

Intergenerational Innovation in Family Firms: A Conceptual Framework for Two-Generational Innovation and Overcoming Transition Barriers

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Abstract

Family firms face a fundamental challenge at the point of generational transition: How can they facilitate the necessary innovations for the survival and growth of the second generation (G2) simultaneously preserving the legacy and knowledge of the first generation (G1)? This research examines the mechanisms for innovation activation during the intergenerational transition (G1 to G2). By employing a multiple case study approach across five family firms, presented a novel conceptual framework for ‘Two-Generational Innovation.’ This framework is built upon five critical activation levers. The findings indicate success in generational transition is not merely a process of power or ownership transfer, but rather a complex and dynamic process of collaborative innovation requires the sequential and integrated activation of these levers. The study emphasizes overcoming inherent resistance to change and transforming intergenerational conflicts into innovative opportunities is the key to ensuring future organizational resilience. The results show intergenerational conflicts, resource asymmetries, and cultural rigidity hinders innovation. However, targeted interventions in these five areas enable G1 and G2 to create shared value. By reframing succession as a process of collaborative innovation rather than mere replacement, this study advances family business research. Practical implications include strategies for enhancing trust, knowledge transfer, and sustainable governance structures.

Keywords: Family Firms, Generational Transition, Innovation, Knowledge Transfer, Case Study.

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1. Introduction

Family businesses play a pivotal role in the global economy, yet sustaining innovation across generations remains a persistent challenge (Prabandari, 2024). The transition from founder leadership (G1) to second-generation leadership (G2) represents a critical juncture in the evolution of these firms. While G1 typically drives entrepreneurial activity and establishes the firm's strategic path (Erdogan, 2019), G2 is often associated with introducing strategic innovation, technological advancement, and external networks that propel modernization (Basco, 2019). However, these generational transitions are frequently accompanied by intergenerational conflicts, cultural inertia, and misaligned strategic visions (Morgan, 2021), which may hinder innovation continuity.

The literature presents contrasting perspectives. Some studies suggest that succession leads to a decline in innovation due to increased complexity and risk aversion (Werner, 2018), whereas others highlight G2's potential to foster adaptation and renewal (Baltazar, 2023). Yet, few studies have examined the collaborative mechanisms that enable both generations to co-create value during succession (Lorenzo, 2022; Rondi, 2019). Evidence shows that first-generation leaders often resist change due to path dependency and risk aversion (Song, 2022; Leppäaho, 2022), while successors demonstrate greater openness to digital transformation and external partnerships (Sharma, 2020; Zellweger, 2019). This generational divergence creates both friction and opportunity for innovation.

Family businesses constitute a substantial proportion of economic activity worldwide, yet sustaining innovation across generational transitions remains a persistent challenge. The transition from founder leadership (first generation, G1) to successor generations (second generation, G2) often brings into contact differing strategic orientations regarding change and continuity. Founders typically emphasize long-term stability, established customer relationships, and preservation of organizational identity, whereas successors frequently express interest in modernization through digital tools, process improvements, and selective market expansion. The coexistence of these orientations can generate disagreement over investment priorities, acceptable levels of experimentation, and the pace of organizational change during succession.

Existing research offers mixed insights into the relationship between generational transition and innovation in family firms. Some studies associate succession with reduced innovation investment due to heightened concern for continuity and socio-emotional wealth preservation, while others characterize successors as sources of renewal through exposure to external knowledge, professional training, and emerging technologies. More recent scholarship highlights the heterogeneity of innovation outcomes across family firms, suggesting that governance arrangements, relational trust, and successor involvement shape how firms respond to environmental pressures during leadership transition.

Despite these advances, much of the literature remains generation-centric, explaining innovation outcomes in terms of generational stage, successor attributes, or succession timing. Such approaches implicitly treat succession as a structural shift and overlook the relational processes through which generational actors interpret, negotiate, and implement innovation initiatives. Consequently, limited attention has been given to how differences in risk perception, authority, and strategic vision are translated into organizational practices when both generations remain actively involved in decision-making.

In addition, prior studies frequently focus on outcome-based indicators such as R&D investment or patent activity, providing limited insight into the everyday interaction practices through which innovation initiatives are discussed, evaluated, and refined during succession. This limitation is particularly relevant in family firms, where informal governance, emotional attachment, and long-term orientation shape decision-making in ways that differ from non-family organizations. As a result, existing research provides only a partial understanding of how incremental adjustments—such as digitalization, process optimization, or service diversification—are undertaken in legacy-preserving contexts.

Addressing these limitations requires moving beyond structural comparisons toward a process-based perspective that examines how intergenerational interaction shapes innovation during succession. Rather than assuming that innovation is introduced by successors or constrained by founders, such a perspective considers how communication, knowledge exchange, and negotiated experimentation contribute to gradual organizational change.

Despite growing interest in the relationship between succession and innovation in family firms, existing research has largely adopted generation-centric perspectives that explain innovation outcomes in terms of generational stage, successor characteristics, or succession timing. Such approaches implicitly assume that the presence of a successor generation either promotes or constrains innovation, while paying limited attention to the interaction processes through which generational actors negotiate strategic priorities and reconcile differences in risk perception and authority. As a result, current scholarship offers limited insight into how contrasting generational orientations—such as legacy preservation and renewal—are translated into concrete innovation practices during succession. In particular, there remains a lack of process-level explanation of how incremental innovation emerges through intergenerational interaction in contexts where both generations remain actively involved in decision-making. Addressing this gap requires moving beyond structural comparisons toward a relational perspective that examines how communication, knowledge exchange, and negotiated experimentation shape innovation during generational transition. Accordingly, this study investigates the following research question:

How do intergenerational interaction processes between first- and second-

generation actors shape the emergence of incremental innovation during generational transition in family firms?

By focusing on firms in which both generations remain actively involved in organizational decision-making, this research adopts a relational lens to examine how interaction practices influence the development of innovation initiatives while maintaining continuity with established organizational identity.

Rather than examining innovation outcomes across generational stages or proposing prescriptive innovation mechanisms, this study focuses on the interaction processes through which first- and second-generation actors jointly enable incremental innovation during succession. The study therefore does not address radical innovation, but instead explains how family firms sustain evolutionary innovation while preserving legacy during generational transition.

2. Literature Review

Innovation in family firms is deeply shaped by generational dynamics, governance structures, and family-specific resources. While first-generation (G1) leaders often embody entrepreneurial risk-taking and the founding vision (Erdogan, 2019), subsequent generations (G2 onwards) tend to introduce professionalization, external networks, and digital transformation, which redefine innovation pathways (Basco, 2019; Soluk & Kammerlander, 2023). However, such transitions are not seamless—intergenerational succession may trigger strategic misalignment, cultural clashes, and failures in knowledge transfer (Cruz, 2012; Zellweger, 2019).

