

Effective Factors on Solving The Challenges of Two-Generation Value Creation in Family Firms

*Received: 21.06. 2023**Revised: 01.07. 2023**Accepted: 13.07.2023*

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Abstract

Purpose: Creating value in family firms is considered a challenge, especially with the entry of the second generation. It is important to identify the obstacles and solutions to the challenges in the value creation process. This article answers the question of what factors prevent the success of the G1 and G2 in value creation and what solutions are there to deal with these challenges. In this research, the construct of "5 management levers at the corporate analysis level and the capabilities of G1 and G2 at the level of family analysis" were used. This research identifies and describes some of the barriers firms face and solutions are provided in this field.

Method: To investigate the above relationships, a literature review method and case study of 5 firms were used with 13 semi-structured interviews with G1 and G2 and experts in the publishing industry. After the theoretical saturation of the findings, they were matched with the theoretical views of the background, and finally, the resulting data were analyzed using the analytical method of Straus Corbin. Using the construct of "5 managerial levers (Crossan, 2010) and capabilities of G1 and G2 in solving value creation challenges (Soluk J. K., 2021)" at the level of corporate and family analysis, based on the findings of axial and selective coding, a descriptive model and a theoretical framework were presented.

Results: The factors of solving conflicts and obstacles with the interaction of two generations, acceptance of G2 in the firm, succession and empowerment of the new



generation and reducing the risk aversion of the G1 with the arrival of the new generation and specialists were recognized as the main categories. and the factors of creating vision and motivation and flexibility in G1, interactions and exchanging knowledge and ideas between two generations, changing management style, structure and systems by transferring management to the new generation and creating an innovative culture and changing culture with The arrival of G2 and specialists were recognized as two-generation value creation solutions.

Keywords: G1 and G2 capabilities, challenge, solution, value creation, family firms

Introduction

FB management is distinguished by its complexity and generational aspect. The first and second generations have an impact on the innovation of family firms (Daspit, 2019). Firms face obstacles to value creation. Researchers emphasize the need for more research to solve this problem and providing solutions to overcome obstacles to business model innovation are of vital importance. Research on the role of the first and second generation in innovation and obstacles and solutions to overcome them is necessary (Kryeziu L. , 2021). Innovation has become a critical challenge for firms. The first and second generations may have different interests, management approaches and goals. Previous research suggests that to fully understand the value creation of family firms, the involvement of the first and second generations should be considered (Sinergie, 2020). An aspect that is rarely examined is the analysis of barriers to value creation with the presence of generations. The participation of the first and second generations affects the business behavior of the firm and makes it distinctive and special due to the relatively higher difficulty of the activities in acquiring and Family work, G1. These firms have challenges to take

risks and invest outside their core activity. The characteristics of generations cause limitations or lead to success in business model innovation, which makes it necessary to identify the specific behavior of generations (Braga, 2017). The issue of generations is one of the most critical challenges in family business literature. This research tries to deal with this specific issue as a factor driving or hindering business model innovation from the aspect of value creation. The survival of a family business over the generations depends fundamentally on its innovation. The evaluation of the issue of G1 participation and innovation shows that these two phenomena are incompatible. It is necessary to examine how family firms can solve this paradox and the potential Create innovation in the firm where they work. Business model innovation in terms of value creation is influenced by specific driving factors such as the entrepreneurial characteristics of the founder and obstacles such as disruption in the transmission between generations of the family (Clinton, 2018) . Business model innovation and business succession is one of the most important issues that family firms face at some point in their lives, which can be a big challenge. Value creation is challenging due to its complexity and range of obstacles.



The resource-oriented perspective and recently dynamic capabilities and social capital have been used to research family specificities. Research focuses on the relationship of specific resources of family firms such as social capital (Chirico F. M., 2010) Regarding the innovation of business models, research on the family has mainly been based on a resource-based approach, which considers the family as a store of resources (Belkhdja, 2022). Most research on business success has focused on the key factors of generational succession. Currently, there is little research on bi generational involvement and innovation. It should be investigated how the unique characteristics of family involvement in the firm affect innovation. The arrival of the new generation and the preparation of family firms for innovation and the reluctance of the previous generation suggested. G1 has the characteristic of path dependence, which is mentioned in the research on this subject (Feninger, 2019). The next generation's preferences for success should be investigated (Hahn 2021) and the analysis of how the G1 and G2 affect the value creation capacity should be investigated (Perlines, 2020) and how the G1 can accept the new value and overcome the obstacles of the digital business model. It is suggested to investigate the innovative behavior in the next generation of the family.

Innovation processes may create resistance in family businesses due to their relatively higher difficulty to risk and invest in them. (Braga, 2017). Due to this difficulty, the G1 of these firms have challenges for risk and investment outside of their core business. Barriers to change and the inability of the first and second generation to solve obstacles and

challenges negatively affect the survival and growth of the family business (Amadi, 2021). It is considered a challenge in firms. Currently, it has been analyzed by a number of researchers focusing on the impact of the new generation entering family businesses on their strategic management change. (Petrú, 2019) Existing studies have largely ignored internal barriers to value creation. The problem of innovation in FF stems from the negative impact of ownership-related characteristics and their governance structures on the development of its capabilities (Górriz, 2011). The change of generation and the need to innovate the business model creates a big challenge (Soluk J. , 2020). There has been no research on the role of the new and previous generations in preventing or guiding business model innovation. First and second generation factors and family control and long-term trends have not been investigated (Zornoza, 2020) Previous and next generations can have a positive and negative impact on innovation. A rarely explored aspect is the analysis of barriers to value creation of these firms despite generations (Alayo, 2020). In this field, no research has been done that the entry of the first generation and the cooperation of the second generation can accelerate or hinder the adaptation of family firms to digital transformation. (Cillo, 2020) It is important to identify the obstacles and solutions to the challenges in the value creation process and examine how firms are successful or unsuccessful in changing. (Soluk J. , 2020)

