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# Untangling business model innovation in family firms: Socioemotional wealth and corporate social responsibility perspectives

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## ABSTRACT

Despite the increasing interest in business model innovation (BMI) as a way to improve the performance of firms, and the predominance of family firms (FFs) in modern economy, these two topics have so far not been combined. Drawing on socioemotional wealth (SEW) theory and the corporate social responsibility (CSR) concept, and on insights from research into BMI, we conduct a qualitative analysis using data from fifteen European FFs, examining the strategic and BM focus, the nature of the BM renewal, and the process and outcomes of BMI on their business models (BMs). Our results identify several BM configurations, with a focus on (1) growth by internationalization in combination with attention to increased quality in value creation, and (2) profit orientation based on increased efficiency, enabled by digitalization, mainly in the value delivery components of a BM. The latter reflects distinctive, innovative capabilities found in FFs, that contribute to the preservation of family objectives, as suggested by SEW theory and business orientation on CSR. Furthermore, there is a link between family involvement and limited, but specific, knowledge-related resources, and the way the dynamic BMI process is governed and executed.

## 1. Introduction

In today's dynamic environments, Business Model Innovation (BMI) is crucial to a firm's survival (Haaker et al., 2017), especially when established firms are concerned (Ciulli & Kolk, 2019). BMI is considered a source of a firm's competitive advantage and has proven to be a significant driver of firm performance (Hamelink & Opdenakker, 2019; Latifi et al., 2021). Although, according to some, a common definition is lacking (Do Vale et al., 2021), business models (BMs) are often defined as "the logic that describes, starting from a value proposition, the way value is created, delivered and captured" (Teece, 2010). BMI is considered to be the discrete outcome, e.g. a new BM, and the process of innovating or changing a BM. Changes to the key components of a firm's BM and/or architecture connecting these components are considered by Foss and Saebi (2017) to be the manifestation of BMI.

Policymakers, academics and managers agree that further research is needed into the nexus of BM and BMI. However, few studies have applied the rich body of theoretical BMI knowledge to other (unconventional) research settings (Foss & Saebi, 2017; Schiavone et al., 2019),

like family firms (FFs), i.e. businesses where a family owns more than 50 % of the capital. The existing research gap on BMI in FFs is illustrated, for instance, by Calabrò et al. (2019), based on a systematic literature review on innovation in FFs, in which BMI is not mentioned as an area of research.

To our knowledge, research into FFs, BMs and BMI, despite being the driving force in wealth generation and value capturing, is currently still limited and not a core focus of research in BMI studies. In the European Union (EU) more than 17 million FFs employ more than 100 million workers in the private sector (European Family Businesses [EFB], 2023). In countries like Spain and Finland, 85 % and 80 % of companies, respectively, are FFs, playing a vital role in the EU economy. FFs have some specific characteristics that make them interesting from a BMI perspective, for instance the notion that economic performance comes second to a firm's survival over generations as proposed by social emotional wealth (SEW) theory. Studying BMI from a FF perspective can provide a deeper understanding of the dynamics in BMI and the role family governance and family values play in the value creation by BMI.

More generic innovation studies often see FFs as innovation-averse

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(Meroño-Cerdán et al., 2018), although family involvement tends to promote risk-taking, if the governance of the firm innovation processes, socioemotional wealth (SEW) or survival in crisis situations are at stake (Gómez-Mejía et al., 2007). Family governance provides unique resources that may affect the (BM) innovation processes and outcomes (Chrisman et al., 2015; Duran et al., 2016). The innovation efforts of FFs are therefore considered to be more effective (Duran et al., 2016; Meroño-Cerdán et al., 2018). Family values are expressed through corporate social responsibility (CSR) activities, specifically related to local communities where the FF operates (Randerson & Estrada-Robles, 2023). CSR is a much broader concept than SEW and covers many different values, from ecological to ethical values supported by a firm and the firm's impact on people, e.g. working conditions and society at large, e.g. poverty. Jain and Jamali (2016) state that CSR deals with the impact FF activities have on 11 internal and external stakeholders, including investors, lenders, employees, suppliers, customers, community, regulators, and government. While CSR is an important motivator, SEW focuses more on the FF's survival and expression of their family-related values.

Pursuing non-economic goals in FFs (through SEW and CSR) creates an attitude towards risk that may affect decisions involving innovation (Meroño-Cerdán et al., 2018) related to the BMI process and outcomes. The value of non-economic goals explains the willingness among family owners to develop idiosyncratic behaviour in innovation decisions (Chrisman et al., 2015). Differences in FFs in terms of their risk-related attitude involving BMI are expected to play a major role in the dynamics of the process of exploration, experimentation, and implementation of innovative, discrete BMs.

We contribute to BMI literature by including FFs concepts, with a focus on SEW and CSR to understand the governance and dynamics of BMI process and outcomes, like increased performance or more societal end ecological results (Berrone et al., 2010; Yu et al., 2015), while, on the other hand, BMI processes, and their governance, may be more problematic in a FF setting. Next, our research contributes existing literature by focussing on the research gaps in FFs and innovation, as suggested, for instance, by Calabró et al. (2019). We specifically address (1) the issue of the limited integration of family-specific characteristics, dynamics and processes, when analysing BMI behaviour of FFs, and (2) the lack of integration with well-known innovation paradigms and approaches, by focussing on FFs and BMI determinants, challenges, processes and outcomes. As such, the aim of this paper is to increase our limited understanding of BMI in FFs, with a focus on dynamics, governance, SEW and CSR. To that end, we conducted a qualitative study of 15 European FFs. The use of a qualitative approach is appropriate because of the nascent stage of research in the field of BMI, with a focus on FFs and the role of SEW creation and CSR (Do Vale et al., 2021). Also, recent studies on family business use qualitative explorative methodologies to examine the family-specific barriers against innovation (Lorenzo et al., 2022).

Our working proposition is that family involvement affects the focus, purpose, governance and outcome of the BMI process. To nuance this proposition, four main questions are addressed: a) *What is BM (Innovation) focus of FFs?*; and b) *What is the purpose of BMI in FFs?* In light of the SEW priorities and CSR perspective, the effect of additional variables is included, like which as generation is in charge and a focus on non-economic objectives. The evidence is analysed to answer a third research question: c) *What combination/configuration of components in FFs can lead to specific types of BMI?* Finally, we address the fourth question: d) *How does family governance play a role in the BMI process?*

The paper is structured as follows. Section 2 builds on existing BMI and FF literature to motivate the research questions in greater detail. The subsequent sections present the empirical methodology and results. Finally, Section 5 includes the findings, and Section 6 concludes the paper.

## 2. State-of-the-art

### 2.1. Business model innovation

The number of studies on BMs has increased significantly in recent decades (Schiavone et al., 2019), branching out from BM Ontologies (El Sawy and Perreira, 2013), to studies on BMs in relation to digitization (Soluk et al., 2021), ecological sustainability (Pies & Schultz, 2023), entrepreneurship and BMs (George & Bock, 2011), BMs and internationalization (Onnetti et al., 2012), BMs and dynamic capabilities (Teece, 2010), BM and BMI exploration, exploitation and implementation (Verhagen et al., 2023), etc. Earlier research analyses things like strategic management in relation to BMI (Lorenzo et al., 2022; Belussi et al., 2019), BMI processes (Wirtz, 2020) with a focus on Small and Medium Enterprises (SMEs) (Heikkilä et al., 2018), high-tech companies (Holtström, 2022), or start-ups (Foss & Saebi, 2017). Although different theoretical lenses are being used, like dynamic capabilities (Teece, 2010), resource-based view (Liao et al., 2019), resource dependency (Bouwman et al., 2008), system dynamics (Moellers et al., 2019) or organizational network analysis (Solaimani et al., 2018), every study domain requires further specification, including with regarding specific domains that are subject of study, such as FFs. Nevertheless, there are some common shared insights regarding BMI.