- Contrasting Perspectives on Generational Transitions

The literature presents two dominant, yet conflicting, streams. One perspective views succession as a constraint on innovation, emphasizing strategic conservatism, risk aversion, and emotional attachment to the founder's legacy (Werner, 2018; Gomez-Mejia et al., 2007). The opposing view considers the entry of G2 as a catalyst for renewal through new leadership styles, technological openness, and market orientation (Kellermanns et al., 2015; Baltazar, 2023). Recent studies further highlight that innovation outcomes depend less on generational order and more on intergenerational collaboration mechanisms that align strategic intent and shared learning (Rondi et al., 2021; De Massis & Audretsch, 2024).

G1 often focuses on incremental innovation to preserve continuity, whereas G2 is more inclined toward radical or digital innovation, occasionally at the expense of short-term financial stability (Chrisman, 2010; Sharma, 2020). These tensions—rooted in risk culture, authority delegation, and path dependency—underscore that innovation in family firms is a co-evolutionary process rather than a generational handover.

- Towards a Process-Oriented Understanding

Scholars increasingly argue that static or deterministic models of generational

transitions (innovation decreases/increases) fail to capture the dynamic and relational nature of innovation in family firms (Ingram, 2015; Hernández-Perlines, 2021). Instead, process-based approaches emphasize how generations interact, negotiate strategic priorities, and co-construct shared visions of value creation (Leppäaho, 2022; Patel, 2023).

Using the Resource-Based View (RBV) and Dynamic Capabilities Theory, recent research reframes family-specific assets—such as trust, social capital, and identity continuity—as potential enablers of innovation when leveraged collaboratively (Chirico, 2012; Arzubiaga et al., 2022). Complementary to these perspectives, organizational learning and knowledge integration theories highlight that cross-generational learning mechanisms are crucial for sustaining innovation and adaptation over time (Crossan & Apaydin, 2010; Rondi et al., 2023).

- The Innovation Activation Levers Framework

Despite growing recognition of intergenerational interplay, empirical clarity on how G1 and G2 jointly activate innovation remains limited. To address this, the present study adopts and adapts the Five Innovation Activation Levers framework (Crossan & Apaydin, 2010), refined by recent works (Lambrechts et al., 2023; Minola & Cassia, 2024). This multidimensional model conceptualizes the dynamics enabling innovation through five interconnected levers:

- Vision Alignment, crafting shared strategic intent and direction;
- Structure and Systems, enabling flexible governance and responsive coordination;
- Resource Allocation, empowering successors through controlled yet strategic access to resources;
- Culture and Trust, evolving from patriarchal control toward collaborative culture;
- Learning and Ideation, Fostering intergenerational knowledge exchange and creative synergies.

These levers together provide an integrative lens to analyze how family firms reconcile tradition with transformation during G1–G2 transitions. Unlike deterministic accounts that predict either decline or renewal, this framework recognizes innovation as an emergent, iterative process shaped by relational learning and shared decision-making.

- Emerging Research Directions

Recent global studies have emphasized that hybrid governance models and shared leadership structures can enhance adaptive innovation capacity during succession (Habbershon et al., 2022; Pérez-González et al., 2024). Moreover, digital family firms adopting “ambidextrous innovation” strategies—balancing exploration and exploitation—show stronger resilience during generational transfer (Fernández-Mesa & Alegre, 2025).

However, few works systematically explore *how* firms operationalize these mechanisms. This study addresses that gap by examining how structured interaction, trust-based knowledge sharing, and contextualized innovation levers jointly enable dual-generational innovation and value creation.

This study advances the literature by reconceptualizing intergenerational succession in family firms as a collaborative innovation process rather than a linear transfer of control. By integrating insights from the Resource-Based View, Dynamic Capabilities Theory, and organizational learning, it bridges the theoretical divide between family business and innovation management research. The study contributes empirically by identifying how first- and second-generation leaders jointly activate innovation through the interplay of vision alignment, governance flexibility, resource empowerment, cultural collaboration, and intergenerational learning. In doing so, it provides a process-oriented model that explains both the enabling and constraining mechanisms of dual-generational innovation and offers actionable guidance for family firms seeking to sustain innovation while preserving their legacy during leadership transition.

Despite growing interest in succession and innovation, existing research has largely overlooked the micro-level interaction processes through which generational tensions are translated into innovation outcomes.

3. Methodology

While prior literature informed theoretical sensitivity, all first-order concepts were derived inductively from informant terms, with theory introduced only during the transition to second-order themes and aggregate dimensions. Grounded in the preceding literature, this study examines dual-generational innovation challenges and the mechanisms enabling successful renewal in family firms. It contributes by developing a process-oriented conceptual framework that integrates cross-generational interaction, organizational levers of innovation, and family dynamics. To capture the complexity and contextual depth of these phenomena, a qualitative, multiple case study design was adopted following the principles of Yin (2018) and Eisenhardt (1989). This approach is particularly suitable for exploring “how” and “why” questions related to innovation activation during G1–G2 transitions and for generating theory from empirical patterns.

3.1 Research Design

The study follows an exploratory, inductive design based on multiple case studies, allowing for theoretical replication across heterogeneous contexts. Each case either confirms or challenges emerging insights. The firm served as the unit of analysis, while the focal interaction of interest was between first- and second-generation leaders (G1 and G2) in processes of innovation and value creation. This design enabled the identification of common mechanisms and contextual differences in how organizational levers shape innovation during succession. Adopting a processual logic, data and theory were iteratively linked to develop a grounded conceptual understanding of dual-

generational innovation.

3.2 Case Selection

Following purposive and theoretical sampling principles, five family firms were selected to ensure diversity in size, industry, and governance structure. Sampling was guided by three criteria:

- Active involvement of both G1 and G2 in business operations;
- Demonstrated efforts toward business model or product innovation (successful or otherwise);
- Access and willingness of both generations to participate.

These criteria ensured analytical richness and enabled theoretical saturation, achieved when additional data no longer produced novel insights. The selected firms exhibited varying innovation outcomes—from successful transformation to partial renewal and outright failure—allowing the study to capture the full spectrum of G1–G2 dynamics. Rather than aiming for statistical generalization, the cases provide analytical generalizability through theoretical replication across contexts.

3.3 Data Collection

Data were obtained through eighteen semi-structured interviews with five founders (G1), five successors (G2), and eight external experts (innovation and governance advisors). Each interview lasted 60–90 minutes, conducted either face-to-face or virtually under informed consent. All interviews were audio-recorded and transcribed verbatim.

The interview guide—developed from prior literature—covered six thematic domains: family and business history, succession experience, perceptions of innovation, leadership and governance dynamics, knowledge-sharing practices, and strategic vision alignment.

To strengthen rigor, secondary data (e.g., corporate documents, governance charters, organizational charts, official websites) were collected and integrated through triangulation. Cross-source comparison ensured validity, and variations across generations, roles, and data types enhanced the study’s trustworthiness.