Different generations have different trends and forms of decision-making and a different perspective on change. Generational change in family businesses



creates inevitable challenges. The innovation of family firms is influenced by firm-related factors and generational characteristics (Braga, 2017). Previous research suggests that the involvement of the first and second generations should be considered to solve the innovation challenges of family firms (Sinergie, 2020). It should be investigated what factors caused by the nature of generations act as obstacles and what are the solutions to solve the challenges (Aparicioa, 2019). Business model innovation processes may cause resistance in the G1, and the G1 in these firms has challenges to take risks and invest. It is suggested that the value creation during and after the succession of generations in family firms should be examined and how Family firms try to face the challenge of value creation (Soluk J. K., 2021). Previous research has focused on multigenerational value creation and has mostly investigated the role of social capital. In a research, it has addressed the role of multigenerational interaction for BM (Srisathan, 2022). Chirico's research has addressed the role of dynamic capabilities and culture in creating multigenerational value (Chirico F. M., 2010). In a research, Chirico has addressed the role of paternalism (Chirico F., 2012). The challenges of multigenerational value creation has not received attention.

This research identifies and describes some of the obstacles that family firms face, relying on the analysis of the background review and case study, a theoretical framework was presented that the internal underlying factors of the firm and the obstacles and factors affecting the challenges and identifies solutions and consequences. This research reveals the capabilities and obstacles of family

firms for business model innovation. Insights were provided that there are potential success factors and examined how firms succeed or fail in change. The purpose of this study is to identify those characteristics of family businesses that act as sources of inertia in value creation. This article answers the question of what factors prevent the participation of the G1 and G2 in value creation and also what solutions are there to deal with it? This research explains the success factors of family businesses in business model innovation from the aspect of value creation. It uses the capabilities of generations to face challenges. This research identifies and describes some of the obstacles that family firms face and solutions are provided in this field. The key question that is addressed in this research is "what are the challenges of value creation with the participation of two generations and how do family firms try to face the challenge of value creation".

Research method

To investigate the above relationships, the findings of the literature review as well as the case study method of 5 firms in the publishing industry were used with 13 semi-structured interviews with the G1 and G2 and experts. From the point of view based on resources and capabilities at the level of corporate analysis, 5 management levers (mission, goals and strategy, structure and systems; allocation of resources, and organizational culture, learning and tools of knowledge management and ideation) activate the main processes of innovation. (Crossan, 2010). The lack of these factors creates challenges, and at



the level of the family structure, the capabilities of G1 and G2 were used (Soluk J. K., 2021). In this research, the construct of "5 management levers at the corporate level and the capabilities of G1 and G2 at the level of family analysis" was used. Using the results of background review and case study and their comparison and analysis, based on the findings of axial and selective coding, a descriptive model and theoretical framework were presented. The steps of the research are: 1- literature review and development of interview protocol 2- Interview with G1 and G2 managers and firm specialists as a case study of 5 firms in the publishing industry with 13 semi-structured interviews with 10 first and second generation people and 3 people, An expert familiar with the information technology of these firms 3- Comparing and matching the findings of the interviews with the previous background review in order to ensure the accuracy of the findings 4- Content analysis and axial and selective coding with the analysis of the results of the literature review and case study using the systematic foundation data method of Granrer, Strauss Corbin 5- Presenting the theoretical framework and results. In this research, a total of 13 people from the G1 and G2 managers in the publishing industry and IT specialists of these firms were conducted. The final interview also showed completely repetitive data, which is characteristic of theoretical saturation.

The statistical population in the case study of the first generation founder and second generation in 5 family firms with successful and unsuccessful experience of business model innovation, which is done by the method of purposeful sample selection. In order to ensure the reliability of the research findings,

validation of the conceptual framework and case study was done by matching with the findings of the literature review. In order to measure the validity of the case study, other evidences were collected from other sources in addition to interviews with theoretical triangulation. For external validity, theoretical triangulation of case study findings with documents was used, and for internal validity, compatibility with literature review findings was used. The findings of the literature review were analyzed with the Wetton framework, and the qualitative content analysis of the findings of the literature review and case study were conducted, and the findings were obtained by analyzing the themes from the literature review and interviews with managers in the field of value-creating events. Information collection was done by reviewing the background and interviewing the G1 and G2 and experts, and at the same time, the available evidence was also used.

Research findings: Challenges of two generational value creation

From the point of view based on resources and capabilities at the level of corporate analysis, 5 management levers (mission, goals and strategy, structure and systems; allocation of resources, and organizational culture, learning and tools of knowledge management and idea generation) activate the main processes of innovation (Crossan, 2010). Therefore, the lack of these items creates challenges in value creation. Therefore, these dimensions have been used to examine the challenges. In this section, the value creation challenges of family firms are



examined from the perspective of previous researchers.

Patriarchal culture and resistance to change and risk aversion of G1 and conflict between two generations

Firm culture plays an important role in creating value in family firms. The culture of family firms includes a long-term attitude that supports innovation and risk aversion hinders innovation in family firms. (Norshamsiah, 2019). Resistance to change is one of the most common obstacles that can hinder innovative efforts in businesses. Due to the relatively higher difficulty of activities in family business, the management of these firms has challenges for risk and investment outside their main activity area. The role of the G1 has been raised as an obstacle to creating new value. Often the G1 of the family has a negative role in the growth of the firm due to risk aversion and lack of attention to external opportunities. (Paloma, 2020). Innovation may create resistance in G1 due to their relatively higher difficulty in taking risks and investing in them (Braga, 2017) .G1 has challenges in business model innovation due to the lack of knowledge of the digital environment. (Sievinen, 2019). The path dependency perspective, for the previous decisions of the G1 in the family business, can create a dominant pattern that may act as a barrier to change processes. The culture dependent on the path of the past work structures of the first generation is considered as an obstacle in the innovation of the business model of firms (Weimann, 2020) Family

conflicts between generations are the cause of the failure of these firms (Paloma, 2020). The G1 opposes the change of family conditions and wants to continue the reputation and business for the next generations. G1 are risk averse and conservative and resist changes (Wang, 2016). The dominant role of the G1 in these firms may also make them more cautious and choose paths with less risk and more probability of survival (Avrichir, 2016). Patriarchy and the lack of entry of the new generation prohibit the creation of new value. The lack of expert non-family managers is the reason for the firm's failure in changing the business model. (Cano-Rubio, 2019). Some believe that the G1 plays a negative role in change due to risk aversion and lack of attention to external opportunities. The arrival of the new generation and the employment of non-family managers increase conflicts due to the motivations and career goals different from the family. G1 is reluctant to adopt digital technologies quickly, while younger generations strive for instant adoption (Batt, 2020). Managing a business with two or more generations can increase the risk of conflicts and challenges between generations (Mitter, 2014). When the current generation does not allow the new generation to participate in decision-making, change is prevented and inertia is promoted. (Dergisi, 2021).