The seminal paper by Foss and Saebi (2017) define BMI as “designed, novel and nontrivial changes to the key elements (components) of a firm's BM and/or architecture linking these elements”. We believe that this definition, grounded in complexity theory and the empirics of innovation, is an appropriate conceptualization of BMI, for four reasons. First, it considers BMI in term of designed changes in BM elements, with a focus on value creation, delivery and capture. BMIs need support and deliberate action from and governance by top management, but also from operations (Do Vale et al., 2021). Second, those changes have to be nontrivial, excluding minor modifications in individual BM components or architecture. Third, BMI implies novel changes that may be new to the firm and/or the industry (Taran et al., 2015). And fourth, BMI means modifications in BM components and changes in the activities connecting these components, i.e. architectural changes, which are often more radical in nature and require an alternative approach, for instance by developing parallel BMs in separate business units (Eriksson et al., 2022). On the other hand, when BMI occurs in one BM component, that may affect other BM components due to path dependency (Heikkilä et al., 2018) and interactions and interdependencies among individual BM components (Wirtz, 2020). As a result, BMI involves deliberate, major changes in BM elements and the way they are connected. In our view, BMI is both the process and the discrete outcome of that process. Specifically, we see the process as non-linear, with many fall-back and feedback loops, path dependencies and dynamics. From a conceptual point of view, a distinction can be drawn between ideation, experimentation, implementation and exploitation, the governance of which requires careful attention.

Ultimately, BMI is essential in sustaining and surviving in today's turbulent world (Haaker et al., 2017). Recent research sees BMI as a fundamental source of a firm's competitive advantage and it has proven to significantly improve economic performance (Latifi et al., 2021). Any firm (start-up, established firm or SME) may need to change its BM or, in the case of a large corporation, some of their multiple BMs, to fully exploit its various opportunities and threats (Bucherer et al., 2012; Ciulli & Kolk, 2019). Companies operate in diverse industries, vary in size, sell products or services, exploit and focus on different technologies and vary in the level of technology they use (Molina-Castillo et al., 2022). BMI in these companies has been studied mainly on the basis of case studies or cross-sectional research. However, the heterogeneity found in FFs, with their own dynamics, ownership and management structure and specific governance, complicates studies into BMI, making it underrepresented in more generic studies. Although FFs have a lot in common with SMEs, not all SMEs are FFs, and vice versa. Some FFs are

among the oldest and largest companies worldwide, while some (high-tech) start-ups are also run by families. And while some of their BMs are robust and sustainable, others may be more volatile, specifically due to increasing digitization. From a FFs perspective, this makes BMI a relevant research domain that warrants further research (Foss & Saebi, 2017).

To that end, we first discuss generic innovation studies in FFs, the most relevant idiosyncrasies and theoretical orientations, and then look at the current state of affairs with BMI and FFs, with a focus on SEW and CSR.

## 2.2. Innovation in FFs

Recent studies and meta-analyses (Calabro et al., 2019; Duran et al., 2016) give the impression that findings based on diverse theoretical orientations, like the resource-based view, social capital, contingency, agency and SEW, provide confusing and inconclusive, sometimes even contradictory, insights into innovation in FFs. On the other hand, FF-related constructs are used as independent, mediating or moderating variables, again leading to incoherent findings. In most of these papers, innovation remains a black box, at best generically referred to as R&D (spending or intensity), innovation input or output, New Product Development, technological or digital innovation. However, innovation is far more diverse, as BMI research shows.

Moreover, family involvement in innovation differentiates FFs from other firms. This has been labelled familiness, referring to the set of resources and capabilities originating from the interaction between family and firm (Habbershon & Williams, 1999). Not only is the endowment of resources in FFs different, but so are their objectives and risk preferences. The SEW approach (Gómez-Mejía et al., 2007) covers FF's characteristic and behaviour in terms of family embeddedness. In other words, innovation behaviour is motivated by values related to the preservation of socio-economic welfare and family reputation (Deephouse & Jaskiewicz, 2013), employment and social capital in the family, and is rooted in the altruistic behaviour of the owners, including in relation to stakeholders and local communities.

## 2.3. Socio-emotional wealth and corporate social responsibility

In our view, SEW (Swab et al., 2020) is a theoretical lens which, more than other theoretical perspectives, like the resource-based view, contingency or agent theories, emphasises the role of family-related concepts and long-term values in firms, more specifically in (1) management processes, for instance professionalization, and human resource and team management, also in BMI processes, (2) strategic choices, e.g. risk-taking, for instance with regard to internalization (Blanzo-Mazagatos et al., 2024) and digitization in relation to value delivery (Quarato et al., 2020), but also when it comes to implementing a renewed BM (Weimann et al., 2020; Kammerlander, 2022) (3) organizational governance, e.g. high level of control and the role of management in BM experimentation, exploitation, and implementation, for instance in relation to value delivery (Marques et al., 2023), (4) stakeholder relations (Cennamo et al., 2012), e.g. dynamic resource orchestration within the ecosystem of the firm related to value creation, and (5) business venturing, e.g. role in new ventures and entrepreneurship focussed on value capturing (Gu et al., 2019).

Research into SEW theory is limited, focusing mainly on Western economies because of their institutional economic context, but recently rapidly growing. SEW can be seen as an indicator for the outcomes of CSR in FFs or of innovation behaviour in FFs (Yu et al., 2015). However, most studies involve hypotheses being tested and lack depth about what is actually going on in FFs or in understanding the link between SEW and CSR. Where SEW is specifically family-related, CSR provides a broader and a more holistic focus. Although FFs have been proven to be more socially responsible than non-family firms (Battisti et al., 2023), the relationship between SEW and CSR is complex, sometimes even

unbalanced and conflicting (Zientara, 2017). Some studies suggest that CSR contributes to diverse dimensions of SEW (Liu et al., 2017), while others have found a positive influence of SEW on CSR (Yu et al., 2015). Nevertheless, what seems clear is that SEW and CSR play a role in FFs behavior and long-term decisions (Liu et al., 2017). Both SEW and CSR may influence how FFs design BMI processes in a particular way.

## 2.4. Heterogeneity of FFs and innovation

Although there is some heterogeneity, the pursuit of non-economic objectives is a distinctive element of FFs (Chrisman et al., 2015), (Gómez-Mejía et al., 2007), and even though SEW is the 'higher-order' reference point, depending on external threats, the pursuit of non-economic goals may vary (Berrone et al., 2012). Pursuing non-economic goals determines FFs attitude towards risk and may affect innovation-related decisions (Meroño-Cerdán et al., 2018). As a result, FF innovation is often has a dual nature (De Massis et al., 2015): while innovation assures continuity, long-term growth and wealth generation, business risk increases and may threaten SEW, so FFs may be less risk averse, specifically when they do perform as well as expected (Meroño-Cerdán et al., 2018), and innovate more thanks to their allocation of resources. However, in practice, different outcomes depend on their objectives. For example, FFs wanting to create a robust business to pass on to their relatives have unusually long investment horizons and are willing to make sacrifices now to build solid organizations in the long run, while others embrace socio-emotional objectives that stifle innovation (Miller et al., 2015). Chrisman et al. (2015) proposed a framework for organising the effects of family involvement on innovation management based on De Massis et al. (2015), who argue that FFs present a remarkable ability to innovate. At the same time, the value placed on non-economic goals explains the willingness of family owners to develop idiosyncratic behaviour, and innovation decisions may impact performance negatively.