Table 1. Overview of Case Study Firms and Interviewees

Firm	Innovation Challenge Theme	Role of G1 (First Generation)	Role of G2 (Second Generation)	Outcome
A	Digital Platform Development	CEO - Founder	Operations Manager - Successor	Moderate Success (partial implementation)
B	E-commerce Restructuring & Branding	Owner - Founder	Marketing Manager	Successful Transformation

Firm	Innovation Challenge Theme	Role of G1 (First Generation)	Role of G2 (Second Generation)	Outcome
C	Service Diversification	Partner - Founder	Strategy Manager	Failure due to Managerial Conflicts
D	Initiatives	CEO - Founder	Project Manager	Moderate Success
E	Technology Integration	Owner - Founder	Operations Manager	Failure and Lack of Adoption

Participants were chosen through purposive sampling to ensure representation of diverse generational roles and innovation experiences across industries. A purposive sample of 5 family firms across industries or regions was selected to capture variation in governance structures and generational stages. Data were gathered through 33 semi-structured interviews (duration range), complemented by archival records and strategic documents. The Gioia methodology guided coding, following first-order concepts, second-order themes, and aggregate dimensions. Data from varied sources were systematically cross-checked to ensure validity.

3.4 Data Analysis

Data were analyzed using a systematic, iterative coding procedure inspired by the Gioia methodology (Gioia et al., 2013). Data analysis proceeded through open, axial, and selective coding stages—identifying first-order informant terms, second-order themes, and aggregate dimensions. All coding was performed independently by two researchers, then cross-validated to ensure reliability. Inter-coder agreement reached Cohen's Kappa = 0.82, indicating strong consistency.

A structured cross-case matrix was developed to compare findings across firms, enabling the identification of recurrent patterns and contextual divergences. The analysis emphasized both within-case depth and across-case comparison to develop a processual model of dual-generational innovation activation. The analysis emphasized both within-case depth and cross-case comparison, enabling the development of a processual model of dual-generational innovation activation.

3.5 Validity and Reliability

Research rigor was enhanced through methodological triangulation across interviews, documents, and secondary sources. Five participants completed member checking of summary findings. Two independent family-business scholars conducted peer debriefing, auditing the coding structure and thematic mapping to ensure conformability. Ethical compliance: approval was obtained from the corresponding institutional review board, and all participants gave written consent. These procedures collectively reinforced the study's credibility, transferability, and dependability.

4. Results

Drawing on cross-case analysis, the results reveal that dual-generational value creation in family firms unfolds as a negotiated, collaborative process rather than a linear transfer of control. Innovation emerges through the interaction of contextual factors, generational dynamics, and the deliberate activation of innovation mechanisms. The thematic analysis produced four interrelated dimensions: (1) antecedent conditions, (2) dual-generational innovation processes, (3) innovation challenges, and (4) enabling mechanisms. A comparative summary is presented in Table 2 .

Generational Risk Orientation and Legacy Preservation: Across all cases, founders (G1) displayed deep-rooted *risk aversion* shaped by emotional attachment to legacy and the desire to preserve socio-emotional wealth (SEW). While these traits ensured business stability and continuity, they often constrained G2's innovation initiatives, particularly those perceived as disruptive. Resistance weakened when G1 reframed innovation as a means of continuity enhancement rather than a threat. Successful firms achieved this shift through dialogue and incremental experimentation that balanced preservation with renewal.

Successor-Driven Evolutionary Innovation: Contrary to simplistic assumptions that G2 either accelerates or hinders innovation, findings indicate that successors tend to pursue evolutionary innovation—small-scale, low-risk initiatives such as digital transformation, process improvement, and market diversification. These initiatives align with firm heritage while progressively renewing the business model. Rather than replacing G1's innovation trajectory, G2 refines and extends it by leveraging digital tools, external partnerships, and new market insights, fostering heritage-aligned modernization.

Intergenerational Tensions as a Catalyst for Learning: Conflict between G1 and G2—centered on vision alignment, authority, and risk tolerance—was ubiquitous. Yet its impact depended on how it was managed. In firms with structured communication platforms and shared decision-making systems, constructive conflict became a learning catalyst that strengthened organizational adaptability and trust. Such tension, when channeled through open dialogue and mutual respect, were stimulated creative problem solving and facilitated strategic alignment between generations.

Non-Family Professionals as Knowledge Brokers: External professionals played a decisive bridging role in translating G2's innovation language into narratives compatible with G1's legacy orientation. Their neutrality reduced defensiveness, fostered legitimacy, and facilitated cross-generational trust. In several cases, non-family advisors reframed innovation as essential to legacy preservation, helping both generations co-create a shared vision of progress. This “translation” function proved vital for breaking deadlocks and mobilizing organizational resources toward innovation.

Sequential and Integrated Activation of Innovation Levers: Successful transitions demonstrated that innovation levers must be activated sequentially and cohesively.

Firms began with vision alignment to reduce resistance, followed by structural adjustments that empowered G2, resource reallocation to support experimentation, cultural evolution toward collaboration, and knowledge integration to sustain learning. This orchestrated, stage-based approach enabled firms to transform generational friction into dynamic capability, fostering sustainable competitive advantage during succession.

Framework of Dual-Generational Innovation Enablement: The cross-case synthesis identifies five interdependent innovation activation levers—vision, structure, resources, culture, and learning—that jointly determine whether dual-generational innovation succeeds or fails. Firms that intentionally managed these levers developed a meta-capability to reconcile tradition and transformation. The resulting framework offers a structured, process-based explanation of how intergenerational collaboration drives innovation and provides actionable guidance for family business leaders navigating succession.

Summary of Empirical Findings: Key Findings on Intergenerational Innovation Dynamics

This study reveals that value creation during succession in family firms is a negotiated, collaborative process fundamentally driven by the management of intergenerational risk orientations and innovation capacity. We found that G1's inherent risk aversion, while crucial for legacy preservation, acts as a constraint unless innovation is explicitly framed as an augmenting force for continuity. Successors (G2) primarily function as catalysts for evolutionary transformation, integrating digital tools and external knowledge into the existing heritage rather than initiating radical disruption. Crucially, intergenerational conflict, when managed through structured communication and joint decision-making platforms, converts into a powerful driver for organizational learning and strategic alignment. The success of this transition hinges on the sequential and integrated activation of five innovation levers—vision alignment, structural adjustment, resource allocation, cultural evolution, and learning—with non-family experts acting as vital knowledge brokers to mediate between the generational perspectives. Ultimately, sustained innovation and competitive advantage arise from the firm's dynamic capability to orchestrate these structural and relational mechanisms coherently.

The empirical data highlights that successful dual-generational innovation is not an outcome of mere generational presence, but rather the result of actively managing organizational mechanisms across five integrated domains. The core findings establish:

Strategic Vision Alignment as Conflict Mitigation: Establishing a shared strategic vision that explicitly integrates the legacy values of the first generation (G1) with the modernization and innovation aspirations of the second generation (G2) is paramount. When innovation is framed as business continuity and adaptation rather than disruption, G1's defensive stance is significantly reduced, leading to unified commitment toward a long-term, innovation-centric trajectory.

Flexible Governance for Empowerment: Traditional centralized decision-making

structures in family firms are significant constraints for G2's modern management approaches. Findings show that an introducing flexible governance structure, such as formal intergenerational innovation committees, successfully reduces authority-based tensions. Such structures empower G2 to lead innovation in defined areas while ensuring adherence to core business heritage.

