



**INNOVATION WITHIN TRADITION:
INTERESTING INSIGHTS FROM TWO SMALL FAMILY BAKERIES**

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Abstract

The paper investigates how small family firms that are embedded in traditional industries and closed context adopt innovation. Building on the embeddedness construct and analysing two exemplary cases of small family bakeries, a model is proposed to highlight the role that target market and local legitimisation play in innovation strategies. Our findings contribute to academia and practitioners showing some interesting insights.

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1. Introduction

Family businesses show a contradictory proclivity towards innovation (Zahra, 2012). On one hand, family firms are resistant to innovation; on the other hand, they often appear to be highly innovative. The reason for this contradiction is found in family firm heterogeneity (De Massis, Wang, and Chua, 2019; Sciascia, Mazzola, and Chirico, 2013) in terms of human and financial resources (De Massis, Frattini, Kotlar, Petruzzelli and Wright, 2016; König, Kammerlander and Enders, 2013); goals and objectives (Diaz-Moriana, Clinton, Kammerlander, Lumpkin and Craig, 2020) and governance and ownership (Sciascia, Nordqvist, Mazzola and De Massis, 2015).

For family firms, being innovative means to increase the chances of flourishing across generations (Jaskiewicz, Combs and Rau, 2015), even if, at the same time, their long-standing duration is frequently tied to their protection of the tradition. Indeed, long-running family firms possess several beliefs and abilities that contribute to generating their solid tradition (Erdogan, Rondi and De Massis, 2019). This apparent condition of antithetical state describes a paradoxical tension between tradition and innovation (Ingram, Lewis, Barton and Gartner, 2016) that traces the following challenge for family businesses: innovate or stay faithful to your past. However, innovation does not necessarily mean betraying the tradition. Likewise, although it may be strange to sustain it, innovation may even strengthen the family tradition. Recently, scholars have argued that family firms can sustain their competitive advantages, following a new product innovation strategy labelled 'innovation *through* tradition' (De Massis et al., 2016), further highlighting the relevant role played by tradition in family firms and encouraging scholars to study this apparently contradictory aspect.

Aiming to contribute to this stimulating debate, this paper proposes a novel perspective—innovation *within* tradition—to describe how small family firms approach innovation without ignoring their tradition. Specifically, this study builds around the curiosity generated by the innovative ambivalent behaviour of family businesses that operate in traditional local industries characterised by a marked territorial rooting and a reduced cognitive distance among local actors (competitors, customers, suppliers and citizens) (Nooteboom, Van Haverbeke, Duysters, Gilsing and Van den Oord, 2007). In such a context, the relevance of cultural roots, sharing of knowledge and transmission of values from generations to generations activate a process of the creation of consolidated practices that are difficult to modify. However, innovation is crucial to compete and survive successfully in the market. Therefore, following the problematisation perspective suggested by Alvesson and Sandsberg (2011) and building on the embeddedness construct (Granovetter, 1985), this paper seeks to answer the following research question: How do small family firms in traditional indus-

tries approach innovation? To explore this unfamiliar topic, the present study focuses on two exemplary Sardinian small family bakeries that approach innovation differently. Choosing the bakery industry contemporarily evinces its strong local and regional embeddedness—that originated in Sardinia since the Nuragic era (1800 BC)—and its need for product innovation to meet the emerging food trends. In other words, small family firms in the baking industry have to conjugate the continued tension between tradition and innovation proclivity.

The findings show that as a result of the mediating role of the target market and local firm legitimisation, these firms approach innovation differently.

The paper contributes two-fold to existent theories. First, the results extend the studies on innovation and heterogeneity in family firms. Second, the findings extend research efforts based on the perspective of embeddedness. For practitioners, our findings are a reasonable point of departure for family owners, consultants and policy makers who wish to innovate (or encourage innovation) within traditional contexts.

2. Literature background

2.1 Innovation and tradition in family firms

Innovation in family businesses describes a pervasive paradox (Erdogan et al., 2019) that stresses the contemporaneous presence of tradition and innovation.

Innovation can be defined as ‘an idea, practice, or object perceived as new by an individual or other unit of adoption’ (Rogers, 1995, p. 35), and in family businesses, it depicts the ability to alter past methods and develop something that is ‘new to the firm’ (Hage, 1999).

Tradition represents values, beliefs and skills that are transferred across generations (Dacin, Dacin, and Kent, 2019) by ancestors (Stinchcombe, 1965); in family businesses, tradition can be shared through narratives (Kammerlander, Dessì, Bird, Floris and Murru, 2015), routines and rituals (Fiese et al., 2002).