Succession is an important but separate issue in management processes involving SEW. Research shows that the generation in charge may alter the importance of SEW in the firm. Stockmans et al. (2010) focus on generational stage as an element of SEW heterogeneity in understanding innovative behaviour. Generation is essential because of differences between firms because of a single predominant founder, occupying the roles of owner, manager and head of the family. At the same time, in second-generation firms, there are various family members sharing ownership and management. The best results are observed when agency costs are reduced, which happens when the founder is at the head of the enterprise (Miller & Le Breton-Miller, 2006). There is also a positive effect related to the founder's entrepreneurial spirit, a characteristic not always present in successive generations, while there are also arguments supporting a gradual loss of entrepreneurial orientation among founders over time and a desire to bring in new ideas and changes by the second generation (Casillas et al., 2010), and recent evidence shows that product innovation in FFs decreases when the predecessor stays on the board of directors (Querbach et al., 2020). To our knowledge, the role of succession has yet to be examined within the context of BMI and, as such, is included in our research.

Earlier, we argued that SEW and CSR may affect BMI-related decisions and processes in a number of ways and the question is how BMI has been studied from an FF and a SEW perspective so far. SEW-based studies in relation to BMI touch on quite a variety of issues, from transgenerational issues (Clinton et al., 2018), as discussed here for, to the impact of Covid on FFs BMI (Soluk, 2022), from case studies on the airline industry, for instance (Bogers et al., 2015), to mainly, European, cross-sectional studies, on the role of FFs in digital BMI (Soluk et al., 2021; Weimann et al., 2020). Bogers et al. (2015) show that, although starting from a resource-based view theory, SEW-related issues largely explain how internal and external influences were balanced during the BMI process of a Danish family-owned airline company, showing that family values, resources and relations were extremely important in

creating an idiosyncrasy that generates stability and hampers innovation throughout a company's life-cycle. The family played a major role in the emergence of the firm, as well as its recovery after an initial bankruptcy and the final integration into another airline. The Danish case touches on trans generational entrepreneurship. Soluk et al. (2021) point to the mediating role of knowledge exploitation having the strongest effect, and risk management having the least effect, in the relation between marketing capabilities and digital BMI. They excluded small enterprises (< 50 employees), arguing that there is a lack of formalization in smaller organizations. In a study on 154 German FFs and BMI, Weimann et al. (2020) combined dynamic capability theory with SEW, showing that sensing and seizing, as well as transformational capabilities on the relation between capabilities and BMI, are moderated by SEW.

Soluk (2022) shows that digital BMI, due to the Covid pandemic, is mainly motivated by opportunism in FFs. All firms wanted to manage the external shock by preserving short-term family wealth, a strong family identity and a desire for continuity and stable external relations within their eco-system, possibly with new external partners. The importance of an ecosystem for resource generation, allocation, recombination and orchestration is also discussed by Randerson and Estrada-Robles (2023), who emphasize the importance of developing an ecosystem from a perspective of value creation.

### 2.5. Research focus

So far, no specific theoretical models on BMI in FFs have been developed, although our review suggests that distinct characteristics within or of FFs, as reflected in/by SEW and CSR, may affect BM-related decisions. Below, we:

- (1) explore the influence on BMI of some variables capturing the heterogeneity of FFs, e.g. size, history, generation-related effects, and governance of the firm by (non) family involvement.
- (2) examine (a) strategic choices related to BMIs in FFs involving long-term wealth creation and more generic CSR foci, and (b) the purpose of BMI, motivated by profit (e.g. efficiency and/or process optimization), growth (e.g. market segmentation and expansion, improved user experience) or venturing possibilities (new, international expansion, made possible by digital technologies) (Heikkila et al., 2018).
- (3) look at the value proposition, the changes in value creation, delivery and capturing, e.g. the combination, configuration of BM components and BMI processes, e.g. how does resource (knowledge) generation, (re-)allocation, recombination and orchestration of resources and capabilities take place, how are ecosystem stakeholders involved, and how are risks dealt with and/or managed.
- (4) explore the way the BMI process itself is managed and executed, e.g. are there specific teams, what is the role of the owner/manager, the degree of formalization and use of BM tools (Bouwman et al., 2020).

## 3. Methods

In light of the importance of the rich context of research into FFs (De Massis & Kammerlander, 2020), we adopted a qualitative approach based on multiple-case studies (e.g. Lorenzo et al., 2022). First, this may offer insights that could not be achieved with other approaches (Rowley, 2002), while the use of case study is a common methodological approach in FFs research (Sievinen et al., 2020) and BMI (Do Vale et al., 2021). Second, rather than making statistical generalizations, we want to understand individual firms (Eisenhardt, 1989), collecting evidence from different sources and analyzing the preliminary theoretical framework within each case, as well as cross-case analysis, following the comparative and replication logic (Eisenhardt, 1991). Case studies are a valuable tool in the initial, exploratory stage (Eisenhardt, 1989; Rowley,

2002; Yin, 2013, 2017). As mentioned, research into BMI is in its infancy (Do Vale et al., 2021), and mainly dominated by quantitative approaches, while research into SEW theory is recent, and the link between BMI and FFs is under explored.

Starting from Eisenhardt, we looked at research design. First, we chose a multiple case study approach to increase research quality, robustness and case replication (Yin, 2013). Before collecting data, a case study protocol was prepared, (1) to provide guidelines for use of data sources, like interviews, written sources and secondary data, as well as representations of the BM, either as provided by the case organization or as reconstructed by researchers, (2) to standardize procedures, for instance for informed consent and validation of results, including visualization of BMs by case owners, and (3) to harmonize rules with regard to coding and analysis of cases. This protocol is essential in a multiple case study, since it increases research reliability and coherence over time of interpretations, and helps the researcher(s) conduct the case study (Yin, 2017), contributing to the validity of the results. The protocol was established by the core researchers and approved by the European Commission.

### 3.1. Case selection

The cases were selected based on pragmatic arguments, instead of by theoretical sampling. Theoretical arguments for case selection and case comparison were, even post-hoc, hard to formulate. The participants are FFs from different European countries, from Spain to Finland, and represent a mix of micro (up to 10 employees), small (up to 50 employees) and medium-sized (up to 250 employees) firms, all of them part of a Europe-wide research project on BMI and SMEs, from which fifteen companies were selected through purposive sampling with a broad spread of industries (manufacturing, services, wholesale, and retail), and a focus on B2B and/or B2C. To grant the confidentiality required by some firms, the country of origin is not included in the demographics (Appendix); instead, the European Region, where the company operates, is reported.

### 3.2. Data collection

A team of researchers collected the evidence between 2016 and 2021 from different sources: interviews and questionnaires addressed to the management team, data from observations, company visits, often more than once, archival data and documents as provided. Sometimes multiple, individual, semi-structured interviews by the principal case researcher, the core contact person for the case organization, often with a second researcher. The interviews took place at company premises in the national language. The interviews lasted 90 min on average, ranging between 1 and 2.5 h. Most interviewees were CEOs with experience in management, strategy and (BM) innovation. The data were updated at the time of writing of this paper. We used triangulation of data from multiple sources because that technique is essential (Paul, 1996) and reduces respondent bias (Leonard-Barton, 1990).