Resource Allocation Balancing Heritage and Future Growth: Effective innovation necessitates controlled access to capital and expertise for G2. The key finding is the necessity of dual resource dedication: G1 provides the foundational capital to support established operations, while G2 leverages this capital, often supplemented by external funding sources (e.g., venture capital), for targeted, future-oriented projects.

The Critical Role of External Intermediaries: The integration of non-family external experts (consultants) was identified as a crucial enabler for overcoming generational knowledge gaps. These specialists act as neutral mediators, translating G2's innovative logic into terms compatible with G1's legacy experience, thereby facilitating structural adjustments and accelerating the adoption of formal innovation processes.

Cultivating a Collaborative Knowledge and Idea Culture: A fundamental shift from a control-oriented culture to one emphasizing participatory innovation, is essential. This involves creating structured spaces for intergenerational brainstorming where G1's valuable tacit knowledge is effectively combined with G2's explicit knowledge of modern business practices and technologies. This synthesized knowledge base enables the firm to create novel value propositions while preserving core family identity.

In summary, the results emphasize that managing the intergenerational transition requires a process-driven, dynamic integration across all organizational facets to ensure that innovation is perceived not as a threat to tradition, but as the mechanism for ensuring the firm's enduring competitiveness.

Table 2 summarizes how first-order codes (e.g., conflict, risk aversion) were aggregated into second-order themes (e.g., intergenerational tension, structural inertia) and synthesized into four dimensions (antecedents, process, outcomes, solutions). This coding pathway substantiates the emergent conceptual framework (Figure 1).

Table 2 shows the structure of data based on thematic analysis

First-Order Codes	Second-Order Themes	Aggregated Dimensions
Entry of passive Second Generation (G2) into the company	Challenges and Barriers of Passive Second Generation (G2) Low Motivation	Challenges
Challenges of low motivation and passivity of G2		
Challenges of the First Generation (G1) in adopting ideas	Challenges of the First Generation (G1)	
Risk aversion of the First Generation (G1)		

First-Order Codes	Second-Order Themes	Aggregated Dimensions
Resistance of G1 to change		
Patriarchal Culture	Family Business Challenges	
Challenges between the two generations	Insufficient Contextual Resources/Barriers	
Disagreements/Differences between generations	Structural Barriers at the Company Level	
G1 resistance to external ideas		
Risk aversion and path dependency	Challenges of the First Generation (G1)	
View incongruence	Intergenerational Conflict	
Lack of innovation systems	Structural Inertia	
Disagreement over strategic priorities		
Long-term goals	Vision	Antecedent Factors
Collaboration through trust with G1 and G2 capabilities	Consensus Building and Commitment	
Capabilities and resources to stabilize change with G2 and experts entry		
Two-Gen Value Creation	Interaction and Knowledge Exchange	Process
Knowledge and idea exchange	Resource Management by G1	
Allocation of experts and team management by G1		
G1 providing access to technology		
Management by G1		
Ideation and Execution by G2 Capabilities and Experts	Innovation creation by G2 and experts	
Utilization of G2 in projects		
Acceptance of G2 within the company		
Collaboration between G2 and experts	Synergy	Outcomes
Entry of G2 and experts	Change implementation by both generations	
Synergy between the two generations		
Solving Challenges and Conflicts	Motivation creation and mindset shift of G1/	Solutions
Reducing G1’s risk aversion	Solving G1’s challenges	
Creating an innovative style,	Creating flexibility in G1	

First-Order Codes	Second-Order Themes	Aggregated Dimensions
structure, and culture with G2 entry	Ideation	
Exchange and integration of knowledge and ideas		
Conflict resolution through interaction		
Ideation,		
Creating an innovative vision with G2 entry		
Creating motivation and flexibility in G1		
Resolving generational conflicts	Solving G1 challenges	
Preparing G1 for changes		
Interaction between Generations	Knowledge Exchange and Learning	Synergy
Knowledge sharing between generations	Mechanisms for intergenerational knowledge exchange	
Utilizing learning and knowledge from interactions		
Innovative vision and synergy	Preparation for change and solving G1 challenges	
Pilot projects led by G2	Gradual innovation pathways	
Empowerment of G2 and innovation process		
Regular meetings between G1 and G2	Conflict resolution/Interaction	
Adjustment of decision-making authority and gradual culture change	Structural and cultural adjustments	

Taken together, these findings reveal a patterned set of intergenerational interaction processes through which innovation is enabled during succession. Codes were aggregated into four overarching dimensions—Antecedents, Processes, Challenges, and Solutions—summarized in Figure 1.

4.1. Conceptual Framework: A Process View of Dual-Generational Innovation

The conceptual framework guiding this analysis is process-oriented, integrating theory and practice through three core clusters: Antecedent Conditions, Dual-Generational Innovation Processes, and Enabling Mechanisms, all framed by the Challenges inherent in intergenerational transition.

Antecedent Conditions

The context for innovation is significantly shaped by deep-seated generational differences in organizational culture and risk orientation, which define the starting point

for value co-creation.

Organizational Culture and Generational Dissonance: The prevailing culture is often characterized by G1's centralized control, stemming from strong emotional attachment to the firm and a path-dependent management style ("We've done it this way for 30 years; why change now?"). Conversely, G2 members advocate for modernization, external benchmarking, and digital transformation ("We must look where our competitors are going, not just where we have been"). While family ties provide necessary trust and commitment, they simultaneously foster underlying tension regarding authority and the prioritization of innovation initiatives.

G1's Legacy Orientation: Source of Stability and Resistance: G1 leaders play a dual role: their focus on stability and preservation of Socio-Emotional Wealth (SEW) ensures organizational continuity, yet this orientation reinforces innovation resistance. This manifests as:

- Risk Aversion: Fear of disrupting the established family legacy.
- Authority Hoarding: Reluctance to delegate significant decision-making power to G2.
- Path Dependence: Strong preference for established routines and past strategies.

When appropriately engaged in shared visioning, this legacy knowledge can shift from being an impediment to a valuable source of innovation context.

G2 as a Catalyst for Gradual Reconstruction: Contrary to assumptions of automatic disruption, G2 acts as a catalyst for evolutionary transformation. Their focus centers on introducing modernization, such as digital transformation, process refinement, and market diversification. These efforts are generally aligned with long-term business sustainability but require empowerment to overcome entrenched G1 mindsets. G2's primary struggle is gaining traction when structural and cultural inertia resists their forward-looking agenda.

Dual-Generational Innovation Processes and Challenges

Innovation emerges through interaction, but this process is heavily mediated by significant generational friction points.

Intergenerational Conflict as Both Obstacle and Driver: Conflict—stemming from misaligned strategic visions (stability vs. adaptability), risk tolerances, and operational styles—is endemic. Key conflict dimensions include:

- Goal Misalignment: G1 prioritizing legacy preservation versus G2 prioritizing growth and competitiveness.
- Decision-Making Tensions: G1's reluctance to delegate authority and validate G2's competence.
- Communication Gaps: Limited open dialogue exacerbating latent emotional issues.

