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## Mateusz Rączyński

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### Maintaining the Balance between Innovation and Tradition in Family Business

**Tutor:** Svetlana Gudkova, PhD



#### **Mateusz Rączyński**

A Kozminski University graduate with a Bachelor in Management degree and a recent graduate of University College Dublin with a master's degree in Strategic Management. Currently pursuing a career in private equity within the commercial real estate industry.

## Abstract

Family firms are shaped by numerous values which stem from the history, legacy, and unique characteristics or beliefs. They are often spoken highly of, highlighting the company's past and legacy. In the constantly evolving environment they operate in, however, the only constant is change. Businesses are expected to innovate and redesign both their offering and processes to remain competitive and – most importantly – profitable. Those contradictory forces require family businesses to develop unique ways of balancing change and innovation. In the paper, the author argues that family firms are required to effectively manage traditions and innovation. Drawing on that assumption, the author delves deeper to investigate the actual strategies to achieve the balance by formulating the following research question: *How do family businesses introduce innovation while keeping the balance between tradition and innovativeness?* Using the case study method, the author attempts to discover these patterns within a Polish family firm operating in the jewellery industry. The data have been collected as a result of a series of semi-structured interviews. First, the author covers the core values of the company to offer a better understanding thereof and then identifies them and their significance within the methods of generating and implementing innovations. Contributing to the still developing discussion on the topic, the following analysis exhibits a strong attachment to the traditions in the innovation processes and reveals specific factors that affect the practices followed by the firm. The author concludes that one of the possible strategies involves acting in accordance to the core values of the company, which is the case for the family firm under consideration.

**Keywords:** family business, heritage, innovation, traditions

## Utrzymanie równowagi między innowacyjnością a tradycją w firmie rodzinnej

### Abstrakt

Firmy rodzinne są kształtowane przez liczne wartości, które wynikają z historii, dziedzictwa i unikalnych cech lub poglądów. Często są one wynoszone na piedestał, co podkreśla przeszłość firmy. W nieustannie zmieniającym się środowisku, w którym działają, jedyną stałą pozostaje jednak zmiana. W nadziei na ciągły rozwój oraz utrzymanie konkurencyjności i rentowności, firmy pozostają pod stałą presją wprowadzania innowacyjnych rozwiązań, nowych produktów, jak i procesów. W starciu z przeciwnymi siłami opracowanie unikalnych sposobów równowagi tradycji i innowacji pozostaje ogromnym wyzwaniem dla firm rodzinnych. Autor artykułu argumentuje, że firmy rodzinne muszą skutecznie zarządzać tradycjami i innowacjami. Opierając się na tym założeniu, autor zagłębia się w badanie rzeczywistych strategii osiągnięcia równowagi, formułując następujące pytanie badawcze: *W jaki sposób firmy rodzinne wprowadzają innowacje, zachowując przy tym równowagę między tradycją a innowacyjnością?* Wykorzystując metodę studium przypadku, autor stara się odkryć wzorce zarządzania w polskiej firmie rodzinnej działającej w branży jubilerskiej. Dane zostały zebrane poprzez przeprowadzenie serii częściowo ustrukturyzowanych wywiadów. Na wstępie, autor przedstawia podstawowe wartości firmy, aby zrozumieć ich podstawowe wartości, a następnie identyfikuje je w ramach metod kreowania i wdrażania innowacji. Przyczyniając się do wciąż rozwijającej się dyskusji na ten temat, poniższa analiza stwierdza występowanie

silnego przywiązania do tradycji w procesach innowacyjnych i identyfikuje charakterystyczne czynniki, które wpływają na praktyki zarządzania w firmie. W posumowaniu autor sugeruje, że jedną z możliwych strategii jest działanie zgodne z podstawowymi wartościami firmy, co ma miejsce w przypadku badanej firmy rodzinnej.