Lack of interaction and exchange of knowledge between two generations

The lack of effective use of learning and the inability of the first and second generation management to solve obstacles and challenges affects the



survival and growth of the family firm (Amadi, 2021). Good social relations between the two generations are needed for success so that the two generations have a consensus. The lack of interaction between the older generation and the younger generation may limit the continuation of entrepreneurship. The inability and unwillingness to search, share and transfer knowledge from generation to generation is an obstacle to success (Koentjoro, 2020). There are barriers to the transfer of knowledge from the founding generation to the next generation in family firms (Yun, 2019). Firms with weak absorptive capacity do not have the ability to develop ideas and continue with the previous routines.

Lack of resources, lack of understanding of opportunities and lack of acceptance of new technology

G1 firms in the family supply key resources. In some cases, they have problems in raising the financial level. It does not have an effective structure and they have problems in hiring and retaining experienced managers (Alonso, 2019). Family businesses often face significant challenges over generations due to their inability to properly manage their knowledge and resources. (Andersén, 2015). Most scholars agree that family firms face "severe financial and human capital constraints" compared to their non-family competitors, yet are highly innovative despite these constraints. From the resource-oriented point of view, family firms lack some resources such as management expertise. But they have special family resources such as collective commitment. The G1 has a long-term vision; they care about

survival (Avrichir, 2016). There is a reluctance of G1 to face the risks associated with adopting new technology. These factors significantly reduce the level of innovation in family firms.

Lack of ability and some passive new generation

G1 and G2 are different in their perception of innovation opportunities and obstacles. Some researchers believe that the next generation is more risk-averse than the founder generation. Due to the lack of ability of the new generation, the output of innovation continuously decreases from one generation to another (Werner, 2018). Some believe that the next generation after the founding generation will reduce the ability to innovate or be more risk-averse. Leading a business with multiple generations can increase the risk of intergenerational conflicts and challenges. (Mitter, 2014).

Incorrect management style and structure

G2, who have little information about the industry, supplier partners, employees and customers, make mistakes in their choices alone and act non-innovatively. Unmanaged and poorly managed changes cause inefficiency and confusion, which is mostly due to resistance to change and G1 path dependency. G1 is unable to create new value and respond to environmental changes due to fear of failure. But they have a desire to innovate and invest for the next generations. Table 1 shows the challenges of value creation from the perspective of researchers:



Table 1 The challenges of value creation from the perspective of researchers

When Author of the article	The aim/problem of the research	Research Method	Where/ analysis level	base theory	What: The challenge of value creation	How
(Chirico F. M., 2010)	Creating multi-generational value- Investigating the role of knowledge and capabilities in family firms	Qualitative	family Firm	Dynamic capabilities	Patriarchal or entrepreneurial culture	The patriarchal or entrepreneurial characteristic is a moderating factor in the relationship of multigenerational value creation. Culture has been identified as an important factor based on the case study. Patriarchal culture hinders dynamic capabilities.
(Casprini, 2017)	Innovation in family firms	Qualitative	family Firm	Innovation	G1 risk aversion	G1 is less innovative due to risk aversion and desire to maintain social-emotional wealth. Family businesses have challenges with innovation. Firms that have an informal structure and high family conflicts become an obstacle for aggregating and integrating knowledge and creating innovation and adaptation capabilities. G1 is less innovative and has challenges with innovation due to risk aversion and desire to maintain social-emotional wealth
(Soluk J. , 2020)	Business model innovation	Qualitative	family Firm	Dynamic capabilities	Misunderstanding of managers	Incorrect and uncoordinated understandings of future activities, patriarchal decision-making, employee resistance and lack of unity of action hinder the creation of new value.
(Sievinen, 2019)	The advisory role of non-family managers	Qualitative	family Firm	Resource-based	Lack of up-to-date knowledge of G1	G1 has challenges in business model innovation due to the lack of new market knowledge and unwillingness to communicate with other partners.
(Chirico F. , 2013)	Patriarchal culture	Qualitative	family Firm	Dynamic capabilities	Lack of Innovative tendency	Family firms learn less about their strengths and weaknesses in business. The G1 pays less attention to new opportunities and is conservative due to risk aversion.



When Author of the article	The aim/problem of the research	Research Method	Where/ analysis level	base theory	What: The challenge of value creation	How
(Gerulaitiene, 2020)	Traditional work culture and resistance to change in G1	Dynamic capabilities	family Firm	Qualitative	The role of the family in innovation	G1 and G2 without having the ability to innovate and the capabilities have negative results if they participate in decision making. G2 deals with traditional work culture factors and the resistance of the G1 to create value.
(Dergisi, 2021)	The role of contrasts	Innovation	family Firm	Qualitative	Multigenerational entrepreneurship	Succession in family firms ultimately relies on the capacity to manage intergenerational conflict and related tensions. There is an unwillingness to face the risks associated with adopting new technology. These factors significantly reduce innovation in family firms.
(Marletta, 2018)	Internationalization and Innovation	Qualitative	family Firm	Innovation	Risk aversion and not paying attention to external opportunities	Some believe that the family has a negative role in growth due to risk aversion and lack of attention to external opportunities. There is a positive relationship between the entry of G1 managers and avoidance of business model innovation due to their high level of risk perception. G1 can become more innovative if both the conditions of willingness and ability and self-evaluation are met.
(Duh, 2014)	Succession in family firms	Qualitative	family Firm	Succession	Passivity and reluctance of G2	Second generation family businesses often fail due to passivity and reluctance to seek new business opportunities.
(Weimann, 2020)	Business model innovation	Qualitative	family Firm	Dynamic capabilities	G1 path dependency	These firms have a tendency to match the business model with the competitive environment, but being locked and dependent on the path of the past work structures of the G1 is a challenge that hinders the innovation of the business model.