In firms lacking formal mechanisms to resolve these tensions (e.g., Companies C and E), innovation initiatives stalled. However, where structured dialogue and joint

platforms were implemented, conflict catalyzed constructive organizational learning, transforming tension into strategic alignment.

Structural Impediments: Beyond individual dynamics, inherited organizational structures impede change:

Rigid Hierarchies: Centralized control limits G2's autonomy.

Lack of Formal Systems: Reliance on informal operations stifles systematic innovation management, knowledge transfer, and project assessment.

Resource Capture: Financial and human capital controlled by G1 restricts G2's capacity for experimentation.

This structural inertia amplifies personal resistance, creating compounded challenges for value co-creation.

Enabling Mechanisms: The Activation Levers

Successful value co-creation was contingent upon the sequential and integrated activation of five specific innovation levers, which together form a dynamic capability to manage transitional tensions. This activation process moves from securing philosophical buy-in to embedding systemic changes:

- Vision Alignment: Serving as the prerequisite step to mitigate initial G1 resistance.
- Structural Adjustment: Implementing changes to formally empower G2 and decentralize certain decision rights.
- Resource Allocation: Ensuring G2 gains necessary access to capital and expertise for experimental initiatives.
- Cultural Evolution: Promoting a transition from paternalism toward collaborative governance.
- Learning and Ideation: Culminating in integrated knowledge application, sustained by the preceding steps.

This staged approach is essential for overcoming inherent resistance and establishing a governance model where both generations contribute synergistically to the firm's future.

Conceptual Framework: Processes and Enabling Mechanisms

Building upon the antecedent conditions and defined challenges, successful value co-creation relies on the active orchestration of intergenerational interaction and structural adaptation, aligning directly with the Innovation Activation Levers.

Dual-Generational Innovation Processes

Empirical evidence points to three crucial process mechanisms that translate generational potential into realized value:

Structured Interaction and Knowledge Synergy: In successful cases (Firms B and D), regular communication protocols fostered the necessary knowledge synergy. This involved systematically intertwining G1's tacit, experiential knowledge with G2's

external, modern knowledge (e.g., combining a father's client relations expertise with a son's digital marketing plan). Mutual respect, facilitated through structured mechanisms like joint strategy sessions or project committees, reduced generational friction. These platforms served not only as arenas for strategic planning but also as learning loops, embedding both generations within a shared pathway for future innovation.

G2 Empowerment via Project-Based Innovation: Rather than engaging in disruptive, large-scale organizational overhaul, sustained success was achieved through a strategy of project-based empowerment enabling incremental transformation. This involved formally entrusting the junior cohort (G2) with the leadership of limited-scope, pilot initiatives—such as initial e-commerce explorations—which remained under the oversight of the incumbent generation (G1). This carefully managed approach served a triadic function: it effectively de-risked the perception of change for G1 by confining the scope of activity, facilitated the building of legitimacy for G2 through demonstrated competence, and established crucial momentum via tangible, incremental milestones. Consequently, this mechanism proved vital in engineering the gradual and successful transfer of both leadership roles and requisite decision-making authority across the generational divide.

Critical Enabling Mechanisms: Two mechanisms were identified as definitive determinants in overcoming resistance and operationalizing the innovation levers:

Vital Role of External Expertise: The integration of non-family external professionals proved to be a critical differentiator. These experts provided objective viewpoints, facilitated trust-building, and, most importantly, acted as translators. They successfully reframed G2's technical innovation proposals into narratives that resonated with G1's legacy values and competitive survival ethos. External counsel was instrumental in structuring governance reforms and formalizing knowledge-sharing platforms, thereby mitigating emotional resistance rooted in family dynamics.

Structural and Cultural Modifications: Achieving long-term prosperity necessitated that successful firms implemented a series of progressive, interlocking adjustments throughout their operational landscape. These modifications centered on three main areas: first, the restructuring of Decision Structures to include innovation committees featuring balanced, dual representation; second, a tactical shift in Resource Allocation by earmarking smaller, dedicated budgets specifically for experimental projects; and finally, a crucial evolution in Organizational Culture, moving away from a purely control-focused management style to one that actively encourages experimentation and views minor failures as valuable opportunities for learning..

Outcomes of Dual-Generational Innovation

When these processes and enabling mechanisms are properly integrated, the outcome is sustainable value co-creation. G2 successfully introduces modernizing innovations (digital tools, market diversification) that align with, rather than disrupt, the firm's long-term viability. The ultimate impact of G2's initiatives is directly proportional to the

structural flexibility and empowerment granted to them throughout the succession phase.

4.2 Component of Process-Based Conceptual Framework for Dual-Generational Innovation in Family Firms

This study presents an evidence-based, process-oriented conceptual framework that elucidates the mechanisms necessary for achieving successful dual-generational innovation during ownership transitions in family firms. Sustained value creation is contingent not merely upon the presence of the second generation (G2) but critically depends on the quality of interaction, structural adjustments, and the active orchestration of innovation activation levers enacted throughout the transfer process.

The framework is structured around four core components:

-Contextual Antecedents and Driving Forces

First Generation's (G1) Legacy Orientation: Primarily focused on maintaining stability, tradition, control, and socio-emotional wealth, which often manifests as risk aversion and centralized authority.

Second Generation's (G2) Innovation Drive: Acts as a catalyst for renewal, external knowledge injection, restructuring, and strategic adaptation essential for long-term survival.

Family Culture: The foundational substrate characterized by trust and loyalty, yet inherently susceptible to latent tensions arising from family power dynamics.

-Core Challenges

The core tension within the organization stems from a fundamental clash between two distinct generational forces: the established group (G1), characterized by a strong aversion to risk, and the newer cohort (G2), which champions the necessity of bold, innovative risk-taking. This primary divergence is compounded by an intergenerational struggle concerning strategic direction, the allocation of decision-making power, and unclear roles, all set against a backdrop of structural inertia caused by the critical lack of formal protocols designed to manage and encourage innovation.

-Obstacle Overcoming Processes: The Activation Levers

Four crucial enabling mechanisms must be actively orchestrated to translate potential into performance:

Structured Interaction and Knowledge Exchange: Establishing formal communication protocols (e.g., joint strategy sessions, cross-generational teams) to synthesize G1's tacit, experiential knowledge with G2's external knowledge.

G2 Empowerment via Pilot Projects: Entrusting G2 with the leadership of small-scale, manageable pilot initiatives under G1's oversight to de-risk new ventures and incrementally build G2's credibility.

Structural and Cultural Adjustments: Modifying governance structures to promote collaboration (e.g., establishing innovation committees) and enacting a cultural shift from mere control toward embracing experimentation and learning from minor failures.

Integration of External Expertise: Utilizing independent professionals as mediators to facilitate trust, translate technical proposals into G1-aligned value narratives, and help structure governance reforms.

-Outcomes of Successful Dual-Generational Innovation

The successful implementation of these processes leads to:

- Gradual and Sustainable Innovation that preserves the family legacy while strategically revitalizing the enterprise.
- The formation of synergistic leadership capable of leveraging the distinct strengths of both generations.
- The realization of dual-generational synergy and value co-creation, rather than the mere replacement of one generation by the other.