Initially, the two concepts seem contradictory and coincide in delineating a fragmented framework where, when faced with change, resistant family firms (Sharma and Manikuttu, 2005) are influenced by the founder’s imprint (Kammerlander et al., 2015). Others experience innovation in different ways during their lifecycle (De Massis, Chirico, Kotlar and Naldi, 2014), at times becoming more innovative than their non-family counterpart due to the possession of unique resources (Llach and Nordqvist, 2010).

Therefore, the balance between tradition and innovation represents a challenge for family businesses, especially micro-sized businesses, that are

seen as entities adhering to traditions and past methods (Zahra, Hayton, Neubaum, Dibrell and Craig, 2008), often displaying inertia and difficulties in facing competitors (Jaskiewicz et al., 2015).

However, from a strategic viewpoint, tradition may represent a force majeure that confers, upon the concept of innovation in family businesses, a mysterious and fascinating meaning that is able to develop innovation through tradition (De Massis et al., 2016) and tradition through innovation (Erdogan et al., 2019), shedding light on new ways to manage the apparent paradox.

Nevertheless, the situation's complexity is increased when family firms are embedded in traditional industries and in closed local contexts where culture and tradition often hinder the adoption of innovation (Ucbasaran, Westhead, and Wright, 2001; Zahra and Wright, 2011). This happens because, as emphasised by Hayton, George and Zahra (2002), firms reflect their nearby industry and context and seek to gain and maintain context legitimacy to survive, as well as earn local recognition, appreciation and support. Hence, analysing innovation in family firms from the perspective of embeddedness helps to investigate innovation *within* tradition.

2.2 Innovation and the perspective of embeddedness

Family members are the driving force of family firms. Their personal capabilities represent the foundation of innovation proclivity (Joardar and Wu, 2011) and affect the perception of opportunities stemming from the context wherein family firms operate (Behrens and Patzelt, 2016). Scholars have stated that family members' interpretation of contextual factors is the cornerstone of innovation in family firms (Zahra, 1991), especially in very small entities (Wiklund, 1998).

There is consensus about the fact that local embeddedness offers firms the 'unique' potential to create long-term relations with local stakeholders, to transmit a perception of trust and credibility, to preserve the family reputation and to ensure a competitive advantage (Upton, Teal, and Felan, 2001). According to Granovetter (1985), the embeddedness perspective delineates a reciprocal influence on intertwined social relations and economic behaviours of social local actors. These are held together by trust, information exchange (Uzzi, 1997) and a small cognitive distance (Nooteboom et al., 2007) that concur to create development trajectories of inertial character (Zucchella, 2006). This can be caused by 'the building of long-term and trust-based business relations stemmed from personal ties and deep interpersonal knowledge' (Zucchella, 2006, p. 24). According to this perspective, because 'family businesses are more embedded [...] than their non-family counterparts' (Bird and Wennberg, 2014, p. 424), family firms can be considered as the result of their local context and its history, which

transforms a geographical area into a social space with its values, languages, beliefs, culture and tradition (Granovetter, 1985; Zucchella, 2006). In such social spaces, economic ties are not merely pushed by the aim of pursuing effective and efficient economic and financial performances but also embody mutual trust, knowledge sharing and positive results for all local actors in terms of legitimisation, friendship and social inclusion, with regard to social and geographical proximity (Boschma, 2005; Letaifa and Rabeau, 2013). Moreover, the pervasive role of the family pushes family firms to make 'in tandem' decisions with local contexts wherein families are embedded (Wallace, 2002), and family business strategies may often appear as the outcome of the local will (Alsos, Carter and Ljunggren, 2014) because they are habitually aligned to social and local expectations.

In this sense, embeddedness can inhibit innovation pressure and proclivity, leading firms to a general state of conformity towards local desires and expectations. In fact, innovation requires the adoption of behaviours that are disembedded and misaligned from established norms, practices, routines and traditions of the local context (Berglund, Gaddefors, and Lindgren, 2016). In other words, innovation stresses the continued tension between change and stasis (Müller and Korsgaard, 2018) up to the point of altering the local context through disruptive effects.

Therefore, the perspective of embeddedness helps in understanding the paradoxical behaviour that family businesses display for what concerns innovation adoption and loyalty to tradition. This is especially the case in those contexts and industries wherein adhering to tradition means being legitimatised by their local stakeholders. Here, innovating may be seen as escaping from the habits of the local context and as an effective and unavoidable answer to a global competitive pressure (Zucchella, 2006).