When Author of the article	The aim/problem of the research	Research Method	Where/ analysis level	base theory	What: The challenge of value creation	How
(Hidroğlu, 2021)	The role of managers' capabilities in innovation	Qualitative	family Firm	Dynamic capabilities	Lack of motivation	G2 is passive and untrained, and the G1 is less agile and flexible due to lack of motivation and does not want to change the business model.
(Avruchir, 2016)	Internationalization and Innovation	Qualitative	family Firm	Innovation	Path dependence and conservatism of G1 management	Path Dependence and conservatism and familial nature of the G1 management may make them more cautious and choose less risky paths.

Conflicts between generations are an important obstacle in the survival of family firms. They face the problems of succession and conflicts caused by the arrival of the new generation. The G1 opposes changing conditions and wants to continue the reputation and business for the next generation. The management style and culture of family firms act as an acceleration or hindrance factor in creating new value in family firms. G1 managers avoid business model innovation due to their high level of risk perception. G1 has a weak absorptive capacity, use path dependence and continuation of previous routines. Managing change can be especially challenging for family businesses (Kotlar, 2019).

Research findings: solutions and Effective factors in solving challenges

From the point of view based on resources and knowledge at the level of corporate analysis, 5 management levers (mission, goals and strategy, structure and systems; allocation of resources, and organizational culture, learning and tools of knowledge management and idea

generation) activate the main processes of innovation (Crossan, 2010). At the family level, the capabilities of the G1 and G2 were recognized (Soluk J. K., 2021). Therefore, these dimensions have been used to provide solutions to solve challenges.

Allocation of new resources with the entry of a non-family manager

Family firms are initially unwilling to create new value due to limited financial resources and have limited innovation. They can overcome this limitation through their ability to exploit knowledge, because they use resources and capabilities that ultimately benefit and promote innovation (PAULO, 2017). With experiential learning and expertise, non-family managers find areas of adaptation and innovation and make decisions to realize efficiency with agility. (Sievinen, 2019). When knowledge and experience are acquired by employing non-family professionals (specially qualified individuals), it increases the flexibility of the family firm. Hiring an expert, specialized knowledge differs from that of the family



owners, increases information asymmetry. The participation of non-family managers is based on their expertise and experience and their compatibility with goals based on social/emotional wealth. (Kallmuenzer, 2018).

Motivation goals and long-term business vision

These firms have a long-term attitude and special motivations, which are effective in business model innovation. Family firms have a vision of business survival for future generations. (Weimann, 2020). Risk-taking and tendency to innovate to enter the digital environment by creating intergenerational interactions in these firms is the factor that motivates change. (Sabyasachi, 2020) Active and educated new generations are more risk-taking and tend towards the digital environment, and intergenerational interactions in these firms increase the motivation to change to match the new value.

Consensus and collective commitment and social capital of the family and solving conflicts and obstacles with interaction between two generations

There is a need for vision to avoid failures caused by conflicts and loss of business (Chabaud, 2021). Firms are more successful in creating new value with the interaction of the G1 and G2. Research has shown that the interaction between the older and younger members of the family generation plays an

essential role in innovation (Dou, 2020). Family firms have consensus with each other due to relationships based on trust and emotional/social wealth. A collective commitment is formed to respond to the needs of the end customer. A high level of social capital and a low level of patriarchy have a positive relationship with creating dynamic capabilities and creating new value in family firms. (Chirico C. S., 2008) Relationships between family members involved in a firm play a fundamental role in shaping decision-making processes and management style. Successful multigenerational family businesses are those in which multiple generations interact, exchange ideas, provide feedback, and support mutual learning. Successful family firms have been able to overcome family limitations and optimally use the positive aspects of family characteristics.

Changing the culture and reducing risk aversion with the arrival of the new generation

The behavior of the G1 entrepreneur is the factor of cohesion and entrepreneurial culture. With the entry of a new generation in the business, family firms adapt themselves to innovations and modify their procedures. In some family firms, the younger generations may reject the authority of the older generation and make changes with revolutionary behaviors and react paternal behaviors. (Rondi, 2020) Firms that introduce a new generation familiar with information technology, with the enthusiasm and hard work of G2, are more inclined to innovate their business model (Casprini,



2017). Each generation brings new ideas, so when the new generation joins the firm, they may become the driving force behind change and innovation. Family firms, with the cooperation of the G1 and G2, have fewer risks due to taking small steps step by step and benefit from the benefits of learning from trial and error. By handing over to the next generation, their flexibility in decision-making and tolerance of mistakes can be increased as a basis for the development of managerial knowledge (Koentjoro, 2020). The new generation has the potential to break path dependency, thus acting as a catalyst for innovation and change in the family business (Mitter, 2014). By employing the new generation with innovative goals, G1 makes decisions based on the vision of business continuity for future generations.

Changing the structure and systems by transferring management to the new generation

In order to succeed, family firms must establish a suitable organizational culture and an incentive system that guarantees the organizational identity and commitment of employees to change the business model. Firms involve G2 in specialized technical and market training (Hidroğlu, 2021). Unique family business issues, such as succession, are a significant challenge for these firms. With the entry of the new generation in the business, they can overcome the problem of being temporary. The management and decision-making methods of family firms change with the arrival of a new family generation. G2 and non-family managers play a key role

based on experience and expertise. They are the key resource and the source of innovation and the necessary capabilities for change management (Cruz, 2020).

Attracting, consolidating and exchanging knowledge and ideas between two generations

Previous research shows the importance of transferring tacit knowledge from G1 to G2 and motivating G2 at the beginning of entering the business by G1. (Gómez, 2020). Creating new value has obstacles that entrepreneurs overcome by learning and creating the necessary capabilities. Aggregation of knowledge and absorption capacity, especially by non-family technical agents and G2, helps these firms in creating an innovative trend (Alonso, 2019). Firms should be more aware of sharing and managing knowledge between generations. Knowledge exchange between two generations and non-family professionals provides the context for business model innovation (Chirico F. M., 2010). The incomplete transfer of knowledge from the older generation to the younger generation has been suggested as the main reason for the failure of family businesses.