**Słowa kluczowe:** biznes rodzinny, dziedzictwo, innowacja, tradycje

## 1. Introduction

In the constantly evolving business environment, innovation has been described as an essential source of gaining and maintaining competitive advantage (Dess & Picken, 2000, p. 18). Thus, innovation is considered crucial in terms of business performance and growth (Hatak *et al.*, 2016, p. 120). Whereas innovation forces companies to discard the known and trusted, family firms tend to highlight and boast about their traditions and heritage, which poses a threat of stagnation in development.

Therefore, managing the conflict between tradition and innovation seems to be of great importance to family firms, which aim to maximize their innovation potential, while at the same time protecting the legacy of family owners.

The purpose of this paper is to contribute to the discussion on the contradictory aspects of innovation and traditions within a family business by conducting research on a specific organization in Poland. To address the topic of managing traditions and innovation, my research focuses on answering the following research question:

*RQ: How do family businesses introduce innovation while keeping the balance between tradition and innovativeness?*

Family firms are intrinsically exposed to a great challenge of combining the core values and traditions with the need to change and adapt to the constantly changing environment they operate in. Therefore, my goal is to investigate how a researched company manages to balance these two contradicting factors. Moreover, with the use of this paper, I will attempt to discover the motivation behind developing and introducing particular innovations.

Eventually, I would like to offer practical implications to encourage innovation within family businesses, by creating a unique value that may be useful across various family firms. To achieve these goals, my study integrates both empirical evidence with existing theory on the matter, in order to enhance the topic with unique insights and practical examples.

The paper begins with a critical analysis of existing literature presenting the main concepts and theory on the researched topic. The thorough study of available knowledge further enabled me to perform valuable and insightful interviews with the family firm's members. The collected results are then presented in an extensive diagnosis and research of the specific company's core

values. It aims to analyze the underlying motives behind innovation and the specific strategies used to manage tradition and innovation. Finally, in the last part of the research, I share the findings of my analysis, draw conclusions, and provide practical implications, which I hope will benefit both family firms and future researchers.

## 2. Innovation and tradition in family businesses

A family business is widely considered an important organizational structure which is vital to economies around the world (Aronoff & Ward, 1995, p. 121). Many researchers highlight the significant contributions of family firms to the development of local and global markets, as well as wealth and job creation (Ramadani & Hoy, 2015). Family firms differ in size and form, operating as both local businesses and multinational conglomerates, across multiple countries and industries alike. Chua, Chrisman, and Sharma (1999) describe family business as “governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families”.

For decades, academic researchers have been investigating the uniqueness of family-owned enterprises, and the topic has been gaining interest especially recently, as reported by several papers (Kraus, Harms & Fink, 2011, p. 32). Attention has been given in particular to the issue of innovativeness in family firms. This is no surprise since it is exactly innovation that has been classified as one of the main drivers of business overall performance and growth (Trott, 1998). Innovation is also considered a key to developing a sustainable competitive advantage, which determines superior business performance (Hatak *et al.*, 2016, p. 120). Crossan and Apaydin (2010) define it as the “production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems”.

Traditions and the role of heritage in family businesses are recently gaining significance in relation to the unique value being passed through them to subsequent generations (Schultz & Hernes, 2013, p. 1). According to various researchers, tradition may take the form of both tangible resources – like

objects or writings – and intangible assets – including stories, legends, skills, or knowledge (Kammerlander *et al.*, 2015, p. 332). As argued by Dion and Arnould (2011), tradition is characteristic for long-established companies, especially in the craft industries, whose primary activities are based on the skill and know-how used to build the distinctiveness that embodies organizational identity. Since traditions do exhibit a tendency to lose significance and eventually erode, family firms are required to continually undertake efforts to preserve and protect them (Marquis & Tilcsik, 2013). Tradition is vital in long-established organizations because it allows for the perpetuation of identity through time via organizational values and practices. However, it is especially significant in family businesses since it also serves to uphold the family's attitudes and practices (Hammond, Pearson & Holt, 2016, p. 1209).