3. Methodology

3.1 Research context

Our research context comprises the artisanal bakery, a traditional industry historically significant in Sardinia, Italy. This region possesses a long heritage of knowledge and tradition concerning bread-making; bread is considered a crucial part of Sardinian culture and embodies the culture of the entire region. In fact, in Sardinia, the production of bread and the use of ovens date back to 1800 BC. Archaeological excavations have unearthed evidence of the processing of bread in wood-fired ovens in the Nuragic era. In Sardinia, wheat cultivation is also found to be an ancient practice; the Romans considered Sardinia the 'barn' of Italy (Pani & Piras, 2004). Traditionally, bread was produced inside homes, and the yeast was

completely natural. During this time, no introduction of chemical additives was needed to enhance the yield or reduce proofing. Additionally, bread has embodied a sacred and religious value, especially during sacred events (De Cumis, 2015). The anthropologist Alberto Cirese (1994) stated that bread represents a real art that is not only 'good to eat' but is also 'good to communicate', i.e. capable of conveying images and meanings that represent the people's history and its regional connection. Bread is a symbol of history and culture transferred across generations, in particular, from women's hands and minds. The bread makers jealously protect and share knowledge orally from generation to generation within families. Families share a dense and endless network of narratives and centuries of history to bring bread to their tables.

Today, making bread at home is no longer the norm, although many people continue this tradition, particularly, in some areas of the island.

The oral tradition and unique output denote the importance of transgenerational shift, moving baking from homes to an entrepreneurial market activity.

In Sardinia, the main bakery companies are family-owned and inter-generational. These small entities use a traditional production process and mainly sell their products locally. However, some small family firms have started to introduce innovative production methods and products themselves to intercept and satisfy new food trends. Each bakery preserves its aromas, flavours, rites and symbols. This evocative and personal sense embodied by bread stimulates reflection, especially when referring to the role of innovation in such a traditional sector.

3.2 Research design and sample

A qualitative methodology for this research was chosen and executed through the analysis of two case studies (Eisenhardt, 1989; Yin, 1994). Family firms represent a fertile ground for qualitative analysis (Litz, 1997; McCollom, 1990) and are particularly appropriate for this study because of the focus on innovation in family businesses, a debatable topic with conflicting findings (Suddaby, Bruton and Si, 2015). This research aligns with recent qualitative studies that have analysed the 'traditional' way of promoting innovation (Bouette and Magee, 2015; Kuhn and Galloway, 2015; Pret and Cogan, 2018; Ramadani, Hisrich, Dana, Palalic and Panthi, 2017). Moreover, the use of case studies allows for an analysis of real, unique phenomena, observing the particular scenario and its interactions within the boundaries of the context wherein they develop and act (Patton, 1990; Yin, 2008). It represents a form of qualified investigation aimed at seeking the 'meaning' of reality in the experiential life of people and organisations (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Patton, 1990; Yin, 2008).

A comparison of two case studies is particularly useful in this research to highlight innovative behaviours in two exemplary small family firms embedded in the same territory. The choice of the sampled firms is in line with Patton's (1990) recommendation that underlined that the 'logic and power of purposeful sampling lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research' (Patton, 1990, p. 169). Additionally, the selected small family firms are innovative and representative as described by Howorth, Rose and Hamilton (2006). Their owners can be labelled as 'heroes' (Welter, Baker, Audretsch, and Gartner, 2017) as they manage 'everyday firms' characterised by a blooming heterogeneity. They operate under resource constraints and conditions of adversity (Bradley, 2015; Powell and Baker, 2014) and need to implement innovation strategies to survive in their markets.

More precisely, to build our sample, we first investigated the bakery industry through online research via official websites and found that there are more than 1,400 bakeries in the region. Then, we retrieved press articles and reports to select relevant bakeries that have won prizes and achieved important recognitions. We obtained a list of 100 bakeries and refined the list to further exclude non-family bakeries, selecting only family firms at least at the second generation, and only choosing firms that were considered as first movers. Finally, we selected two exemplary pioneering small family bakeries; their relevant aspects are described in Table 1. Each of them represents a unique and very enlightening case. Firm 'A' is a first mover because it is the first to have sold the 'carasau bread'¹ in the international market. This firm is the leader in the international market and, actually, is interested in expanding its business locally where it is not particularly present. Firm 'B' is a first mover because it is the first to have introduced radical innovations in the carasau bread recipe, creating the 'black carasau',² by modifying the flours and components. This was as a result of the firm's interest in intercepting the new global food trend. This firm obtained international recognition and awards, whereas it had not been appreciated in the local context and, therefore, decided to change its strategies by dismantling this new method carasau production and returning to its traditional recipe.