Empowering the passive and uneducated new generation

The success of the business in innovation after the realization of the succession depends only on the readiness of the next generation to take the leadership and their ability to add new knowledge and provide new solutions. G1 fosters passive next generation motivations to pursue entrepreneurial opportunities. (Canovi,



2022). Succession in family firms relies on the capacity to manage conflicts between generations and tensions between them. G1 firms involve G2 and employees in specialized technical and market training. Participatory decision-making and greater commitment of

CEOs with second-generation leadership are triggers due to the feeling of attachment to the parent's business and preference for succession, and provide learning opportunities. Table 2 shows some strategies to overcome value creation challenges:

Table 2 Solutions to overcome obstacles to value creation

When Author of the article	The aim/problem of the research	Research Method	Where/ analysis level	base theory	What: The challenge of value creation	How
(Hidroğlu, 2021)	The role of managers' capabilities in innovation	Qualitative	family Firm	Dynamic capabilities	Empowering G2	The G1 provides an environment and platform that facilitates the creation of value with the presence of G2. When G2 and in their position create the necessary capabilities for the new value, the dependence on the G1 will decrease.
(Amadi, 2021)	The role of dynamic capabilities as an agent of change	Qualitative	family Firm	Dynamic capabilities	Effective use of learning	The effective use of learning and the ability of the first and second generation management to solve the obstacles and challenges of change and innovation affect the survival and growth of the family firm.
(Warsaw, 2012)	Backgrounds of internationalization	Qualitative	family Firm	Dynamic capabilities	Vision, culture and commitments	Family characteristics (long-term vision, entrepreneurial culture, risk aversion, family obligations) are effective in pooling resources and capabilities of family firms.
(Calabrò A. ..., 2020)	The role of human resources in innovation	Qualitative	family Firm	resource-based view	Sharing knowledge	The management structure of the first and second generation of these firms is one of the necessary factors in innovation, the arrival of new managers and generations, sharing of knowledge, resources and risk plays a role.
(Marletta, 2018)	The role of strategic capabilities in internationalization	Qualitative	family Firm	Dynamic capabilities	The arrival of a new generation	The arrival of the next generations increases risk-taking and the use of new opportunities.



When Author of the article	The aim/problem of the research	Research Method	Where/ analysis level	base theory	What: The challenge of value creation	How
(Soluk J. , 2020)	Digital transformation	Qualitative	family Firm	Innovation	Knowledge exchange	Digitization strategy and knowledge sharing is the factor of reducing the resistance of the G1 and facilitating. External competitive pressures and internal capabilities are the factors of business model innovation.
(Chirico F. , 2013)	Entering a new generation in the management team	Qualitative	family Firm	resource-based view	Empowering G2	Sociability and modeling are important in G2 entrepreneurship. Experiences accumulated by generations are important in the firm as a basis for innovation. The arrival of new generations is the factor of creating new capabilities.
(Asemokha , 2020)	Business model innovation in internationalization	Qualitative	family Firm	innovation	Capabilities of managers	Use the tacit knowledge of the G1 and experts outside the firm to solve the problem, bring people outside the family into decision making. The experience and expertise of the G1 manager/owner is very important in value creation.
(Alayo, 2020)	Internationalization literature review	Qualitative	family Firm	resource-based view	The entry of a new generation into business	The arrival of new generations in management is a driver of value creation and a factor in removing obstacles.
(Braga, 2017)	Innovation and internationalization	Qualitative	family Firm	Innovation	Learning and knowledge exchange	Knowledge and its exchange between generations affect the innovation of the business model of the family firm. The innovation of family firms is not only influenced by firm-related factors, but also by family characteristics and intergenerational learning.
(Sabyasachi, 2020)	The role of social emotional wealth in decision making	Qualitative	family Firm	Governance	Conflict resolution and interaction between two generations	Firms are successful when conflicts between generations are less and there is more unity and trust between them. Professional development of G2 is an important component. Family firms have a higher teamwork culture. Socio-emotional wealth (as a specific source of aspects of reputation, the entry of different generations in management) is an important factor in the success of family firms.



When Author of the article	The aim/problem of the research	Research Method	Where/ analysis level	base theory	What: The challenge of value creation	How
(Manasrah, 2020)	The role of dynamic capabilities in innovation	Qualitative	family Firm	Dynamic capabilities	The entry of a new generation into business	The tendency to innovate is different from the older to the younger generation of family firms; the less flexible the previous generations are, and the more the business model change depends on the capabilities of the new generations.
(Mitter, 2014)	Innovation of family firms	Qualitative	family Firm	innovation	Culture change, strategy and interaction	The factors of stability of goals and interaction between two generations, the correlation of business and family values, overcoming path dependence despite the stability culture, changing the thinking pattern of the first generation and changing the internal strategy were identified as important factors for solving innovation challenges. The arrival of new generations and non-family professionals moderates the problem of the negative relationship of being family with innovation and equips family firms with technical knowledge, communication and necessary capabilities and accelerates innovation.
(Kevin, 2018)	The role of social emotional wealth in innovation	Qualitative	family Firm	innovation	The entry of a new generation into business	Entering several generations of the family in management has a positive relationship with innovation tendencies and behaviors.
(Sievinen, 2019)	The advisory role of non-family managers	Qualitative	family Firm	resource-based view	Entry of non-family professionals	The entry of non-family managers, the continuity of generations and communication are the driving factors of business model innovation. Non-family managers can be the cause of change and renewal by learning experientially and creating specialized capabilities.