Given the commitment, stability, and the past nature of traditions – and a change and evolution that are embedded in innovation, family firms are exposed to a great paradox since both aspects play a crucial role in the functioning of their business (Linnekin, 1983, p. 241).

The main challenge that family businesses face while innovating is the divergence between the need to change and the traditions to retain, defined by Dacin, Dacin, & Kent (2019) as “consciously transmitted beliefs and practices expressing identification with a shared past”. Both innovation and traditions are vital for a family business since failure to innovate leads to a decrease in the company's competitiveness and ignoring traditions damages the firm's identity and legacy. Therefore, it is particularly intriguing to understand how companies manage to balance these two contradictory forces.

The issue of balancing tradition and innovation, however, has been to this point rather omitted by the researchers, who focused mainly on managing the ability-willingness paradox and maximizing the innovation potential within family firms. Therefore, the literature on the matter is still very nascent, with only a few research papers investigating the relationship between traditions and innovation. De Massis (2016) proposed a strategy to deal with the paradox, which he named “innovation through tradition” (ITT). The author argues therefore that tradition may contribute greatly to innovation within family firms. Thus, the theory of innovation through tradition promotes further research to address the issue of combining and dealing with tradition and innovation. De Massis argues that the ITT strategy enables family firms with deeply-rooted traditions to leverage them as unique resources for innovation. This theory

stands in contradiction to many researchers, who perceive traditions rather as a limitation to the process of innovation (Garcia & Calantone, 2002, p. 110).

More recent research by Erdogan, Rondi, and De Massis (2020) proposes an even more developed framework for the issue of managing the tradition and innovation paradox in family firms. The new concept of “temporal symbiosis”, which the researchers propose, provides insightful approaches to tradition and innovation alike that are derived from the findings on the family businesses under analysis. These include preservation, revival, integration, and segregation. A detailed interpretation of the strategies is provided in Table 1.

**Table 1. Approaches to innovation and tradition developed by Erdogan, Rondi & De Massis (2020)**

Preservation (tradition)	Revival (tradition)	Integration (innovation)	Segregation (innovation)
<ul style="list-style-type: none"> <li>▪ continuous dedication to the founder's values, beliefs, and craftsmanship</li> </ul>	<ul style="list-style-type: none"> <li>▪ recovery of already eroded values, beliefs, etc., to revive the traditions once again</li> </ul>	<ul style="list-style-type: none"> <li>▪ protection of the essence and reinterpretation of traditional products; production through innovation</li> </ul>	<ul style="list-style-type: none"> <li>▪ distinction of iconic products from new products and processes</li> </ul>

Source: Erdogan, Rondi, & De Massis (2020).

Based on the different approaches, researchers established four strategies to manage the tradition and innovation paradox. The first one – labelled *Protecting the heritage* – is derived from the combination of the segregation approach to innovation with the preservation approach to tradition. Family firms acting based on this strategy tend to exhibit a strong influence of the founders, who aim to preserve the values and beliefs as well as craftsmanship for further generations. Their objective is to protect traditions, which are also perceived as a unique value among customers. Another strategy is called *Maintaining the essence* and combines an integration approach to innovation with a preservation approach to tradition. According to this strategy, family firms simultaneously attempt to protect their traditions and leverage them to remain innovative. The innovation factor, however, should not affect the core characteristics of the company, which would endanger its identity. The third strategy is referred to as *Restoring the legacy*, which is composed of an integration approach to innovation and the revival approach to tradition. Firms adopting

this framework aim to restore the eroded characteristics that vanished in the past. The final strategy is called *Embracing nostalgia* and is characterized by a segregation approach to innovation combined with a revival approach to tradition. Companies operating within this framework pursue both segregation and revival, running two parallel product lines. One refers solely to the traditional and historic form, and the other strictly focuses on innovative solutions. The study presented for the first time the complexity and multidimensional nature of tradition in family firm innovation. Tradition may not only be used to foster innovation, but also innovation may be used to protect and highlight tradition.