¹ The carasau bread is a thin crunchy flatbread of Sardinia, made from the durum wheat flour, salt, yeast and water. The name is derived from the Sardinian word 'carasare', meaning the crust of the bread.

² The basic recipe of the black carasau bread is the same as that of the traditional carasau, except with the addition of charcoal powder.

Tab. 1: Relevant aspects of the firms

	Firm A	Firm B
Foundation date	1954	2005
Generation	II	II
Active family members	9	4
Revenue trends in the last three years	+11.61%	+20.98%
Target market	75% national and international 25% local and regional	90% local and regional 10% national
Mission	Selling carasau all over the world through reinterpretation of the tradition	Preserving and consolidating the ancient tradition of the carasau bread to reinforce local legitimisation

Source: Author's elaboration

3.3 Data gathering

To collect data, we focused on firm narratives (Dawson and Hjorth, 2012; Gartner, 2007) to observe people in the process of generating and transferring knowledge (Lyotard, 1984) and to understand human behaviour (Cope, 2005), inspired by other seminal studies on family firm innovation that used this approach (Hamilton, 2006a, 2006b; Hjorth and Steyaert, 2004; Johansson, 2004; Kammerlander et al., 2015; Larty and Hamilton, 2011). The narratives capture the link between events and behaviour (Czarniawska, 1997b) and allow participation in the social dynamics of relational constructs, such as roles, resources, projects, organisations and objectives, as well as verifying how the family owner defines the company's development paths in relation to the family's history and local context (Labaki, Bernhard and Cailluet, 2019).

To gather the narratives, we involved the owners (the second generation) of the two bakeries that were contacted by e-mail for their consent and upon confirming their participation in the narration of their history. With a prior understanding of the demographical data of each firm, two interviews were planned with each family-owner representative of the second generation; these were conducted in person, using an interview protocol. The first interview (average duration: 60 minutes) comprised unstructured questions to gain an understanding of the firm's history and the owner's opinions. The second interview (average duration: 40 minutes) comprised semi-structured questions to refine the information about the firm's tradition and innovation strategies. Each conversation was recorded for a total of 200 minutes of interviews and transcribed verbatim into 38 pages short-

ly after the interviews. The missing information was supplemented by additional sources for data triangulation (Jick, 1979; Jonsen and Jehn 2009), such as follow-up phone calls and further secondary information that comprised several official Internet pages, and three additional interviews with experts that operated in the bread industry. These experts helped us familiarise ourselves with the long-term bread tradition in Sardinia and to understand ancient production processes and receipts.

3.4 Data analysis

To analyse the data, we applied a two-step process (Mayring, 2008). The first step was to analyse the cases separately, to synthesise the firm history, isolate the key actors, identify the main events, as suggested by Czarniawska (1997a), and understand innovation proclivity, the posture towards tradition and local context, as well as to answer the research question. Thus, we created an articulated document per firm. Additionally, three coders read the transcribed interviews and the additional materials independently so as to identify emergent themes that appeared to be relevant to investigate innovation *within* tradition. We found that the mediating role of the 'target market' and 'local legitimisation' were the main aspects able to delineate how small family bakeries approach innovation in their traditional industry. In particular, concerning innovation, owners' responses were the most important source for understanding the role and types of introduced innovation.

In the second step, we conducted a cross-case analysis to understand how the two above-mentioned aspects affected family firm innovations that were the common patterns between the two small bakeries. Table 2 provides some exemplary quotes that describe the two aspects.

Throughout the analysis, we iteratively shifted between qualitative evidences and theories to use extant insights (i.e. the embeddedness construct) to extend the theory on how small family firms approach innovation in traditional industry and context.

4. Findings

This study aimed to investigate innovation *within* tradition by answering the following question: How do small family firms in traditional industries approach innovation? To do this, we focused on two exemplary bakeries whose main aspects are presented in Table 1.

4.1 The stories

Firm A was founded in 1954 when its owner was 19 and decided to take over a bakery. Starting with the production of daily fresh bread to sell to the surrounding areas, the owner's entrepreneurial spirit manifested, producing and selling the typical 'carasau bread' in its original packaging.

According to the growing demand, the owner and his family decided to develop new product lines and diversify the production, intending to expand their market.

