherwise high friction.

4. It's About the Combination

The most successful scenario for radical innovation was observed when:

- Knowledge integration was high,
- The number of unrelated owning families was high,
- And there was a strong, shared commitment to change.

In other words, **ownership complexity alone does not doom innovation**—but firms must intentionally build a culture that supports change to make their diverse knowledge base work.

TAKEAWAYS

Make Commitment to Change a Strategic Priority

Facilitate workshops, retreats, or structured governance dialogues that foster shared innovation goals among family owners.

Invest in Knowledge Integration Mechanisms

- Create cross-family innovation teams.
- Use digital tools to store and share knowledge (e.g., databases, playbooks).
- Encourage informal story-sharing and rituals that embed innovation as a cultural norm.

Acknowledge Goal Divergence—and Manage It

Don't assume all owning families want the same things. Use facilitation and structured communication to surface hidden assumptions and co-create future visions.

Encourage Product Champions When Needed

In cases of low commitment to change or limited integration, empower key individuals—like visionary family members—to act as "innovation catalysts."

IMPACT

This research disrupts the idea that family ownership is a barrier to innovation. Instead, it reframes the conversation: **family firms—especially multi-family ones—can be highly innovative**, but only under certain structural and behavioral conditions. It challenges the notion that radical innovation must come from startups or corporations and suggests that **governance, learning, and change-readiness are what truly matter**.

RECOMMENDATIONS

1. **Conduct Governance Reviews:** Ensure decision-making processes support flexibility and cross-family collaboration.
2. **Align Innovation with Legacy:** Frame innovation as preserving, not replacing, the family's contribution to business longevity.
3. **Build Innovation Champions:** Identify and support family members who are trusted across family lines and can lead innovation initiatives.
4. **Regularly Reassess Strategic Alignment:** Ownership goals may shift—revisit shared priorities periodically.

Spotlight by CeFEO, Can unrelated families unite for breakthrough innovation in their shared business? Can emotional legacy and bold innovation go hand in hand in family businesses? Downloaded on 15 November 2026 from https://doi.org/10.68623/spotlight.2025.3t7

CEFEO AUTHORS



Francesco Chirico

Professor

Jönköping International Business School

francesco.chirico@ju.se



Daniel Pittino

Professor

Jönköping International Business School

daniel.pittino@ju.se

PUBLISHED IN



Chirico, F., Ireland, R. D., Pittino, D., & Sanchez-Famoso, V. (2022). Radical innovation in (multi)family owned firms. Journal of Business Venturing, 37, 106194.

https://doi.org/10.1016/j.jbusvent.2022.106194

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.