When Author of the article	The aim/problem of the research	Research Method	Where/ analysis level	base theory	What: The challenge of value creation	How
(Chirico F., 2013)	Creating value	Qualitative	family Firm	resource-based view	The role of social capital	Coordination and relationships and long-term agreements between generations and trust, and social capital play a role in creating multigenerational value. The innovative tendency and the arrival of new generations are the cause of creating new capabilities.
(Worch, 2012)	Innovation and change capabilities	Qualitative	family Firm	Dynamic capabilities	The entry of a new generation into business	The greater the resistance of previous generations, the more innovation depends on the capabilities of new generations. The next generations have an impact on the innovation process. Strategic planning is the key to the success of firms.
(Chabaud, 2021)	The role of the successor in strategic renewal	Qualitative	family Firm	Succession	Succession of the new generation - creating a vision	The behavior of G1 has the potential for success, training G2, using business experience and success in past entrepreneurship of the previous generation, creating cohesion and entrepreneurial culture.
(Chirico F. M., 2010)	Creating multi-generational value	Qualitative	family Firm	Dynamic capabilities	Innovative culture and social capital	Innovative culture is an important factor in creating new value. A high level of social capital has a positive relationship with the creation of dynamic capabilities and new value in family firms.
(Alonso, 2019)	Adaptation to innovation	Qualitative	family Firm	Dynamic capabilities	Learning and knowledge exchange	Family involvement in business, facilitating the transfer of knowledge between generations, specific learning mechanisms, can support business model innovation by creating, transforming and applying knowledge
(Norshamsiah, 2019)	exploration and exploitation	exploration and exploitation	family Firm	Dynamic capabilities	Long-term vision of business and innovative culture	The culture of family firms includes a long-term perspective to support exploration and exploitation in family firms, and the risk aversion of the G1 is considered an obstacle. The new generations of family firms have a vision and are more innovative than the previous generations.



Transferring tacit knowledge from the previous generation to the next generation is very important. Internal and external learning and managerial knowledge of G2 enables the creation of new ideas. Aggregation of knowledge is the dynamic factor of G1 and G2 and creation of new ideas. The communication of the G1 and G2 of the family and the desire to change in the members of G2 has a positive relationship with the accumulation of knowledge and lead to adaptation and change (Koentjoro, 2020). The arrival of a new generation in the firm can bring new experiences, insights and knowledge that can promote innovation. Innovation is more likely if ownership of the firm is passed down to the next generation.

Case study findings

The findings of the case study show that the results are in line with the findings of the background. In this section, we will analyze the findings. In firms that do not bring G2 into the firm and do not create an incentive to enter the firm in G2, these firms are not successful in transferring business to the new generation. The young generation has a higher ability to learn. G2 can be successful in creating new value if they are technology experts and motivated to change. The G1 had the role of motivating G2 to enter the firm and the management was the responsibility of G1. Firms are more successful in creating new value with the interaction of G1 and 2. The G1 plays a key role in strategic decision-making, and in this context, trusting G2 and their commitment to success in new projects plays a fundamental role. Communication and aspects such as

relationships based on trust and cooperation, collaborative decision-making, and trust between the previous generation and the new generation were recognized as important factors. Successful family firms, which have less family conflicts, are successful in their traditional business, and other members accept the opinion of the senior manager, who has experience and is older, and the G1 also agrees with G2 that new methods of sales and internet advertising and publishing should be adopted to digital and invests in this field and supports the G1 and professionals to launch internet sales projects. In the firm 5 G2 was guided not only by his father, but also by his uncle, which showed the importance of quality relationships between generations. Their management styles are considered constructive and fruitful. Interaction is not limited to the work environment, but work and life go together, so interaction in work and life and learning and acquiring knowledge of two generations from each other is a process that is useful.

G1 believes that they can become more innovative with the arrival of a new generation of experts and familiar with information technology. Long-term vision, determination to continue business for the new generation, investment, transfer of management from the G1 to G2 is the characteristics of these firms. Although innovative behavior is highly recommended, not everyone may agree with the change. G1 is conservative and sticks to their tradition despite the many existing interpretations. Interacting with the new generation and obtaining information helps these firms solve innovation challenges. There are family firms that have been inherited from previous



generations and are managed with relatively fixed business models, along with traditional characteristics. The new generation creates a different approach against family traditions and in firms 1, 2, 3 and 4, the new generation is an information technology specialist who, with his arrival, along with the expert team, has pushed the firms towards internet sales, entering the virtual space and digital publishing. The arrival of new generations with a greater desire to learn new methods to provide better services and with the trust of the previous generation in the new generation has made firms successful. Firms are constantly seeking to adapt to the business environment, with the expansion of sales in the virtual space, the first generation has also believed that it should enter this new way of online sales and encouraged the second generation to enter the firm and launch the site. He has had the role of managing and supporting projects.

The strong and dynamic relationship of G2 with the parent/founder creates a high

level of self-confidence and willingness to learn in G2. Intergenerational relations and trust between two generations, commitment to family business, participation of the first generation in the training of successors, exchange of knowledge between generations by example (seeing), verbally (listening) and giving opportunities (doing) are also factors. Addition is between the founder and the successor. The effect of learning mechanisms those parents intentionally use increases the successor's intention to continue in the family firm. The preparation of the second generation is passive at the beginning of entering the business by mentioning direct, oral examples, creating opportunities for practice, formal training and seeking work experience in other firms. Knowledge exchange is done by providing direct or indirect examples to the successors, conducting discussions about the firm. The table below shows the role of two generations and experts in creating value and solving challenges.



Table3 The role of two generations and experts in creating value and solving challenges

The case of study	The role of G1	The role of G2	The role of experts
Firm 1	G1 has agreed with the activities of launching the website and has invested in this field and is currently supporting the implementation of the project.	G2 is an information technology specialist and is responsible for ideation, search, design and implementation of new projects	Specialists are working with the firm to support the launch of the new web site.
Firm 2	The G1 trusts G2 and has supported them since the beginning.	G2 manages innovative projects with the support of G1	An expert team helps G2 in launching new projects.
Firm 3	The G1 is encouraging and supports, and due to the young age and lack of experience of G2, it is in charge of managing new projects.	G2 has information technology expertise and with the support and encouragement of G1, entered the firm with an expert team and started setting up the site.	A team of experts entered the firm on a trial basis with G2
Firm 4	G1 operates in a traditional way and does not have information technology training and expertise, but with the entry of other firms into internet sales, it has accepted that it should be invested in this field and internet sales should be launched.	G2 is an information technology expert. He manages and supervises the expert team for launching the site and other innovative projects.	Specialists entered the firm on a trial basis and have been successful in launching new website launch projects.
Firm5	The G1 has an encouraging role and asks G2 for their opinion in all matters.	With the support of his father, the second generation has received special training and has gained motivation and helps in ideation and implementation of projects with his father.	It cooperates in supporting projects and presenting new ideas.