These strategies represented the first turning point in the firm's history: from a strictly local market, it moved to a wider market, involving the entire family. With the second generation, the firm started a new era, full of innovation and new strategy implementation. In particular, one of the sons represented the heart of the firm's revolution. Owing to the participation in international and national fairs, he created an important network with the giants of organised distribution, and the product started to be appreciated overseas. *"For us, it was an opportunity for comparison with the rest of the world, and it launched the start for a rapid growth"*, the interviewee stated. Their success implied a long series of production innovation, with the introduction of modern equipment and high technology machinery.

The generational shift represented a milestone in Firm A's history. The small family firm showed an innovative spirit owing to the owner and his wife's charisma, but the new generation impressed the real change for the firm: from a local firm, to an international firm. Firm A is the first mover in selling the carasau breads all over the world. In fact, during the last two decades, Firm A has considerably strengthened its presence in both the national and international markets, increasing production lines, promoting diversification and, above all, reinterpreting the traditional bread in innovative ways to meet international tastes.

Firm A's history is characterised by a progressive and constant orientation towards the future and the desire to go beyond the local boundaries encouraged by the new generation. Unexpectedly, Firm A is moving to change its strategy, as the interviewee argued: *"[...] actually we are also interested in serving our regional market. It needs more of our attention. Here, we are not particularly appreciated because of our decisions to adopt innovation to enhance our typical product has not been well received. For this reason, we intend*

to reinforce our presence in the region. We think that our product represents Sardinia around the world, and then it is also important for it to have its strong local legitimisation”.

Firm B was founded in 2005 when the founder was unemployed. To provide a source of income for his family, the founder decided to take advantage of the wood-fired oven built by his ancestors in the basement of their home. With his wife, he created the basis for a new activity—the production of the carasau bread for friends and neighbours. Starting this initiative without employees, the founder immediately involved his children. After school and in their free time, they helped out their parents by already learning the meaning of hard work, commitment and, above all, the knowledge and skills necessary to make carasau bread. After completing his studies, the first son, joined the family business and the founder progressively reduced his time in the bakery. Thus, the first son ran the firm, taking on the responsibilities as the business owner. This young boy, enthusiastic and creative, had clear ideas and stated, *“I don’t want a bakery like our competitors, oriented exclusively toward distributing bread outside the territory. I’m convinced that the first goal is to obtain strong legitimacy first in our territory, and we will work right away to gain the appreciation of our product in our homeland”.*

To understand the improvements that were needed, he began to study local competition and concluded that processes that were usually based on excessive automation and an industrial approach (to reduce time and rationalise production costs) affected the purely artisanal aspect of the product and the characteristics of a qualitative nature. *“The craftsmanship art of the product is the key to capture local customers’ attention and preserve the quality of our traditional product”*, said the interviewee. Thus, he preserved the use of the wood-fired oven and engaged in careful selection of raw materials of unquestionable quality; all the processing aspects followed the traditions of making carasau. When the second son was involved in the firm, as the market was growing slowly, he encouraged introducing innovation. He introduced machineries for specific stages of the production process while being careful to preserve the artisanal process.

For a few months, at the request of another bakery, they experimented with the production of *“black carasau”*, winning important international awards and creating a new niche in the international market. However, this idea was soon abandoned to prevent the firm from losing its identity, which was built with difficulty over time, by selling the traditional carasau. The interviewee argued *“When customers were beginning to associate the black carasau with us, we were disappointed because this did not correspond truly to our image, and now, fortunately, we only make carasau bread in Sardinia to sell it in Sardinia. We take care of our narrowed-down market that is our realm”.*

From the foregoing stories and on the basis of the patterns identified in

our analyses partially shown in Table 2, we propose an interpretive model (see Fig. 1) founded on a set of four propositions that focus on the relevance of both the target market and local legitimisation.

Tab. 2: Exemplary quotes

	Firm A Informant: representative of 2 nd generation, son, owner	Firm B Informant: representative of 2 nd generation, son, owner
Innovation and target market	<p>A few years ago, we started to challenge international markets with our products. [...] I think that being the first to have sold such a traditional product as the carasau bread abroad represents an important record for a firm [...] especially for us, a micro reality embedded in a very poor and closed context. However, to do this, we have studied our target market and have introduced innovations.</p> <p>Innovating is necessary to survive in an international market.</p> <p>Our mission is to sell our tradition in innovative ways, without changing our roots dramatically.</p>	<p>[...] we have obtained an important international recognition thanks to a radical innovation that we adopted for our carasau, changing the original recipe. We are proud of that, but we have left the production immediately because our aim is to stay here and be appreciated by our local consumers. Our market is local and we are not interested in going overseas [...].</p> <p>[...] we have preferred to conceive new lines of product. This has allowed us to introduce simple changes, adhering to our tradition, to better intercepting of the need of our local market. [...] Innovating can be a risk for firm who prefers to stay local.</p> <p>[...] Notwithstanding, raw materials, receipts and process of production continue to stem from tradition. [...] we have introduced machineries only to alleviate the manual hard work and not to increase the production to enlarge our bakery markets. Our goal is preserving the artisanal nature of the process.</p>