According to the research model, information about the following topics has been collected using open questions, and often detailed, follow-up questions were pursued:

- a) BMI: Which change, if any, have you recently made in your BM? How were these related to your firm's strategy? What performance and, or non-economic objectives do you pursue?
- b) How do family values play a role? Can you tell us a little more of the governance structure of the firm and the role of family members? Is the founder (1st generation) in charge of the firm? Are generation issues addressed?
- c) BMI Focus: What is the value proposition, and the related BM, of your firm?
- d) How was the BMI process started, executed, and governed? Were there special teams? What tools were used?

These questions were often the starting point for more in-depth questions to make sure that the conversation (rather than an interview) was open, flexible and natural, providing ample opportunity to discuss relevant matters, as also suggested by the interviewees.

A case-study database was constructed that included verbatim responses from interviewees, notes, documents, visualizations of BMs, and archival data. The interviews were transcribed in the interviewees' own wording and reflected the informants account of the BMI process and outcome (see also Gioia & Chittipeddi, 1991, regarding what they label as first order analysis). Since we examined a specific topic involving SMEs, including micro-firms, the interviews often involved one or very few informants. When possible, we interviewed informants other than the owner, like BMI team leaders or family members. Consistency over time was guaranteed by repeated interviews, which were also part of the updating the data for this paper. Since comparison across informants is problematic because the limited number of informants per case, we used triangulation with alternative written data sources or accounts of management or team meetings, meeting the first requirements mentioned by Gioia and Chittipeddi (1991) for qualitative research. The data was translated into English so that all researchers could use the data.

### 3.3. Data analysis

We used MaxQDA to code and analyse the qualitative interviews and other relevant data sources, which included various steps.

First, text analysis, information categorization and open coding were performed by the same researcher who interviewed the FF in question. This was designed to remain as close as possible to the first order account of informants. As a first step in the second order analysis, as suggested by Gioia and Chittipeddi (1991), we used a higher-level conceptual approach based on open and axial coding (Glaser & Strauss, 1967), as inspired by concepts from BMI, SEW and CSR research, to provide a more theoretical account, after which one of the researchers classified the data along a set of categories and extracted potential axial codes, using the saturation principal and data-analysis techniques, as proposed by Miles and Huberman (1994), like clustering, data visualization and cognitive mapping and inspired by BM tools (Bouwman et al., 2020). Next, researchers reviewed each other's coding and discussed the categories and concepts, to increase validity. Coding involved segmenting the data into units and rearranging them into categories that facilitated insight, comparison, and theory development (Eisenhardt, 1989, 1991; Bringer et al., 2004). Codes were refined based on researchers' comments, iterations, and reflections, moving from interview transcripts to used codes, and concepts from existing literature (for instance, on BM ontologies and BM tools), and triangulated data as described in the section above. Finally, one of the researchers quantified some of the data, since how often each code appearances gives an indication of their relative importance, as also advocated by Miles and Huberman (1994). Table 1 shows the categories and codes created, as well as relevant and illustrative quotes.

Secondly, cross-case analyses were performed, as suggested by Eisenhardt (1989), specifically a comparison of first-generation FFs' current BMs and BMIs with the ones for second or later generation FFs. Next, the findings of the more innovative firms were compared to those of the less innovative ones. However, our attention was drawn mainly to companies mentioning SEW and CSR objectives as driving goals, in contrast with other FFs. Finally, we identified possible BM-configurations for FFs, using (1) common BM ontologies and tools (Bouwman et al., 2020) and (2) configurational techniques, when the research interest focuses on understanding the combination of attributes (Kosmidou & Ahuja, 2019), i.e. components of a BM related to value creation, delivery and capturing as reflected in the changed value proposition. As part of this approach, we visualized the original BM as well as the innovated BM for cross-case comparison.

**Table 1**  
Categories, codes and quotes.

| Categories and Codes           | Description   | N =   | Exemplary quotes (management position)   |
|--------------------------------|---|-------|--|
| <b>Non-economic objectives</b> | <b>Pursuing objectives different from economic ones</b> |       |  |
| SEW                            | Family control, continuity, livelihood                  | 53,3% | Case 2: "to keep the decision power regarding the business in the family" (manager and CEO's daughter)<br>Case 3: "to continue the tradition of my father". (CEO)<br>Case 7: "The objective is to earn a living for the family". (Office manager)<br>Case 10: "Our top priority is to preserve and maintain the legacy of our father and grandfather." (Owner and production manager)<br>Case 14: "Create jobs for family members and friends" (CEO)   |
| CSR                            | Employment, work-family balance, environmentalism,      | 46,7% | Case 1: "We care about customers' health". (CEO)<br>Case 6: "We are proud of the fact that the firm 'brings food to the table' for many families" (meaning the firm can provide full-time jobs for people) (CEO)<br>Case 9: "Our company is a large employer in the area which is important for us" (CEO)<br>Case 10: "Among our goals, I would highlight: 1) Balance work-family life and earnings. 2) Create jobs" (Owner and production manager)<br>Case 11: "Our aim is to make parents' lives easier, employees' work-life balance and products totally respectful with children" (CEO)<br>Case 12: "We aim at being a good employer for many families in the area." (CEO)<br>Case 15: "Work-life balance of founders and employees is important" (CEO) |
| <b>Innovativeness</b>          | <b>Level of innovativeness</b>                          |       |  |
| innovativeness-high            | Mainly testing new products                             | 73,3% | Case 3: "We are innovative, always picking up the trends and copying from others" (CEO)<br>Case 4: "There is a weekly meeting to discuss and develop or redefine new products/processes" (Communication manager)<br>Case 5: "The family is well known for developing new products, production processes and services"  |

(continued on next page)

Table 1 (continued)

| Categories and Codes      | Description  | N = 15 | Exemplary quotes (management position)   |
|---------------------------|--|--------|--|
|                           |  |        | (Owner and sales manager)<br>Case 9: "(the firm) is a pioneer in webshops." (CEO)<br>Case 12: "Constantly. 1 –2 innovations per day. Innovation can be in small things and tasks, anywhere. Try to be good at imagining simple solutions to complex problems. We are creative" (CEO)<br>Case 13: "Continuous product innovations, in collaboration with universities for R&D projects." (CEO)<br>Case 14: "Product range is in constant development, launching new products and incorporating wines to the product catalogue" (CEO)  |
| <i>innovativeness-low</i> | Keeping tradition                                  | 26,7%  |  |
| <b>BM focus</b>           | <b>Value proposition</b>                           |        |  |
| <i>quality</i>            | High-quality products                              | 40,0%  | Case 2: "High-quality American food with competitive pricing. Home-made using all original American recipes." (manager and CEO's daughter)<br>Case 10: "Our value proposition relates to product quality and purity (100% pure paprika), paprika's high nutritional value, and tradition." (Owner and production manager)  |
| <i>proximity</i>          | Close relationship with and knowledge of customers | 33,3%  | Case 2: "Friendly and personal interactions with the customers, warm atmosphere" (manager and CEO's daughter)<br>Case 3: "Instead of buying apples the customers are purchasing parts of the apple orchard. When the apples are harvested, customers are fetching the apples from the farm." (CEO)<br>Case 6: "We are in three small cities, our target customers are local contractors, decorators, and homeowners". (CEO)<br>Case 7: "The main resources of the company are the personal experience and the contacts of my wife in her hometown in Russia." (Office manager) |
| <i>flexibility</i>        | Speed of service and personalization               | 33,3%  | Case 8: "The value proposition of the company is to offer a way of traveling which suits the customer's schedule and brings them closer to the desired location by   |