Firms that have the ability to motivate the new generation can take help from the ability of G2 in value creation. But firms that do not have the ability to motivate G2, cannot bring G2 into the business. The first generation recognizes the abilities of the second generation to face business challenges and search for new opportunities. It confirms that the professional skills of the second generation are especially important in facing such challenges. For example: "We took different processes of trial and error and made mistakes and practiced and iterated and were able to understand why the results were not as expected. To find a solution for what you are looking for, you have to search and choose different possibilities. In all cases, generational contributions were clearly present. G1 believes that "it is good to

allow successors to observe them at work, participate in day-to-day operations, meetings and negotiations with partners, and let them find solutions on their own, as well as take responsibility for decisions." undertake". The previous and the new generation must mutually accept the business method and resource management of the other generation. Family meetings may help this process by creating a shared vision that leads to collective action. The motivation of the G1 for innovation is important to encourage the G1 to increase the ability to accept innovative ideas.

Previous and new generations should be able to receive weak signals from the environment, recognize when the time comes to implement changes and raise issues caused by authoritarian behaviors,



G1 should have an open vision and feel in their position through a new way of doing business. The role of the senior generation is to guide the next generation, and based on case studies with successful cases of family firm leadership, it was observed that the role of the senior generation was: "an important supporting role by allowing G2 to take responsibility and creating an environment for consultation and tolerance of mistakes."

If the next generation is active and capable and has received explicit training outside the firm, they are risk-taking and inclined towards new methods such as internet sales or digitization of publishing or advertising in the digital environment. By receiving information from the outside and sharing it, G2 identifies and implements change agents. The knowledge of the next generation is centered on their explicit formal university education and work experiences. On the other hand, the older generation tends to consolidate their knowledge through trial and error experiences. The trust between the G1 and the successor, as well as the motivation, commitment and interest of the two generations in a family business positively increases the innovation capacity of its family firm. In successful firms, values, ideas and experiences are

clearly expressed by the G1 and G2. In an atmosphere where people feel encouraged express their opinions and criticisms. G2 is very interested in finding new solutions and ideas to advance their business. Intergenerational trust, commitment to the family business, intergenerational relationships, and first-generation participation in successor training and intergenerational knowledge exchange are critical to success. Intergenerational interactions in these firms increase the motivation to change; obtaining information and interactions reduces the perceived risk and increases the motivation of the first generation for innovation.

Axial coding

Based on the findings of the case study and in accordance with the findings of the background review, the coding of the findings was done and the necessary changes were reviewed. The following table summarizes the results of coding as challenges and obstacles, underlying factors, causal factors and "effective factors in solving the challenges of creating two generations of value as the main category" shows the solutions including actions and interactions and the results of the research findings:



Concepts	Dimensions	Axial code
<p>Knowledge exchange and idea sharing</p> <p>Changing the structure with the entry of non-family professionals and G2</p> <p>G2 on-the-job training, taking training courses outside the G2 firm, interactions and sharing of ideas by G2, interaction and exchange of ideas between generations,</p> <p>Using the expertise and experiences outside the active G2 firm and specialists - absorbing knowledge with the participation of G2 and specialists</p> <p>Sharing knowledge between two generations</p> <p>Interaction and trust building between generations to exchange information</p> <p>The arrival of G2 in management and increasing innovative ideas</p> <p>The transfer of ownership and the entry of G2 into the business</p> <p>Use of expertise and experiences outside the firm</p> <p>Desire to bring new generations into the business</p> <p>Training and solving the succession problems of the new generation</p> <p>Supporting the second generation</p> <p>Motivating the second generation by the first generation to initially enter the business</p> <p>Education of G2 - Empowering G2 by gaining experience and knowledge</p> <p>Creating technical and innovative capabilities in G2</p> <p>G1 motivation to create new value</p> <p>Creating G1 flexibility with the capacity to absorb-adapt to change with experiential learning and effective use of resources</p>	<p>Changing the structure and applying learning and knowledge management tools</p> <p>Cultivating successors and empowering the passive and uneducated new generation</p> <p>Creating motivation and flexibility in G1</p> <p>Culture change, by transferring management to the new generation</p> <p>Creating innovative vision and culture</p>	<p>Consequences</p>
<p>Changes in family and ownership, interaction and receiving opinions of the new generation</p> <p>Creating culture and innovative capabilities with G2 tendencies</p> <p>The entry of specialists to form a team of specialized people with unique skills and knowledge</p> <p>Creating a favorable culture for absorbing and exchanging information and innovative trends with the arrival of the new generation</p> <p>Cooperation with specialist managers outside the family</p> <p>Creating the ability to accept ideas in G1, maintaining reputation, trust between generations</p> <p>Creating an innovative vision with the arrival of G2,</p> <p>Creating collaborative innovation fields of the G1 and G2</p> <p>Generations ready for change and specialists who are agents of change - using the expertise and foreign experiences of G2</p> <p>Creating the context of value innovation by accessing information with interactions, creating G1 flexibility</p> <p>Readiness for changes and agility with innovative orientation and risk-taking of G2</p> <p>Expanding knowledge and experience with two-generation participation in family firms</p> <p>Resolve the conflict between two generations</p> <p>Breeding G2 successor</p> <p>Exchange of ideas between generations, combining knowledge, encouraging the first generation to innovate</p>	<p>Using G2</p> <p>Establishing intergenerational value</p> <p>Preparing to change and solve the challenges of G1 and Synergy between generations</p>	