### 3. Managing tradition and innovation at Apart

Family firms are often depicted as placed between two antithetical forces: pressure to change and the need to protect family traditions and legacy. Pursuing only one of those forces may yield negative effects on the company's either competitiveness or identification. Therefore, this paper aims to investigate the ways in which family businesses deal with managing innovation while keeping the balance between tradition and change. Hence, the research question of my paper is: *How do family businesses introduce innovation while keeping the balance between tradition and innovativeness?*

Given the investigative nature of the "how" question, I have decided to adopt the case study method, which is typical for examining the processes and interactions within a specific organization (Yin, 2003). This qualitative approach is characterized by the collection of in-depth data, often involving numerous sources of information (Creswell, 2007). Therefore, the primary source of data involves two semi-structured interviews on core values and innovation processes within the company, conducted with people actively involved in the organization in question. I used qualitative methods – semi-structured interviews – with the aim to obtain an in-depth and broad understanding of the investigated matter (Jennings, 2005).

The interviews were conducted with two people actively engaged in the organization. First, I have talked with the CMO of the company, Michał Stawecki, later referred to as MS. The second interview was conducted with the founder and CEO of Apart, Adam Rączyński, further marked with AR.

This form of data gathering facilitates the free expression of thoughts in a specific manner and enables unrestricted conversation. Interviews are valu-



able in both presenting the general image of the researched topic and revealing the context in which the answers are being shared. Hence, semi-structured interviews give a unique opportunity to discuss a rather sensitive topic – from both emotional and strategic points of view, since the stakeholders may be hesitant to share their formulas on maintaining the balance between innovation and tradition, as well as discuss the family or professional relations (DeJonckheere & Vaughn, 2019).

Based on the data acquired from the interviews, I was able to obtain valuable insights into innovation in a family business and the importance of tradition for the functioning of the company. Moreover, I also collected secondary data through company webpages, newspapers, magazines, videos, and press releases.

Apart is a family business run by two brothers. The company was established in 1977 by Adam Rączyński and throughout the first years operated as a small craftsmanship atelier. After a few years, Piotr Rączyński, Adam's brother, joined to help him grow the business. The company soon launched a distribution network around Poland. Nowadays, the company is a market leader in the domestic market, but has also expanded its operations to the Czech Republic. The executive power is held by the founders, who are the first generation running the company.

To effectively analyze the specific ways of balancing innovation and tradition, it is first necessary to understand what is perceived as tradition and legacy in the researched organization. Therefore, I have focused on the firm's history, ethics, and values that underlie Apart's standard operations. The most valuable insights have been collected during the interviews, whose outcomes are presented and segmented in Table 2.

**Table 2. Core values of the Apart company, together with quotations demonstrating their constant existence**

CORE VALUES	CORE VALUES OF THE COMPANY (ILLUSTRATIVE QUOTES)
strive for excellence	<p>"We strive to be the best, first, and most innovative in every aspect of our activity. And it seems to me that this is exactly where the success of Apart lies, that we are constantly moving forward, looking for something new. Whenever we do something, we do it the best we can. There are no half measures, we go all-in. Letting go of being the best would cause us to lose a lot. If we decided to do something that is not the best – because something is cheaper or easier, we would lose our identity. This is something that absolutely distinguishes us and we are building for the future with this approach."</p>