<p style="text-align: center;">Innovation and local legitimisation</p>	<p>Local market doesn't recognise our product as traditional. [...] however, our product valorises the tradition, even if it embodies little incremental innovation concerning, for example, packaging, shapes, and tastes.</p> <p>We export our isle and our tradition. All innovations are built on our tradition.</p> <p>Our next goal is conquering our isle [laugh]. [...] To do this, we know that we have to come back to tradition. Our local market requires only traditional products that strictly answer to what people know for generations. [...] we are aware that our production will be divided into two branches: traditional and 'outside of the scheme'.</p>	<p>[...] honestly, we disagree with whoever alters the very traditional nature of our carasau, introducing innovation that radically changes it [...]. Sardinian people protect traditional products and we have to nurture this important identity element to respect our roots and have a positively established reputation in our local context, to be accepted by our local customers.</p> <p>When we conceived the new carasau, the 'black carasau', we experienced a form of customer disappointment. We noted that new customers showed interest in selling our innovative carasau. [...] but loyal clients disliked it. [...] so, to reinforce our liability, we decided to interrupt the production.</p> <p>Our goal is being appreciated in our local context. This is our mission.</p>
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Source: Author's elaboration

4.2 The relevance of the target market

Our first observation was that the target market plays a relevant role in firm innovation proclivity for both of the family firms that we investigated. In fact, a local market orientation implies a lower level of innovation than that of an international market orientation. However, in this last case, innovation is not radical but is based on the reinterpretation of tradition. The following quotes illustrate the concept in the words of the family owners:

"Our main market is the entire world. We are the first to have proposed our traditional product overseas. But now, other competitors are doing this, and for this reason we are convinced that innovation is the key to stay competitive. [...] this doesn't mean that we have rejected our origin and our roots. It's the exact contrary! We innovate basing our new ideas on tradition. We are ambassadors of our region. Then we propose our traditional product in innovative ways to meet international preferences and expectations, but the heart of our bread is adherent to tradition". (Firm A)

"[...] obviously, when we obtained one of the most important international recognitions for the bread industry, we were happy. However, we immediately noted a sort of disappointment in our habitual customers. The new product represented

a very revolutionary bread and our clients rejected it. Additionally, other clients come from other areas, started to identify our bakeries with the new product. This was a mystification. For this reason, we deleted that production and once again became the safeguard of our tradition. Our mission is preserving tradition and serving our narrowed local market". (Firm B)

4.3 The relevance of local legitimisation

When we investigated patterns across the two exemplary cases, we noted that the innovation posture of the firms was different even with regard to local legitimisation. Specifically, sustaining local legitimisation meant adopting a low level of innovation or, sometimes, reintroducing old methods to make bread and traditional raw materials. The following quotes help explain this concept better:

"Our market, as I already told you, is mainly international. However, our dream is also being appreciated in our land. To do this, we are aware that we have to offer the traditional product, in traditional packaging, in traditional forms, with traditional taste and receipts. In other words, we have to make the original carasau able to speak the same language of the local people, share the same memories, see the same horizons, and experience the same feelings. This is not going back, for us, but reinforcing our presence in our lovely land". (Firm A)

"We are appreciated by our local customers. [...] our main objective was to obtain high local legitimisation because we are profoundly convinced that the real success for a firm, especially for a small family firm like ours, is meeting the smiles of elderly men and women every day and listening out for their fascinating stories. [...] when they buy our carasau, they say that its smell and taste remind them of their youth. For us, receiving their positive comments has a significance that is more important than that we confer upon revenues derived from international customers. Face-to-face meetings are more emotional than shipping overseas". (Firm B)

4.4 The moderating role of the target market and the local legitimisation on innovation proclivity

In an effort to identify potential explanations of how target market and local legitimisation interact and affect innovation proclivity, we searched for other patterns in our qualitative dataset. We recognised that the two firms experienced both high and low levels of innovation because of their market and local legitimisation. Specifically, Firm A, internationally oriented, shows a low level of local legitimisation and a high innovation proclivity. However, the aim of increasing its presence in the local market implies obtaining high local legitimisation and this means returning to tradition. On the contrary, Firm B, locally oriented, shows a high level of local legitimisation and a low innovation proclivity. However, when it proposed a

high innovative product, the international market was interested in it, but the low level of local legitimisation spurred the firm to be strictly adherent to the past methods, embodying tradition in the product.