Innovation in this study refers to incremental and evolutionary changes; including digitalization, process improvement, and business model refinement, rather than radical or disruptive innovation.

4.3 Conceptual Framework for Dual-Generational Innovation

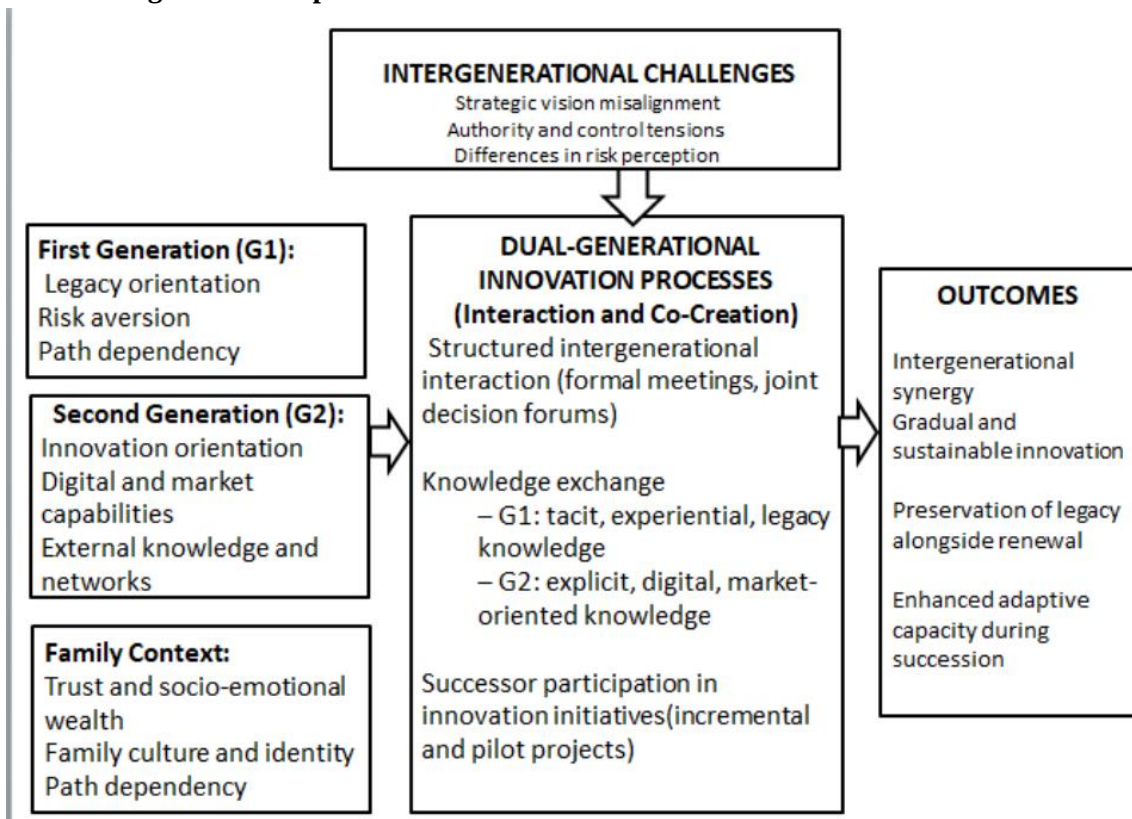
Figure 1 illustrates the proposed process-based conceptual framework for achieving successful innovation during ownership transitions within family firms. This framework is developed by integrating the Five Innovation Activation Levers model proposed by Crossan and Apaydin (2010) into the unique context of the family business environment. Building on Crossan and Apaydin's (2010) five innovation activation levers, the framework contextualizes these mechanisms within the dual-generational succession process. It posits that successful dual-generational value creation necessitates the coordinated activation of these levers.

Contrary to viewing succession as a linear transfer of authority, this model frames the transition as a participatory process of mutual learning and innovation, where heritage (G1) and renewal (G2) coexist to ensure long-term value creation. Successful innovation is realized through the active management of these levers, specifically by:

- Aligning visions and mitigating G1's risk aversion through trust-building mechanisms.
- Incrementally empowering G2 through leadership in small-scale, additive innovation projects (pilots).
- Facilitating structured knowledge exchange (integrating tacit and external knowledge).
- Leveraging external expertise to mediate inherent conflicts and inject transformative knowledge.
- Adapting structures and culture to foster collaboration over centralized control

As illustrated in Figure 1, successful transition requires the coordinated activation of five innovation levers.

Figure1. Conceptual Framework: Dual-Generational Innovation Process.



The framework explains innovation as an emergent outcome of interaction processes rather than as the result of formal innovation mechanisms or governance prescriptions. This section synthesizes the findings to establish the theoretical contributions and practical guidance stemming from the Dual-Generational Innovation Framework (Figure 1). The framework illustrates how innovation during generational transition emerges as a process shaped by antecedent generational orientations, mediated by intergenerational challenges, and realized through structured interaction and knowledge exchange between first- and second-generation actors, leading to sustainable innovation and legacy preservation.

This study conceptualizes innovation during generational transition in family firms as a dynamic, process-based phenomenon rather than a linear transfer of authority. As illustrated in Figure 1, the framework positions dual-generational innovation as emerging from the interaction of contextual antecedent conditions, intergenerational challenges, and collaborative innovation processes. Antecedent conditions are shaped by contrasting generational orientations, where first-generation leaders (G1) are primarily driven by legacy preservation, risk aversion, and path dependency, while

second-generation members (G2) bring innovation-oriented mindsets, digital capabilities, and external knowledge. These differences give rise to intergenerational challenges, including strategic vision misalignment, authority and control tensions, divergent risk perceptions, and structural and cultural inertia. Innovation outcomes are not determined by these challenges alone, but by how they are navigated through structured intergenerational interaction, knowledge exchange, and the active involvement of successors in incremental innovation initiatives. Through these co-creative processes, family firms can transform generational tension into intergenerational synergy, enabling gradual and sustainable innovation that preserves the firm's legacy while supporting renewal and adaptive capacity during succession.

This study contributes to the family business and innovation literature by advancing a process-based explanation of how innovation emerges during generational transition. Prior research has predominantly treated succession as either a constraint or a catalyst for innovation, often relying on static, generation-centric comparisons. By contrast, the proposed conceptual framework conceptualizes dual-generational innovation as an interactive and relational process shaped by antecedent generational orientations, intergenerational challenges, and co-creative innovation practices. The model demonstrates that innovation outcomes are not determined by the mere presence of a successor generation, but by the quality of intergenerational interaction and knowledge exchange through which generational tensions are actively managed. In doing so, this framework bridges fragmented perspectives on legacy preservation and strategic renewal, showing how risk aversion, conflict, and structural inertia can be transformed into sources of learning and adaptive capacity. The study thereby extends succession theory by shifting the analytical focus from generational replacement to intergenerational collaboration, and enriches innovation theory by highlighting the role of family-specific relational dynamics in enabling gradual and sustainable innovation over time.