Table 1 (continued)

| Categories and Codes        | Description   | N = 15 | Exemplary quotes (management position)  |
|-----------------------------|---|--------|---|
|                             |   |        | being able to fly to also smaller airports" (CEO)<br>Case 11: "Our value proposition is to offer personalized soothers, dummies, baby's bottles, cups, glasses, cutlery sets, toothbrushes, playschool sets, etcetera, with names on. A variety of personalizable products with the highest quality and safety for children" (CEO)<br>Case 12: "The firm offers a virtual simulator online so that clients can design their personalized sofas, chairs, tables, rugs, etc., and fabrics (2000 references of fabrics)" (CEO)   |
| <i>segmentation</i>         | Definition and differentiation of customers in segments           | 13,3%  | Case 4: "Hotel b-to-c and B-to-b services (Conferences, business customers, walk-ins, tourists, bus-groups, etc.)." (Communication manager)<br>Case 9: "Sells (our products) in a webshop mainly for domestic markets, but also for selected other countries" (CEO)   |
| <b>BMI</b>                  | <b>Business Model Innovation</b>                                  |        |   |
| <i>diversification</i>      | New customer segments and/or products                             | 26,7%  |   |
| <i>reorganization</i>       | Redefinition of relationships with partners, customers...         | 26,7%  | Case 6: "The core innovation was handling the individuals' stores no longer as the core unit of management, but to use principals of a retail chain business (shared product portfolio centralized purchasing practices), in combination with BI leading to harmonization". (CEO)<br>Case 9: "The most recent innovation was a new information system that reduced errors in packaging". (CEO)<br>Case 14: "With high experience as successful wine trader, we are in the process of becoming a wine producer in partnership with local wineries and vineyards owners. We are leveraging our capabilities and knowledge to change processes. New partnerships emerge" (CEO) |
| <i>distribution channel</i> | New ways (electronic or physical) to deliver products or services | 26,7%  | Case 8: "The company has decided that to serve their customers better; we will create an electronic platform or portal and  |

(continued on next page)

Table 1 (continued)

| Categories and Codes | Description                                       | N = 15 | Exemplary quotes (management position)  |
|----------------------|---|--------|---|
|                      |   |        | mobile application which compares possible company's flight routes with other airlines as well as shows the availability and condition of each of our aircrafts and possibly other charters for a fee, including location, reservations, destinations and whether we have empty seats." (CEO)<br>Case 11: "Especially significant is the change in the business model for baby stores (industrial customers). In the last six months, the firm has boosted that market segment provoking changes in other elements of their business model". (CEO)<br>Case 12: "Franchising the brand to open shops to have direct contact with the end user of our products" (CEO) |
| social media         | Improvement of customer engagement                | 13,3%  | Case 1: "The use of social media as our marketing and customer engagement tool is pretty dominant in our business routine now" (CEO)<br>Case 4: "The focus is on getting feedback from customers quickly via multiple media (Facebook, Twitter, booking sisters, etc.) and responding quickly. Teams meet regularly with staff" (Communication manager)   |
| BMI-none             | No interest or intention to change business model | 13,3%  |   |

## 4. Results

### 4.1. Strategic focus

In general, our case analysis shows that strategic choices are often a mixture of growth and profit arguments, where the former is more related to value creation for new markets and the latter to value delivery. Growth is reflected by internationalization (cases 12, 13 and 14) and market segmentation, with a focus on B2C and/or B2B (case 1, 5, 6, 8, and 9). Other cases focus on profit optimization, for instance by increasing professionalism or process efficiency (cases 3, 5, 6, 9 and 11).

In many cases, the non-economic driver for a business is related to SEW creation and, to a somewhat lesser degree, CSR. The focus is on the next generation and continuation of the family business (cases 3, 6 and 7), leading to different outcomes, for instance starting new restaurants for individual family members (cases 1 and 2, for example), or promoting digitization (cases 5, 8 and 9), while at the other hand we see inertia and business as usual cases (case 4, case 13). Examples of new venturing are not found, other than an original BM replicated in new ventures by next generations (cases 1 and 2).

In all, thirteen cases recently innovated their BMs, while two cases

show no intention to do so. The main reasons some companies are not (and will not be) engaged in BMI is related to the assumed stability of their environment, a lack of internal drivers and risk avoidance. As said by one of the interviewees: our focus is on continuation of business....we have no desire to engage in risky changes.

### 4.2. Business model focus

In all cases, BMI focuses on creating, delivering and capturing value. The emphasis is on high-quality products (value proposition and value creation) (6 firms) and on social and physical proximity of customers (value delivery) (5 firms), flexibility with a focus on personalization (5 firms) and segmentation (2 firms). Interviewees' responses specify the importance of high quality, not only of offered product and service, but also in customer relations as reflected by the attention for customer intimacy, and regarding knowledge and understanding of customer demand. In many cases, value delivery focusses on flexibility in customer processes, and the personalization of product offerings. The implementation of social media and other digital technologies, for instance the virtual online simulator for personalized design in case 12 or mobile applications in case 8, is functional to personalization. Typically, FFs try to respond to consumer demand rather than create new products to compete with other firms.

### 4.3. Business model innovation

As a result of strategic choices (growth, profit, family values) and BM focus, (quality, proximity, flexibility and segmentation), various types of BMI are identified. BMI usually involves diversification (new customer segments and/or products), BMI reorganization (redefinition of relationships with stakeholders), changes of the BM to enable alternative distribution channel (new ways of electronic and/or physical value delivery) or the incorporation of social media.

BMI diversification, driven by a *growth strategy*, implies a change in value proposition, which significantly affects other BM elements, provoking changes in various components. All FFs in this category have changed their value offering by launching new or modifying existing products, in combination with modifications in other BM elements, like value delivery, e.g. introducing digital channels for stakeholder management. Case 5, for instance, has made modifications in its value proposition by adding new salads to their main products, and in their value delivery, by expanding to new customer segments, using of an existing logistical network and making extensive use of social media. Case 10's BMI implies launching a new product for a new segment of customers. Its value proposition is basically the same: pure paprika with a high nutritional value. However, the product range has been expanded from a 25 kg bag for industrial customers to now include a 75-gram pack for end-users. A new market segment was tapped into, and customer relations changed, enabled by Facebook and other social media. Next, local distributors were needed, which meant taking a closer look at the ecosystem. The firm started to sell to wholesalers or, internationally, engaged local agents or distributors, and had to adapt digital value delivery components to an international setting. We saw the same in case 14, which expanded to include international import and export. As such, diversification and opening new value creation mechanisms imply changes in BM components related to value delivery.

BMI reorganization, driven by a *profit orientation*, involves the redefinition of relationships with stakeholders and partners, and requires new processes, as well as changes in various BM delivery components, including serious preparation before implementation. This type of BMI is often complex, as changes imply modifications in the architecture of a BM. Some of these changes are new to the industry. Case 3's BMI involves switching from grain production to apple farming and selling via their own corporate website, and using Facebook for customer interaction. Instead of buying apples, customers are purchasing parts of the apple orchard. When the apples are harvested, customers

come to collect their apples. This BM gives economic security to the farmer and reduces transportation costs, as customers pick up the products themselves. The BMI was developed carefully, with support from an Agricultural Support Organizations and a student of a polytechnic university studying strategic marketing (marketing mix, competitor analyses and PESTEL). This is the only case where the outcome is a discrete new BM. In almost all other cases, the new BM is an adaptation of the existing one.

Typically, for the profit-oriented BM, renewal implies the implementation of new technologies. Case 9, for instance, uses BMI to improve customer trust and to make the job more interesting for the warehouse staff and move responsibility away from people towards machines collecting products for distribution.