The following quotes explain the concept.

"Innovation is a must to survive in the international market. But it's a double-edged sword in the bakery sector because the risk is losing local appreciation above all in our context – too closed and traditional". (Firm A)

"When we proposed our new product, we received international orders, but the local customers disagreed with our new "black carasau". So, we asked ourselves what our real dream was [...]: staying local". (Firm B)

Because of our qualitative observations, we make the following propositions, also expressed in the interpretive model showed in Fig. 1.

P1.

The more the small family firm operating in traditional industries is locally oriented and experiences low local legitimisation, the more it adopts strategies based on radical innovations.

P2.

The more the small family firm operating in traditional industries is locally oriented and experiences high local legitimisation, the more it adopts strategies based on the embodiment of tradition.

P3.

The more the small family firm operating in traditional industries is internationally oriented and experiences low local legitimisation, the more it adopts strategies based on the reinterpretation of tradition.

P4.

The more the small family firm operating in traditional industries is internationally oriented and experiences high local legitimisation, the more it adopts strategies based on retro-innovation.

Figure 1 explains the above-mentioned propositions by focusing on the type of innovation strategies adopted.

Fig. 1: Model of the relation among target market, local legitimisation and i

INTERNATIONAL	<p>Reinterpretation of tradition (P3)</p> <ul style="list-style-type: none"> - Respect of tradition - Introduction of new raw materials - Conception of new shapes - Study of new packages and new sizes 	<p>Retro-innovations (P4)</p> <ul style="list-style-type: none"> - Preservation of tradition - Product and production of the past heritage - Use of traditional raw materials - Transport of consumers back into a gone era
MARKET	<p>Radical innovations (P1)</p> <ul style="list-style-type: none"> - Replacement of tradition - Break with the past - Conception of new products - Incentivised from new food trends 	<p>Embodiment of tradition (P2)</p> <ul style="list-style-type: none"> - Adherence to tradition - Internalizing of knowledge - Use of traditional raw materials and process productive - Emphasis of the meaning of traditional products as means of local identity
LOCAL	LOW	HIGH
	LOCAL LEGITIMIZATION	

Source: Author's elaboration

From the model, it is found that innovation *within* tradition expresses four main kinds of strategies: 1. Radical innovations; 2. Embodiment of tradition; 3. Reinterpretation of tradition and 4. Retro-innovations.

In the underlined innovation strategies, innovation is managed in different ways because of the target market and local legitimisation. Innovation is radical (first strategy) when tradition is completely replaced and supplanted by revolutionary products and production methods. Innovation embodies tradition (second strategy) when the firm adheres to tradition, internalising the knowledge and meaning of traditional products as a means of enhancing local identity. Innovation is based on the reinterpretation of tradition (third strategy) when the latter is respected and improved under innovative keys. Finally, as already investigated by several scholars in their studies (i.e. Laberecht, 2013; Stuiver, 2006; Kaplan, 2006), when tradition is preserved through products that adhere to the past and shift consumers back into a bygone era, innovation is transformed into retro-innovation (fourth strategy).

5. Discussion

In our exploratory study, we aimed to elucidate how small family firms operating in traditional industries approach innovation. On the basis of the observed patterns, we propose that the target market and local legitimisation play a vital role in innovation proclivity and, consequently, in the adoption of innovation strategies. We propose that local market orientation is negatively related to innovation propensity, while international market is positively related to it. Moreover, we argue that high local legitimisation is negatively related to innovation propensity, while a low local legitimisation is positively related to it. We further propose an interpretive model that showed four different innovation strategies that small family firms adopt within traditional industries and closed contexts.

On the basis of the perspective of embeddedness (Granovetter, 1985; Nooteboom et al., 2007) and further elaborations (Alsos et al., 2014; Bird and Wennberg, 2014; Boschma, 2005; Wallace, 2002; Zucchella, 2006), we thus conclude that the target market and local legitimisation can serve as a moderator of innovation in traditional contexts, stimulating or inhibiting small family firms from sticking to or deviating from tradition.