customer centricity	<p>“Additionally, in our business, the customer is the definite centre of attention. All things are done for the client so that he or she feels cared about and loves our brand. We have a slogan ‘For the love of beauty’, which means that everything we do must be beautiful. And the customer comes to us for beautiful designs, they want to have beautiful adverts, beautiful packaging, they want to have beauty all around them, thanks to Apart.”</p>
desire to create and share beauty	<p>“The history of Apart has its origins in the 70s of the last century, when the company was founded from the desire to create beauty in the form of jewellery – from the desire for nobility against the grey times.”</p> <p>‘For the love of beauty’ is the slogan that defines both the creation of Apart and its constant development, setting of trends, craftsmanship of unique things that will last for years to come, objects that are a special carrier of memories, feelings, and family ties. Beauty is still a benchmark and a guideline for us when creating jewellery and watches, and in every other area of the company’s activity.”</p>
respect towards the employees	<p>“The company has to be like a well-functioning organism in which everything is connected with each other and the action of each element affects the whole, therefore interpersonal relationships are important to us, based on mutual respect, dialogue, understanding, support and willingness to help each other.”</p> <p>Despite the time passing by, changing technologies, adaptation to the current market needs – e.g. through the huge development of the on-line sales channel, people continue to play a key role in the company.</p>
respect and gratitude of the past	<p>The 45-year-old history is underlined everywhere, at every step. We constantly refer to it not only in communication, but also in everyday activities. We emphasize that these are the roots that grew and continue to exist. It is not something that has been cut off and all that is left is only a facade next to it. No, it is Adam, Piotr, and ART – that is, the founders and art. It is still there and we are proud to say it.</p> <p>The Apart company would not be itself without its beginnings, without over four decades of continuous changes that have taken place in it, without people and their commitment to development.</p>

Source: Data have been collected through semi-structured interviews with the CMO and CEO of Apart.

The CMO of the company, Michał Stawecki, refers to the main value as **strive for excellence**. During the interview, he emphasized multiple times the firm’s strive for excellence. According to his words, Apart showcases a strong desire to excel in every aspect of its activity and provide the best possible products and services alike. Moreover, he mentioned that it would interfere with the firm’s identity if this ambition of excellence was at some point undermined.

“We strive to be the best, first and most innovative in every aspect of our activity. And it seems to me that this is exactly where the success of Apart lies, that we are constantly moving forward, looking for something new. Whenever we do something, we do it the best we can. There are no half measures, we act uncompromisingly. Letting go of being the best would cause us to lose a lot.”  
(MS)

This approach is also shared by the founder of the company, who recalls the motives behind the emergence of the enterprise being among others a pursuit of perfection in each and every product. A combination of talent, patience, and persistence was named as the foundation of the company, which defines its activity till today and highlights the importance of maintaining excellence on all levels.

“This dream could not have come true without an artistic vision combined with craftsman’s passion for jewellery. They let you understand the essence of craftsmanship, precision, and persistence in the pursuit of creating something perfect.”  
(AR)

However, it is not the only value that accompanied the establishment of Apart in 1977. During the interview, the CEO of the company, Adam Rączyński, shared his memories from the early days when he was driven by a strong **desire to create and share beauty**. As he mentions, the late 70s in Poland were difficult times due to the political landscape, therefore, his activity was contrary to the existing state of affairs, a brave attempt to give people beauty. This attitude is said to be the major driver of his endeavor.

“The history of Apart has its origins in the 70s of the last century, when the company was founded from the desire to create beauty in the form of jewellery – from the desire for nobility against the grey times.”  
(AR)

The motivation is expressed in the official motto of the company – ‘For the love of beauty’. This sentence encapsulates Apart’s purpose and leads it through all years of its activity, highlighting the importance of constant contribution to the unique value creation. The approach with the focus on delivering beau-

ty in various forms underlies every moment and decision of the company's journey since its emergence.

'For the love of beauty' is the slogan that defines both the creation of Apart and its constant development, creation of trends, craftsmanship of unique things that will last for years to come, objects that are a special carrier of memories, feelings and family ties. Beauty is still a benchmark and a guideline for us when creating jewellery and watches, and in every other area of the company's activity."  
(MS)

The creation of beauty in the form of jewellery and watches points to further values that build the core of the company. These values involve, for instance, **customer centricity**, which explains the reasons for which the company operates. The great desire to share beauty puts the customers at the centre of the company's interest. It comes from the beginnings and the founder's main objective to offer magnificent jewellery that could bring people joy, appreciation of precious moments, and care for those who they love. It may be inferred that everything the company does has to bring unique value to its customers.