From a value delivery perspective, BMI becomes explicit when a distribution channel is concerned. BMI based on modifying distribution channels involves adding a new way to deliver products and services instead of substituting the existing distribution channel. This type of BMI is conducted by FFs whose BM focus is on flexibility and quality. The sofa manufacturer (Case 12) innovated its BM to “*learn, understand and meet customers’ needs, tastes and behaviours from direct contact with end-users of the firm’s products*”. The original BMI driver was to gain access to knowledge about, from and for the customers. Increased knowledge supported decision making on new, more personalized products. The value proposition itself was not changed, but the distribution channel to connect products and customers was, with a keen focus on digitization, e.g. RFID and 3D printing. Case 12’s CEO defines this BMI as successful and states that the benefits are sales growth, enhanced brand image, and improvements related to knowledge and learning about customer behaviour.

BMI regarding value delivery is more explicit where social media are considered. Three FFs modified their BMs by changing how they interact with customers, enhance customer engagement and brand recognition. BMI designed to improve customer engagement is initiated mainly by younger tech-savvy generations. The firms state that they implement this type of BMI to support their value propositions. The BM focus of Case 1 is focused on quality, to offer the best products with the best ingredients, while creating an alternative user experience. The firm states that using social media enhances the company’s visibility and attracts more customers to the restaurant to try their high-quality product and recommend it to other users. Case 2 is similar, but here the older generation is more resistant to change, and only one restaurant run by a member of a younger generation implemented social media in its activities. Information management and the connection of social media to the restaurant management system is problematic, due to resistance of the older generation. Case 4’s BM is focused on segmentation, and the firm uses its recent presence in social media to access knowledge from and about customers, to fine-tune its customer segmentation. In other cases, social media also plays a role, albeit less prominent. For instance, in case 15, the value proposition is focussed on the use of social media in marketing activities by clients. The case organization is run by two sisters with experience and knowledge of social media. Typically, with regard to social media, younger, mainly female, generations push such an approach, based on their knowledge and experience, unlike older, more reluctant generations. Social media-driven BMs are most of the time new to the firm and imply evolutionary, modular changes. All cases conclude that there is considerable room for improvement when it comes to engaging customers via social media, digitization or dedicated mobile applications.

#### 4.4. BMI process and governance

Changes in BM described above are well known and FFs do not look to differentiate all that much compared to other SMEs. The main differences between FFs and non-FFs concern the BMI process. Most processes are designed to guarantee continuation of business by the next generation. The personal interests of new generations and their

experience and knowledge of digital technologies, which can either support primary processes or focus on customer relation and marketing, are key elements here. It is only in some cases that see carefully planned and governed BMI activities, where BMI is more architectural in nature or changes meander from value creation to value delivery. In these cases, the role of external stakeholders and partners, i.e. consultants, banks, industry organizations, IT-suppliers and universities (students), is standing out (cases 5, 6, 8 and 12). It is striking that one of the most well-developed approaches is initiated by a manager/owner, who, on request from his family, abandoned his job as a consultant and dedicated his knowledge and time to the FF (case 6). Non-architectural BMIs are ad hoc and dynamic in nature, rarely following a linear path or based on a well-governed process. When a more formalized path is followed, analytical tools are used, for instance strategic templates or tools, like BM canvas or other ontologies, PESTEL-analysis, financial analysis, or specific BM tools, for instance related to connecting BMs to business processes and IT Architecture.

In short, the younger generations that provide the FFs with the necessary (technical) know-how, also emphasis CSR, with a focus on ecological sustainability, while the older generations focus more on SEW (cases 1, 4 and 13). BMI relates to increased professionalism pursued by younger generations. For instance, implications of BMI (case 5) have been related to changing business structure (more formalized), clearer definitions of business processes (workflow and outsourcing logistics), and investing in IT i.e. EDI-software as well as use of social media, as coordinated with stakeholders in the eco-system. “*Whether our product is being delivered by a professional driver to its destination, being served on a plate in a quality restaurant, or waiting for you in the fruit and vegetable section at the grocer’s, our product is always in the hands of fine and reliable partners*” (case 5’s interviewee). These incremental BMIs have led to opening new markets and increased turnover and profit.

In summary, there is an interplay between strategic orientation (growth, profit, family and ecological values as inspired by SEW and CSR), BMI foci (quality, proximity, flexibility, and segmentation), and type of BMI (diversification, reorganization, distribution, and social media).

#### 4.5. Family involvement

With regard to family values, we found, in addition to growth and profitability, two categories of non-economic objectives. In eight cases, firms are more focused on SEW, while in seven case firms were more concerned with the broader CSR concept. These firms mention local employment and work-family balance. One informant stated:

*“CSR is usually associated only to environmental and philanthropic activities. To [case organization], CSR goes further than that, integrating the key concept of quality ... to a concept that extends to workers and their families, customers and suppliers. The commitment to promote general well-being, responsibility, ethics, values and attitudes, leads necessarily to the concept of quality as quality of life that, together with the environmental responsibility, integrates CSR policy”.*

Generation is an essential feature in family governance. Nine cases are still run by the first generation, meaning that the founder plays a core part in decision-making (e.g. cases 2, 4, and 7), while the remaining six are led by second or later generations, including the B2B passenger air transport company, established in 1980. It is part of a large 100 year old, diversified FF. Although the head of the family may be the core decision-maker, the influence of younger generation is clear, e.g. in cases 1, 5 and 6. First-generation firms are less SEW-oriented. First-generation firms show less urgency to preserve their SEW and, at the same time, focus more on innovation.

Cross-case analysis reveals some differences regarding family involvement in BMI, specifically with regard to BM focus and BMI. Firms with a BM focus on SEW are more engaged in the local community, seen the finding that proximity is relevant to them, as well as is quality.

Companies that focus on CSR in their BM pay attention to quality over flexibility, and proximity, and in even, to lesser extent, to segmentation. This suggests that the locus of a firm plays a role, in combination with an orientation on next generations. With regard to innovating their BM, the pattern for companies where SEW plays a major role, diversification is core, while social media are irrelevant. Firms motivated by CSR pay attention to diversification, reorganization, and distribution in their BMI. The BM of first-generation FFs focuses slightly less on quality and more on segmentation compared to older generation firms, the latter being less engaged in segmentation as a focus of their BM. At the same time, first-generation FFs have a higher inclination to reorganize their BM than later-generation firms, which focus more on diversification and distribution. We also observed that specifically female family members and managers are more inclined to focus on digitalization.

5. Discussion

Our analysis reveals an evident influence of family involvement on strategic choices that drive and focus BMI. To the best of our knowledge, no research involving BMI, as an outcome or process, focuses on the creation, delivery and capturing of value in FFs from a perspective of SEW preservation or CSR. It is striking that only one FF underwent an architectural change in its BM resulting in a BM that was new to the industry. Furthermore, we see that changes in BMs were mainly focussed on value creation and delivery, while value capturing is motivated more by strategic choices involving growth or profitability. As a result, BMI is mainly related to incremental changes in multiple components.

Furthermore, we see that the governance of process and execution of BMI is weakly developed, with low levels of decision-making and process formalization. Typically, external stakeholders play a supportive and (technology) knowledge-motivated role in the BMI process when multiple components are considered or when digital technology plays an important role.