4.4 Theoretical Integration and Process-Oriented View

The conceptual framework moves beyond a static view of succession as a binary event (either inhibiting or enhancing innovation) by adopting a process-oriented model that integrates established family business succession theory with innovation management concepts. Our approach aligns with the necessity of co-creation, where succession is framed as an ongoing, collaborative process rather than a one-time transfer of control. The decision to build upon the Crossan and Apaydin (2010) model is justified by its ability to structure the complex dynamics of innovation across five critical levers: Vision, Structure and Systems, Resource Allocation, Culture, and Learning. The framework demonstrates that successful dual-generational value creation is not an inevitable outcome but rather a direct product of the systematic and synchronized activation of these interwoven levers within the family firm context.

-Empowerment through Incremental Autonomy

A key finding is the significant enhancement of G2's capacity to lead innovation when granted autonomy via small-scale, pilot projects. These incremental schemes serve a dual purpose: they allow G2 to pilot new ideas, test novel business models, and build organizational legitimacy without immediately threatening G1's established operations. Crucially, this mechanism acts as a vital risk-mitigation strategy for G1, lowering resistance by containing initial exposure to potential disruption and enabling gradual knowledge transfer regarding new ventures.

-The Mediating Role of External Expertise

The study underscores the pivotal role of external, non-family expertise as a critical boundary spanner and mediator. External advisors serve not only to mediate inherent intergenerational conflicts—where G1's emotional attachment or status quo bias might impede objective judgment—but also to bridge knowledge gaps. While G1 possesses deep industrial tacit knowledge, G2 often brings fresh, external insights regarding emerging technologies or markets. External experts facilitate the effective integration of these disparate knowledge bases, ensuring the firm remains both rooted in its heritage and competitively adaptive.

-Recalibrating the Succession Narrative

Our findings challenge deterministic narratives suggesting G2 is inherently a catalyst or a barrier to innovation. Instead, the influence of the successor generation is shown to be contingent upon contextual factors, interaction dynamics, and the firm's institutional capacity to constructively manage generational differences. Successful firms navigated the transition by systematically activating the five innovation levers, balancing G1's orientation toward heritage and stability with G2's impetus for renewal. This co-creative perspective redefines intergenerational succession as a dynamic opportunity for both generations to collaborate on strategic renewal, thereby ensuring sustainable competitiveness across generations.

5. Discussion and Theoretical Implications

This study set out to examine how intergenerational interaction processes enable incremental innovation during generational transition in family firms. The findings reveal that innovation outcomes are not determined by generational stage alone, but emerge from a patterned process linking antecedent generational orientations, intergenerational challenges, and structured interaction practices.

5.1 From Generational Orientations to Intergenerational Tension

Consistent with prior research, first-generation leaders demonstrated a legacy-oriented mindset characterized by risk containment and continuity preservation, while second-generation actors emphasized renewal through digitalization, process improvement, and

selective market expansion. The Gioia data structure shows that these orientations translated into divergent risk perceptions and strategic priorities, producing recurring tensions around innovation initiatives. However, rather than functioning solely as barriers, these tensions constituted the relational conditions that activated interaction processes. This finding suggests that generational differences are not inherently detrimental to innovation; their effect depends on how they are negotiated through organizational practices.

5.2 Interaction Processes as the Enabling Mechanism

Across cases, firms that developed formalized communication forums and reciprocal knowledge exchange practices were more successful in translating generational divergence into collaborative experimentation. Structured meetings and joint project reviews reduced ambiguity and enabled successors to present innovation proposals in ways that aligned with founders' legacy concerns. Simultaneously, founders contributed tacit operational knowledge that refined implementation strategies. The use of successor-led pilot initiatives further mitigated perceived risk by allowing incremental experimentation within controlled boundaries. As reflected in the second-order themes of "risk-mitigated experimentation" and "legitimacy-building requirement," these practices enhanced successor credibility and fostered acceptance of change.

Importantly, the findings indicate that innovation did not arise from unilateral successor action, but from negotiated collaboration. Interaction processes functioned as a mediating mechanism through which strategic misalignment and authority tensions were transformed into learning opportunities.

5.3 Supporting Role of External Experts

The involvement of external advisors appeared primarily in contexts characterized by lower intergenerational trust. Rather than introducing innovation directly, advisors facilitated alignment by reframing technical initiatives in terms consistent with legacy preservation. This mediating role corresponds to the theme of "framing and communication facilitation" identified in the data structure. Where internal communication was already effective, innovation progressed without significant external intervention, indicating that advisors represent a boundary condition rather than a primary driver.

5.4 Incremental Innovation and Adaptive Capacity

Effective interaction processes were associated with three observable outcomes: heritage-aligned incremental innovation, intergenerational synergy, and enhanced adaptive capacity. Innovations improved efficiency and responsiveness while maintaining organizational identity. Over time, structured interaction reduced defensiveness and enabled complementary use of experiential and external knowledge. This iterative collaboration strengthened firms' ability to respond to environmental

change beyond the immediate succession period.

Taken together, the findings support a process-based understanding of innovation during generational transition. Innovation emerges not from generational replacement, but from structured interaction through which tension is negotiated and recombined into incremental renewal.

This study advances existing theory by integrating fragmented insights into a single process explanation of intergenerational innovation during succession. This study proposes a process-oriented, interactive conceptual framework designed to elucidate the emergence of dual-generational innovation during ownership transitions in family firms. By integrating established Family Business Succession Theory with the Innovation Management literature, this framework provides a structured model for understanding how collaboration is fostered, conflict is managed, and innovation is actively catalyzed.

The core contribution lies in mapping the dynamics of succession onto the Five Innovation Activation Levers (Vision, Structure & Systems, Resource Allocation, Culture, and Learning), as originally proposed by Crossan and Apaydin (2010). Successful innovation during generational shifts is thus contingent upon the synchronized activation of these levers to address inherent dualistic tensions:

Mitigating G1 Risk Aversion: Achieving alignment of vision and building trust are crucial to reducing the first generation's (G1) inherent preference for stability and path dependency, often manifests as risk aversion.

Empowering G2 through Incrementalism: Enabling the second generation (G2) to lead small-scale innovation pilot projects allows for necessary renewal efforts without immediately threatening the established operations, thereby transforming potential friction into constructive empowerment.

Facilitating Structured Knowledge Exchange: Mechanisms must be in place to foster structured learning, bridging the gap between G1's deep, tacit industrial knowledge and G2's external, market-oriented insights.

Leveraging External Expertise for Mediation: Non-family experts were vital as catalysts and mediators, facilitating knowledge translation and resolving intergenerational conflicts, rooted in differing risk tolerances or decision-making styles. External experts did not independently generate innovation, but facilitated intergenerational alignment in contexts where internal trust was insufficient.

Adapting Structures for Collaboration: Necessary cultural and structural adjustments must be made to institutionalize collaboration, rather than merely allowing it to occur spontaneously.