"Additionally, in our business, the customer is the definite centre of attention. All things are done for the client so that he or she feels cared about and loves our brand. We have a slogan 'For the love of beauty', which means that everything we do must be beautiful. And the customer comes to us for beautiful designs, they want to have beautiful adverts, beautiful packaging, they want to have beauty all around them, thanks to Apart."  
(MS)

Both the owner and the CMO of the company hold human capital high, hinting at another value that plays a crucial role in the functioning of the enterprise. The employees of the company are treated with greatest respect and are empowered to act freely. Apart fosters an environment of mutual trust, respect, and friendliness, which are reflected in everyday interactions. The success of the company is credited to every individual employee, who is part of a bigger family.

"The company has to be like a well-functioning organism in which everything is connected with each other and the action of each element

affects the whole, therefore interpersonal relationships are important to us, based on mutual respect, dialogue, understanding, support and willingness to help each other.”

(AR)

This particular value of **respect towards the employees** has been nurtured for decades of the company’s existence. The interviewee mentioned the intensity of changes in both the internal and the external environment, but stressed the persistence of respect and appreciation of people engaged with the company.

“Despite the time passing by, changing technologies, adaptation to the current market needs – e.g. through the huge development of the online sales channel, people continue to play a key role in the company.”

(AR)

The final value that was to be extracted from the interview concerned **the reminiscence and gratitude of the past**. The history of Apart began in the challenging times of the Polish People’s Republic, which required the owners to exhibit creative problem solving skills and persistence. This, however, has shaped the way the company operates and thinks nowadays.

“The Apart company would not be itself without its beginnings, without over four decades of continuous changes that have taken place in it, without people and their commitment to development.”

(AR)

According to the CMO of Apart, the company passionately recalls its beginnings in communication with its external and internal environments. 45 years of existence is a heritage for years to come and guides the firm’s behaviour and actions. The legacy of the owners is still present within the company’s structures and is reflected not only in tangible assets, but also in the corporate relations and in the employees’ mindset.

“The 45-year-old history is underlined everywhere, at every step.

We constantly refer to it not only in marketing communication, but also in everyday activities. We emphasize that these are the roots that grew and continue to exist. It is not something that has been cut off and all that is left is only a facade next to it. No, it is Adam, Piotr and

ART – that is, the founders and art – what we create. It is still there and  
we are proud to say it.”

(MS)

Having distinguished the core values of Apart, the subsequent part of the analytical section focuses on investigating the sources of innovation as well as ways, in which the firm balances change with tradition.

There is great emphasis on tracing the origin of innovation. It is a crucial aspect of the company’s innovativeness and effectiveness to maximize the human potential and benefit from the commitment of its employees. The CMO of Apart points out that the decision-makers often reach out to the employees to encourage them share their thoughts and ideas on specific matters.

“We can get many ideas from employees. We, as managers, make decisions and verify ideas, while many innovations are owed to people.

We absolutely do not close ourselves to the ideas of others.”

(MS)

Apart may be doubtlessly considered the most innovative company amongst its competitors in Poland. During the interview, I was curious to discover not only the determinants of such success, but also the sources of the innovations that the company implements. As the CMO Michał Stawecki stresses, they come mainly from keeping a close eye on various companies in all industries and thinking creatively about introducing these solutions to the business in a way that would benefit the customers.

“Innovation often comes from observing life in every field and looking for a way to use it in our industry/company. We constantly think about our customers and try to adapt those ideas to bring them  
unique value.”

(MS)

The innovation processes seem to be well managed within the company under analysis. The challenging conflict of change and tradition is successfully handled, which may be the result of unique patterns developed throughout the years of operating in the industry. In the following part of the thesis, I discuss the four main methods that enable the company to balance innovation and tradition successfully.