BMs in FFs focus on quality, flexibility, proximity and/or segmentation. Our cases show that FFs focus on four BM elements (Fig. 1): quality as part of value creation, flexibility, proximity and segmentation, as related to value delivery. These goals are related to the strategic orientations of FFs, with a focus on growth, more specifically internationalization, and on profit generation, in which digitalization of primary processes as well of channels related value delivery play a major role. As such, BMs in FFs focus on exploiting their distinctive capabilities. Close relationships and deep knowledge of their customers make up the backbone for FFs to improve their reputation, while for digital know-how, they rely on stakeholders like IT providers and consultants. Their unique resources and capabilities allow FFs to develop family-based competitive advantages (Habbershon & Williams, 1999).

Based on our cases, we identify four ways BMs are innovated in FFs:

- 1) BMI diversification, as part of a growth strategy, focuses on new customer segments and/or products/services and redefines value offering (Spieth & Schneider, 2016) and proposition (Clauss, 2017;

Taran et al., 2015), the core element of a BM (Osterwalder et al., 2010).

- 2) BMI reorganization, as part of profit strategy, implies the redefinition of relationships with partners and new digitalized processes. Spieth and Schneider (2016) label this as value architecture innovation. This type of BMI focusses on internal activities, as the modified BM components are related more closely to organizational structure, and internal marketing.

Both findings confirm the research by Heikkilä et al., 2018.

- 3) BMI distribution channel refers to the introduction and implementation of new ways to deliver products or services, as driven by value proposition (Clauss, 2017), focussed on value architecture (Spieth & Schneider, 2016) and value delivery related to customer processes (Osterwalder et al., 2010).

- 4) BMI with a focus on social media extend distribution opportunities with an aim to improve customer engagement, by collecting data on customers that can be used for enhancing the value proposition, and lead to changes in customer relations management, as mentioned earlier (Osterwalder et al., 2010; Taran et al., 2015), value delivery (Spieth & Schneider, 2016), and value proposition (Clauss, 2017). This type of BMI is geared mainly towards a marketing perspective. Marketing activities are rarely discussed by FFs.

Most FFs focus less on short-term performance, while looking for innovative behaviour that will help them in the long run. In addition, FFs show a higher conversion rate, supporting earlier studies indicating a lower innovation input but higher innovation output compared to non-FFs (Duran et al., 2016). Thus, incremental BMI may lead to significantly higher performance outcomes. This leads us to propose:

**Proposition 1.** BMI in FFs is more likely to be incremental and focus on changes in (related) components, with a focus on the long-run results of BMI.

BMI supports the idea of path dependency as motivated by a strategic orientation on growth or profit (Heikkilä et al., 2016) and complexity as is confirmed by large-scale research by Latifi et al. (2021). When BMI occurs in one BM element, that change may impact other BM elements due to interactions of separate BM components (Heikkilä et al., 2018; Wirtz, 2020). BMI often implies modifying several components and dimensions of a FF's BM in parallel or sequentially. It is stunning to see that, in FFs, BMI is mainly related to changes in components and only in one case the change in BMI was architectural in nature.

**Proposition 2.** Strategic choices of FFs motivated by value capturing, either by a focus on growth and profit, are less prominent than more practical choices focussed on value creation and delivery and are in line with a BMI component perspective.

Evidence from multiple case studies confirms that FFs are not a homogeneous group (Chrisman et al., 2015). There are two configurations, mainly based on the level of innovativeness. Less innovative firms, where older generations are still dominant, find it more important to preserve their SEW. In this group, BM is focused on proximity, with limited interest in BMIinnovation. BMI is more common when a

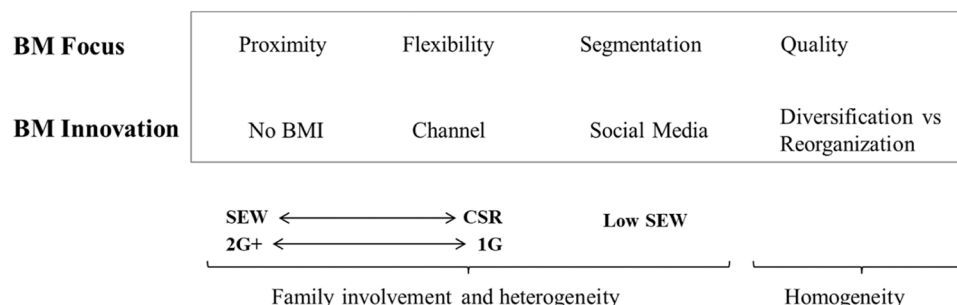


Fig. 1. Configurations of FFs BM focus, BMI and non-economic goals.

second-or-later generation is dominant. More innovative companies exhibit more concern with CSR in the first generation, with a focus on flexibility and innovating their BM by changing their distribution channels, more specifically with a focus on digitalization. Another approach, or rather a specification of the earlier approach, is based on segmentation and social media, respectively. Finally, there is a configuration independent from family involvement and their innovativeness: FFs focusing on quality and innovating their BM pursuing either diversification in value delivery using easily implemented social media technology, or on the reorganization of the value creation process, with a focus on advanced digital technologies.

Although it is confirmed that FFs can innovate their BMs, the final outcomes largely depend on their willingness, confirming the ability-willingness paradox in FFs (Chrisman et al., 2015) for BMI. Innovativeness, with a focus on the core BM, appears to be negatively related to SEW preservation, especially for second-or-later generation. The most significant willingness to innovate is found in first-generation firms concerned with CSR.

**Proposition 3.** *Second and later generation FFs focus more on SEW creation and are, therefore, more risk averse and reluctant to BMI, while first generation firms are more likely to focus on BMI building on digital technologies and on CSR.*

By examining the cases more closely, a gender-biased picture emerges. The focus on value delivery and social media is more prominent in FFs headed by females than by males. The latter are more inclined to focus on complex IT experimentation and exploitation, with a focus on value creation. This is in line with recent studies into BMI that adopt a gender perspective (for instance, López-Nicolás et al., 2020). It is striking that the different dimensions of BMI have, to the best of our knowledge, not been studied from a gender point of view so far. This unexplored research line could be of great interest and, according to our results, emerges as a proposition to be explored.

**Proposition 4.** *In female-managed first-generation FFs the focus of BMI is on easily implemented digital solutions in value delivery components, while in male-led FFs the BMs with implementation of advanced digital technologies in value creation components are more prominent.*

From a BMI perspective, it is important to emphasize that there is a difference between the result of the process, the discrete outcome, and the process itself. Our research shows that some FFs are reluctant to innovate their BM, following the idea that ‘if it ain’t broke, don’t fix it’. Only one BMI case really leads to a completely new BM, while in most of the cases the changes are component based, initiating changes in -

related - components, while the basic BM is not affected in an architectural or other way. SEW may have a regressive, risk-averse effect. Our research also shows that BMI as a process is managed mainly by individuals and depends on the input of external stakeholders when it comes to knowledge-related resources and capabilities. In none of the case a well-developed BMI governance process is defined, as well as use and support of tools for BMI is ad hoc and based on familiar-to-the-firm toolsets. Most probably, research into ideation, experimentation, implementation, and exploitation from a BMI process perspective regarding BMI is underdeveloped, as are practical implications that can be derived from such studies.

**Proposition 5.** *BMI as a process in FFs is ad hoc, and insufficiently governed by management or embedded in formalized governance processes, and as such hardly supported by teams or tools.*

The propositions are summarized in Fig. 2 and offer a model that is open for further testing and elaboration.

### 6. Conclusions and limitations

Because little is known about BMI in FFs, the aim of this paper has been to analyze whether and how FFs change their BMs by looking at their innovation-related behaviour and value proposition, creation, delivery and capturing. Also, we focused on the relation between family involvement, BM and BMI, by reasoning from SEW and CSR, and by looking at the outcome and process of BMI.