5.5 Bridging Contradictory Narratives on Generational Impact

This framework addresses key contradictions in the family business literature regarding generational succession and innovation. While some research suggests G2 inherently impedes innovation due to inherent conservatism (Werner, 2018), and others emphasize G2's potential for strategic renewal (Basco, 2019; Erdogan, 2019), our findings suggest

both outcomes are possible, contingent upon the quality of interaction and structural flexibility. This outcome reflects the hierarchical limitations faced by G2 during transition. This nuanced view, which details the mechanism of how G2 influences innovation, aligns with and expands upon the strategic evolution concepts that this view extends the conceptualization proposed by Vajdi Vahid (2025), *Journal of Innovation Science*.

The impact of the founders (G1) is also complex; while their commitment to legacy ensures stability—a necessity for preserving socio-emotional wealth (Thakur, 2020; Lorenzo, 2022)—this same commitment acts as a barrier to strategic adaptation. The tension observed between G1's heritage-centric approach and G2's growth mindset confirms that integration requires a shared strategic vision nurtured through participatory leadership.

5.6 Advancing Organizational Learning and Conflict Management

The study advances organizational learning theory by highlighting the pivotal role of external expertise in mediating intergenerational knowledge transfer (Koentjoro, 2020). Furthermore, by re-framing succession as a negotiated, co-creative process rather than a simple replacement event, the framework supports the view that constructive intergenerational conflict, when managed through structured engagement, can serve as a potent stimulus for strategic recalibration and organizational learning (Basco, 2019).

In conclusion, this empirically grounded and theoretically robust framework offers a sophisticated roadmap for achieving sustainable dual-generational value creation. By detailing the required strategic, structural, and cultural adjustments necessary to activate the five innovation levers, the study equips both researchers and practitioners with a mechanism to guide transitions that simultaneously preserve heritage and ensure enduring competitiveness in a dynamic business environment.

5. Conclusion

This study develops a process-based conceptual framework explaining how intergenerational interaction enables incremental innovation during succession in family firms. Drawing on multiple case evidence and a Gioia-inspired qualitative analysis, the findings show that innovation does not result from generational replacement alone, but emerges through structured communication, knowledge exchange, and successor-led pilot initiatives that mediate differences in strategic orientation and risk perception. By reframing succession as a relational and negotiated process, the study demonstrates how generational tension can be transformed into collaborative learning and heritage-aligned renewal. The resulting framework highlights the importance of interaction practices in building adaptive capacity while preserving organizational identity. In doing so, this research contributes to a more nuanced understanding of innovation continuity in family firms and underscores the role of intergenerational collaboration in sustaining long-term competitiveness during leadership transition.

This study advances family-firm succession theory by detailing structural and cultural adjustments required for activating innovation levers. This study addressed the central research question: What challenges impede dual-generational value creation in family firms, and what mechanisms facilitate successful intergenerational innovation and renewal? By synthesizing multiple case studies grounded in Family Business Succession Theory and Innovation Management, this research develops and empirically validates the “Dual-Generational Innovation Activation” conceptual framework. The findings overwhelmingly support the necessity of transcending the binary model of leadership succession in favor of a co-creative innovation process. Generational conflict, when constructively managed through active engagement across the five critical levers, transforms from an impediment into a catalyst for learning and adaptation.

Analysis revealed three overarching patterns across the five family firms:

Dual-Generational Complementarity: Firms that achieved innovation continuity exhibited reciprocal trust and structured collaboration, where G1 provided strategic discipline and resource control while G2 injected digital capabilities and market agility.

Structural and Cultural Tensions: In less successful transitions, rigid governance, patriarchal decision-making, and lack of empowerment constrained knowledge transfer and limited experimentation.

Activation of Innovation Levers: Firms that purposefully aligned the five innovation levers—vision, structure, resources, culture, and learning—managed to convert generational tension into creative synergy, achieving both legacy preservation and renewal.

Together, these findings advance a process-based understanding of how family firms co-create innovation during succession and offer practical pathways for managing dual-generational transformation. It contributes to theory by integrating organizational-learning and innovation-activation perspectives, and to practice by providing actionable guidelines for managing intergenerational co-leadership.

6.1. Theoretical Contributions

This study contributes to family business and innovation literature by advancing a process-oriented understanding of how innovation unfolds during generational transition. Existing research frequently explains innovation outcomes in terms of generational stage, successor attributes, or succession timing, implicitly treating renewal as a function of generational replacement. By contrast, the findings suggest that incremental innovation emerges through interaction practices—such as structured communication, knowledge exchange, and successor-led pilot initiatives—through which generational differences in risk perception, authority, and strategic orientation are negotiated. This shifts analytical attention from generational presence to intergenerational interaction as a central influence on innovation trajectories during succession.

In addition, the study contributes to innovation research in family firms by examining how incremental innovation initiatives are undertaken in legacy-preserving contexts. The Gioia data structure highlights how reciprocal learning practices and small-scale experimentation shape the interpretation and acceptance of innovation proposals over time. Rather than positioning successors as unilateral drivers of change, the findings indicate that innovation initiatives are developed through collaborative adjustment that integrates tacit experiential knowledge held by founders with externally acquired knowledge introduced by successors. This perspective helps reconcile previously mixed findings regarding whether succession constrains or supports innovation by emphasizing negotiated adaptation rather than generational dominance.

Finally, by integrating antecedent generational orientations, intergenerational challenges, and interaction processes into a coherent conceptual framework, the study offers an empirically grounded account of how adaptive responses are developed during succession when both generations remain actively involved in organizational decision-making. Within this process, external advisors appear as supporting mediators who may assist in clarifying technical initiatives or reframing proposals in terms consistent with legacy priorities, particularly in contexts characterized by lower intergenerational trust. Taken together, these insights extend process-based perspectives in family business research by reframing succession as a relational and iterative process through which organizational continuity and incremental change are jointly navigated.

6.2. Managerial Implications

The findings of this study suggest several practical considerations for family firms navigating generational transition while pursuing incremental innovation. First, differences in strategic orientation between founders and successors should not be interpreted solely as obstacles to change. Instead, these differences may be addressed through structured communication practices—such as regular joint meetings or project review forums—that provide space for discussion of innovation initiatives in relation to legacy priorities.

Second, incremental pilot initiatives may offer a practical approach for introducing change in contexts characterized by concern for continuity. Small-scale experimentation allows innovation proposals to be evaluated in operational terms, which may support mutual understanding between generations regarding feasibility and risk exposure.

Third, knowledge exchange between generations appears to be facilitated when interaction practices make tacit experiential knowledge and externally acquired expertise more visible during decision-making. This may assist firms in adapting processes while maintaining alignment with established customer expectations and organizational identity.

Finally, in contexts where intergenerational trust is limited, external advisors may contribute by clarifying technical proposals or reframing initiatives in terms consistent with long-standing organizational values. Their role, however, is likely to be supportive

rather than directive.

Taken together, these considerations highlight the potential relevance of interaction practices in shaping how family firms approach gradual organizational change during succession.

Declaration of Generative AI Use

During the preparation of this work, the author(s) used ChatGPT (OpenAI, Version 5.2) to assist in language refinement and structural editing. After using this tool, the author(s) reviewed and revised all content and take full responsibility for the final text.

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