The first approach involves **acting within a specific framework to maintain a firm's identity**. This tactic derives from the core value of the desire to create and share beauty. The company's slogan – 'For the love of beauty' – acts as a form of a boundary while implementing innovation. The company's mission, which is to share beauty, indicates the direction of many decisions. This strongly refers to the *Maintaining the essence* approach introduced by Erdogan, Rondi, and De Massis (2020), where companies strive to be innovative, but undertake only such actions that do not undermine their values and traditions.

“The borderline for innovation for me is the slogan ‘for love for beauty’. So, doing something inconsistent with this slogan, that is, something that would not be beautiful, would not be accepted in our organization – and I am sure of that. We are not a shocking company that is supposed to change the world from the ideological point of view. Although it is fashionable today, we do not take actions that are inconsistent with our identity.”

(MS)

Another criterion for innovation that derives from the same approach has to do with the company's value of striving for excellence. The CMO describes it as not allowing any compromises that would hinder the company's objective of doing things in the best possible way. Apart attempts to make changes in the best possible way, regardless of whether a given action is profitable enough or the most popular one. The ultimate objective is to perform above average and excel in every aspect.

“If we decided to do something that is not the best – because something is cheaper or easier, we would lose our identity.”

(MS)

In its actions, Apart follows the core value of customer satisfaction, which is directly reflected in the approach to innovation based on **acting for the benefit of customers**. The company engages in initiatives aimed at contributing to sustainability by taking responsibility for its operations and maintaining internal and external transparency. Apart is guided not solely by financial outcomes, but also by the promotion of ethical actions and environmental stability.

“Apart in its activities, it is strongly guided by the principles of the sustainable development strategy, which is an extremely important area

for us. The diamonds that we use in the production of our jewellery are obtained from legal sources, free from armed conflicts, and their origin is documented, in accordance with the UN resolution. We are involved in a number of philanthropic activities – we have recently become a strategic partner of the Polish Humanitarian Action [...]. Ecology is also a very important issue for Apart. We are constantly changing, out of concern for the natural environment and our planet [...]. We undertake all these activities because we are aware that we are not only a part of the market, but also a part of society.”

(AR)

An important method used to balance innovation and tradition within Apart is **transparency and open dialogue**. This approach stems from the value of respect towards the employees and mutual trust. The benefits of the method are not only associated with efficiency in the innovation process, but also give room for an exchange of ideas and improvement based on actual, long-term value, which is particularly valuable in family businesses with a propensity to stick to the trusted and known.

“But also when something doesn’t work out, we don’t continue and we don’t go in that direction, we just admit to have made a mistake and withdraw. What is a great value in our company and in the relations with CEOs is that we are able to disagree and argue for one’s ideas in an open manner. Everyone can listen to each other. We cherish freedom of discussion and have no hesitation in expressing an objection. If something is wrong, we say it openly.”

(MS)

The final method of managing innovation as diagnosed for the analyzed company concerns the **identification** aspect. The CMO has emphasized his attachment to the organization and close relation with the management and employees. His long and rich experience with the company has made him very sensitive to the legacy and traditions, which then further enables him to better assess the appropriateness and alignment of certain decisions to the core values.

“On the one hand, the trust of the CEOs, on the other hand, undertaking a risk, but because I identify with the brand, I believe the risk is worth it. If there was no identification with the brand, a person



would act safely and would not want to risk, because what for? But many decisions are risky and we often run the risk anyway. Thanks to the identification with the brand, I can take responsibility for this risk.”

(MS)

The above analysis clearly depicts various patterns present within the structures of Apart to manage innovation and tradition. An important inference to be made is that each strategy derives from the company’s values and heritage, which appear to be a particularly important aspect of its activity. The described innovation patterns and underlying values are summarized and presented in Table 3.