Our study contributes to the theories in two directions: 1) to innovation studies in family business and 2) to the perspective of embeddedness.

5.1 Contribution to innovation and heterogeneity studies

The results are an extension of previous studies on innovation and heterogeneity in family firms in several ways. We contribute to the debate around the paradoxical tension between tradition and innovation in family firms (Erdogan et al., 2019) by investigating innovation *within* tradition. In this sense, we opened quite a new niche of research, drawing a great deal of attention to those industries that are traditional and adherent to past knowledge and local culture. In fact, our findings show that small family firms engaging in such contexts conjugate tradition and innovation in unique ways that derive four kinds of innovation strategies (radical innovations, embodiment of tradition, reinterpretation of tradition and retro-innovations). These strategies explain differences in family firms' approach to innovation, rather than focus on dichotomous differences between family and non-family businesses and propose other categories and taxonomies highlighted in previous studies (Cassia, De Massis and Pizzurro, 2012; De Massis et al., 2016; Kammerlander and Ganter, 2015; Pittino and Visintin, 2009). Moreover, our findings show that the target market and local legitimisation represent mediums to incentivise or dissuade family firms from adopting innovations within traditional industries. This concept allows an in-depth investigation of what Hayton et al. (2002), Zahra

and Wright (2011) and Ucbasaran et al. (2001) have argued. These authors have held that firms reflect their industry and context, and from these, they have to earn their appreciation. Our study found that local legitimisation affects innovation proclivity and can be high or low as a result of the target market of the firm. This suggests that local legitimisation appears to be most important for firms that are locally oriented than for those that are internationally oriented and then influences innovation, especially in firms operating in a narrowed and local market.

5.2 Contribution to embeddedness studies

In addition to our contributions to the family firm innovation literature, our findings are an extension of pertinent studies in the literature and are built on the perspective of embeddedness. Specifically, our findings extend Zucchella's contribution (2007) by proposing internationally served markets as strong and incentivising reasons to innovate. Zucchella (2007), focusing on Italian industrial districts, found that innovation was spurred by global competition, to react actively to global competitors. Our results show that the family firm market orientation mediates the innovation proclivity. For instance, the intention to internationalise represents a positive opportunity to promote innovations, while the local orientation inhibits innovations. Moreover, our findings adds to other research efforts (Alsos et al., 2014; Bird and Wennberg, 2014) by highlighting that family businesses engaged in traditional contexts define their innovation strategies to be in line with the demand of their territories but in different ways because of the target market. Therefore, our findings reveal that locally oriented small family firms appear to be less innovative than internationally oriented small family firms and this reinforces what Boshma (2005) and Letaifa and Rabeu (2013) have argued, emphasising that local firms are more sensitive to guarantee benefits to their narrowed contexts than they are sensitive to increasing revenues by adopting innovations.

5.3 Contribution to practice

Our findings also carry relevant implications for practitioners. Given the important role of target market and local legitimisation, family members and, in particular, younger generations involved in the firm's growth and survival should be aware of the effect that the aforementioned aspects have on innovation proclivity. In fact, the family business owner's will to be the leader in the local or international market represents one of the most important drivers of innovative behaviours and innovation introduction. Additionally, a consultant could support family owners who operate in a very traditional industry by suggesting the internationalising of traditional

products through the innovative reinterpretation of tradition. Finally, for policy makers, our results could suggest new ways to stimulate local firms towards innovation by promoting internationalisation initiatives of traditional products.

5.4 Limitations and future research

As in any empirical research, our study shows drawbacks that offer interesting areas for future studies. The primary drawback is related to the exploratory character of the study and to the small sample. Scholars are invited to replicate this research by enlarging the sample and conducting cross-case analysis, longitudinal analysis and cross-sectional studies. Further, the proposed model is merely qualitative. Future studies could identify a set of indicators to scrutinise the causality of the propositions. Overall, we hope to have introduced an interesting discussion around the theme of innovation *within* tradition.

6. Conclusion

This study aimed to answer the question ‘How do small family firms in traditional industries approach innovation?’ Building on the innovation literature and grounded on the perspective of embeddedness, we drew illuminating insights from an in-depth analysis of two exemplary small family bakeries. We found that these firms approached innovation in four different ways, namely, radical innovation, embodiment of tradition, reinterpretation of tradition and retro-innovations, because of their target market (local or international) and their local legitimisation (high or low). The proposed interpretive model has shed new light on innovation in small family firms. It is hoped that this model will help practitioners sustain innovation within traditional contexts.

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