We found evidence that most FFs engage in BMI. Contrary to recent literature, this paints a much brighter picture of the future of FFs, which make up a clear majority of companies in the global economy. Moreover, they appear to be more willing to make changes in their BMs than what the public image of the FFs, as stable and conservative businesses (Duran et al., 2016), would lead us to expect. However, our research also shows that a focus on SEW leads to limitations with regard to BMI outcomes, while a CSR perspective impacts BMI more profoundly. On a process level, in all cases, we see a lack of governance and use of BMI teams, and dependency on stakeholder’s knowledge and experience with BMI as a process and tools.

Our research and configurations contribute to existing literature by showing how FFs improve their BMs. This is the first study to identify the kinds of BMI that FFs engage in: we identified four types of BMI (BMI social media, BMI diversification, BMI reorganization, BMI distribution channel) that the FFs under study utilized. This typology sheds more light on the variety in BMI, partly explaining the challenges in defining and measuring BMI (Clauss, 2017). Second, our study supports

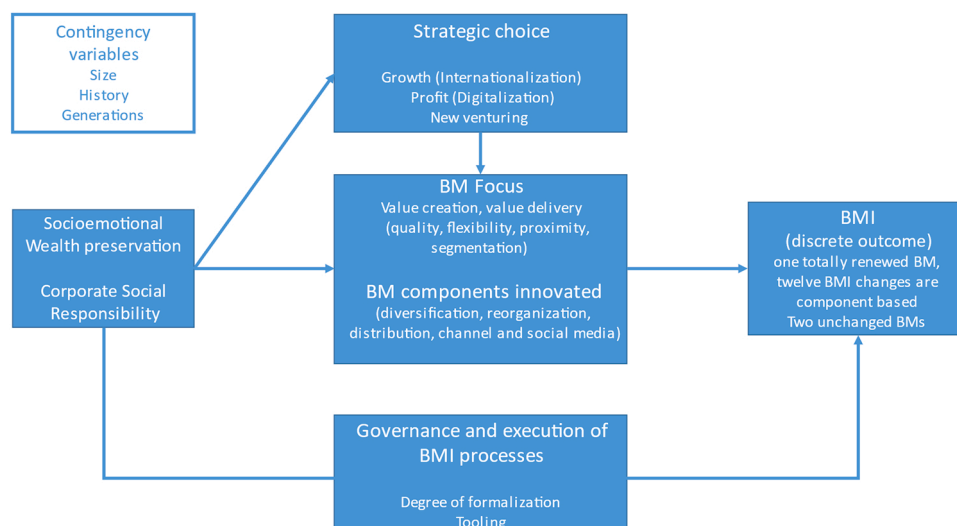


Fig. 2. Proposed model.

prevailing literature that BMI leads to changes, as driven by strategic choices, in various related BM components due to path dependency (Heikkilä et al., 2018). We have illustrated that FFs innovate their BMs by focusing on specific areas of their BM. However, due to path dependency, the innovations change various BM components. This finding is essential for directing resources and actions to enable rethinking the whole BM to harmonize the different BM components and their interdependencies. Otherwise, the BMI may fail to deliver what was expected. Moreover, we analyzed different configurations, in most cases dependent on family involvement and heterogeneity conditions.

The findings also have implications for managerial practices in FFs. First, we have shown that the BM focus and BMI type vary depending on the generation running the FF: multiple generation FFs are more driven by SEW considerations, while single generation firms are focussed more on CSR. Generally, generation transfer represents a source of uncertainty, risk and discontinuity with past strategies (Bannò, 2016) leading in BMI processes to risk avoidance and small incremental steps. Second, managers are provided with examples of how other FFs are currently designing, testing and innovating their BMs. Citations of the actual responses of managers illustrate that first hand. However, the impression exists that BMI processes are poorly governed and often based on the input of external stakeholders and ad hoc use of tools. A more focussed, planned and governed approach to BMI reasoning from ideation, experimentation, implementation and exploitation, and considering the broadening from a single manager to a BMI team, containing multiple generations, may stimulate BMI both as process and as outcome.

The present research has some limitations. First, the paper analyses value proposition, creation, delivery and capturing and BMI in 15 FFs, mainly SMEs. A comparison with large FFs and non-FFs would provide the necessary insights to confirm and confront the findings. Acknowledging that BM evolves (Bucherer et al., 2012) and the multi-temporal dynamics in disruptive innovations (Petzold et al., 2019), which regularly provoke BM development and innovation, a longitudinal study should examine how the FFs under study will modify their BM in the future and what effect that has on BMI consistency (Kranich & Wald, 2018) and firm performance. In addition, a deeper understanding of the internal drivers and external factors driving BMI (Molina-Castillo et al., 2023) and the outcomes and consequences of BMI is paramount (Foss & Saebi, 2017), and further research on those issues would provide the necessary insights. Also, further research is needed to test those

configurations and study how FFs could achieve higher performance (Hamelink & Opdenakker, 2019), if reconfiguring their BM. Finally, due to the growing importance of sustainable BMs and sustainability on BMI (López-Nicolás et al., 2021), marketing innovation activities (Molina-Castillo et al., 2020), and the particular attention FFs paid to non-economic objectives, further research is needed on the approach of FFs to sustainability and marketing from a BMI perspective.

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#### Author statement

All authors have seen and approved the final version of the manuscript being submitted. They warrant that the article is the authors' original work, hasn't received prior publication and isn't under consideration for publication elsewhere.

#### CRediT authorship contribution statement

**Carolina López-Nicolás:** Conceptualization, Data curation, Formal analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing. **Marikka Heikkilä:** Data curation, Funding acquisition, Methodology, Writing – original draft, Writing – review & editing. **Ángel Meroño-Cerdán:** Conceptualization, Data curation, Formal analysis, Investigation, Methodology, Writing – original draft, Writing – review & editing. **Harry Bouwman:** Funding acquisition, Investigation, Methodology, Validation, Writing – review & editing.

#### Data availability

The data that has been used is confidential.

## Appendix

### Studied cases' demographics

| Case | European Region | Established | Industry  | Firm size |
|------|-----------------|-------------|---|-----------|
| 1    | Central         | 2010        | I56.1 Restaurants and mobile food service activities                                  | Small     |
| 2    | South           | 1981        | I56.1 Restaurants and mobile food service activities                                  | Medium    |
| 3    | North           | 1948        | A01.24 Growing of pome fruits and stone fruits  | Micro     |
| 4    | Central         | 1993        | I55.1 Hotels and similar accommodation  | Small     |
| 5    | North           | 1996        | A01.13 Growing of vegetables and melons, roots and tubers                             | Small     |
| 6    | North           | 1992        | G47.5.2 Retail sale of hardware, paints and glass in specialized stores               | Small     |
| 7    | North           | 1991        | N79 Travel agency, tour operator and other reservation service and related activities | Micro     |
| 8    | North           | 1980        | H51.1. Passenger air transport  | Medium    |
| 9    | North           | 1988        | G47.91 Retail sale via mail order houses or via Internet                              | Medium    |
| 10   | South           | 1945        | C10.84 Manufacture of seasonings and condiments                                       | Micro     |
| 11   | South           | 2007        | G47.91 Retail sale via mail order houses or via Internet                              | Small     |
| 12   | South           | 1970        | C31.09 Manufacture of other furniture   | Medium    |
| 13   | South           | 1914        | 15.84 Manufacture of cocoa; chocolate and sugar confectionery                         | Small     |
| 14   | South           | 2012        | G46.90 Non-specialized wholesale trade  | Micro     |
| 15   | South           | 2010        | 73.11 Advertising agencies  | Micro     |

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