**Table 3. Managing innovation and tradition within Apart – together with illustrative quotations**

INNOVATION PATTERN	UNDERLYING VALUE	MANAGING INNOVATION AND TRADITION (ILLUSTRATIVE QUOTES)
acting within framework to maintain firm's identity	strive for excellence	If we decided to do something that is not the best – because something is cheaper or easier, we would lose our identity.”
	desire to create and share beauty	The borderline for innovation for me is the slogan ‘for love for beauty’. So, doing something inconsistent with this slogan, that is, something that would not be beautiful, would not be accepted in our organization – and I am sure of that. We are not a shocking company that is supposed to change the world from the ideological point of view. Although it is fashionable today, we do not take actions that are inconsistent with our identity.
acting for the benefit of customers	customer centricity	Apart in its activities, it is strongly guided by the principles of the sustainable development strategy, which is an extremely important area for us. The diamonds that we use in the production of our jewellery are obtained from legal sources, free from armed conflicts, and their origin is documented, in accordance with the UN resolution. We are involved in a number of philanthropic activities – we have recently become a strategic partner of the Polish Humanitarian Action [...]. Ecology is also a very important issue for Apart. We are constantly changing, out of concern for the natural environment and our planet [...]. We undertake all these activities because we are aware that we are not only a part of the market, but also a part of society.

<p>transparency and open dialogue</p>	<p>respect towards the employees</p>	<p>But also when something doesn't work out, we don't continue and we don't go in that direction, we just admit to have made a mistake and withdraw. What is a great value in our company and in the relations with CEOs is that we are able to disagree and argue for one's ideas in an open manner. Everyone can listen to each other. We cherish freedom of discussion and have no hesitation in expressing an objection. If something is wrong, we say it openly.</p>
<p>identifying with the organization</p>	<p>respect and gratitude of the past</p>	<p>On the one hand, the trust of the CEOs, on the other hand, undertaking a risk, but because I identify with the brand, I believe the risk is worth it. If there was no identification with the brand, a person would act safely and would not want to risk, because what for? But many decisions are risky and we often run the risk anyway. Thanks to the identification with the brand, I can take responsibility for this risk.</p>

Source: Data have been collected through semi-structured interviews with the CMO and CEO of Apart.

## Conclusions and implications

Family businesses are expected to effectively manage both tradition and change, viewing the latter not necessarily as something negative, but as something that may be used to leverage their innovation potential. My study provides empirical evidence on how a specific company succeeds in balancing those two antithetical forces to 1) maintain competitiveness in the market and 2) foster its legacy and identity. The research shows that with the usage of certain strategies, employees and managers may successfully generate and implement innovations that may enhance the organization's competitiveness, and which at the same time may be consistent with the firm's heritage. The success of Apart seems to lie in the fact that the company follows and sticks to its core values. They set a certain framework as to how to manage change and innovation. This framework is used to set certain rules and limitations as to what aligns with the heritage of a company. By sustaining the firm's identity, Apart is able to execute new undertakings in an effective and sustainable manner. Moreover, my research provides evidence that among long-established family businesses with a significant presence of heritage, tradition constitutes a unique strategic resource, which can leverage the competitiveness of the company. Finally, the paper shows that traditions are, in fact, crucial in craft industries – such as jewellery business.

This paper provides an extensive analysis that may benefit both family firms and researchers alike. Given the practical evidence on which I based the thesis, it may further contribute to the theorization of the strategies to manage tradition and innovation within family-owned and -run businesses.

The research is, however, not without limitations. Those concern firstly the issue of the broad approach to the investigated matter of innovation. Within the study conducted, I have not examined the actual processes within the company due to limited access to data and based my reasoning solely on the interviews conducted with the people actively involved in the organization. Moreover, the proposed outcome of setting a framework based on the core values of the company may not be applicable to each family enterprise. Apart company operates in the luxury goods market, which tends to draw from legacy and traditions. Some family businesses, however, may need to redefine their approach given the dynamically changing environment.

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