Concepts	Dimensions	Axial code
Cooperation of two generations and idea generation of G1 and G2 Commitment and collective action	Cooperation and trust between two generations	Background factors
Vision and culture of G1 - Business development vision for the next generations Goals, motivation and long-term business vision Family social capital	Long term vision	
Capacity to absorb G2 The ability to learn and the intelligence of G2 technical market The ability to search for the new value of G2 - explicit knowledge of G2	Consensus and collective commitment G2 capabilities	Causal factors
G1 leadership skills Management ability and maintaining the efficiency of G1 G1 investment power Technical product knowledge capabilities of G1 Implicit knowledge and G1 communication	G1 capabilities	
- Social and human capital of firm employees - arrival of specialists, access to technology The arrival of a new generation- Social and human capital of two generations - characteristics of collective activity	Firm resources Family resources	
Exchange of ideas between generations, creating solidarity between two generations and trust Encouragement and support of G1 ideas of G2 and experts	Creating a context for ideation and using knowledge management tools	Actions and interactions
Cooperation with specialist managers outside the family, Creating a context for the new generation to enter the business	Changing the structure and allocating new resources	
Creating innovative vision and culture with the arrival of G2 Motivating and increasing the ability to accept innovative ideas in G1 Motivating and empowering the disabled G2 to enter the business	Create innovative vision	

Interactions reduce estimated risk and increase the motivation of G1 to create new value. Family firms that all or parts of their board members are non-family members are more likely to innovate. The arrival of the new generation has risk-taking, flexibility and agility and more reaction in front of the stakeholders, the factor of creating new value. The capacity to absorb G2 is an

important factor in increasing readiness for business model innovation. G2 plays the role of decision-maker in this field, which strategy to adapt and best respond to the opportunities of the business environment. The G1 has challenges with innovation, but the ability to attract G2 helps these firms in creating an innovative trend.



Selective coding

Selective coding is the process of selecting a primary category, systematically relating it to other categories, verifying the validity of these relationships, and completing categories

that need further refinement and development. Selective coding based on the results of axial coding is the main stage of conceptual model presentation. Based on the findings, the results of selective coding are presented in this section.

Table 5 Results of selective coding

Dimensions	Axial codes	Selective code
Individual and family barriers Conflict between two generations G1 risk aversion Patriarchal culture and resistance to generational change 1 Lack of motivation of G2 to enter the firm Incorrect management style and structure limited resources	Challenges and obstacles	Effective factors in solving the challenges of two generations of value creation
Goals, motivation and long-term vision Consensus and collective commitment Cooperation between two generations - building trust G1 capabilities G2 capabilities Firm Resources: Entry of expert, access to technology Family resources: the arrival of a new generation Resolve conflicts and obstacles through interaction Knowledge exchange and the use of capable and active G2 in projects Empowering the passive and uneducated new generation Reducing risk aversion with the entry of new generation and professionals The motivation of G1 to accept innovation and change the views of G1 Acceptance of G2 in the firm Using G2 Synergy between generations Preparation for G1 changes Solving the challenges of G1 and conflict between two generations Grounding the creation of intergenerational value Creating a context for ideation and using knowledge management tools Interactions and exchange of knowledge between two generations and ideation and transfer of knowledge and assimilation and aggregation of knowledge Creating an innovative culture and changing the culture, by transferring management to the new generation Changing the management style with the arrival of G2 and professionals Allocation of new resources with the entry of non-family professionals Changing the structure and systems by transferring management to the new generation Creating an innovative vision	Background factors Causal factors Main category: effective factors in solving the challenges of creating two generations of value Consequences Actions and interactions	



Lack of interaction between members of older and younger generations may limit the continuity of innovative culture. G1 therefore constitutes a key force that promotes or inhibits innovative behaviors. Exchange of knowledge between two generations should be ensured. Some activities have not been particularly successful, but they lead to the continuation of the business in the next generations. Not all family firms are equally capable of business model innovation. In this case, those are more successful which have interaction among the generations of the family. The leadership style of G1 is conservative and risk-averse. G1 family firms are less agile and flexible due to lack of motivation and do not want to change the business model. The desire not to involve G2 is a key factor in failure. Also, the failure of these firms is due to the inability of family members and unwillingness to search, share and transfer knowledge between two generations. In successful firms, the previous generation tries to accept the knowledge of the younger generation. At the same time, the younger generation should appreciate the knowledge and experiences of previous generations in a collaborative environment. Learning processes can enhance generational knowledge for business model innovation.

Identify the components of the theoretical framework

In this section, the factors including causal factors, background factors, and main category, inhibiting factors, actions and interactions and consequences by playing the role of the first and second generation are discussed in more detail.

Background factors

Goals, strategy and vision of continuing the business for the next generations, planning for the next generations, Cooperation and trust between two generations, Long term vision and Consensus and collective commitment, commitment to the family business, innovative culture, structures and systems conducive to innovation, learning tools and knowledge management and resources Known as a background factors.

Causal factors

Family resources, including the capabilities of two generations, and access to firm resources, including the entry of expert non-family managers, and access to technology were identified as important driving and internal causal factors.

Main category: effective factors in solving challenges

Resolving conflicts and obstacles with the interaction of two generations, Acceptance of G2 in the firm, Changing the structure and applying learning and knowledge management tools, Cultivating successors and empowering the passive and uneducated new generation, Creating motivation and flexibility in G1, Culture change, by transferring management to the new generation and Creating innovative vision and culture were identified as effective factors in solving challenges

Inhibiting factors and challenges:

Individual and family barriers, The patriarchal culture of the G1 and resistance to change, Incorrect management style and structure, Lack of



resources and lack of learning and knowledge management tools, lack of motivation of the passive G2 to enter the family business, G1 risk aversion and Conflict between two generations were identified as Inhibiting factors and challenges.

Actions and interactions

Creating a context for ideation and using knowledge management tools, changing the structure and allocating new resources, Create innovative vision were identified as Actions and interactions

Consequences

Using G2, Synergy between generations, Preparation for G1 changes, solving the challenges of G1 and conflict between two generations, and Grounding the creation of intergenerational value were identified as Consequences.

Theoretical framework

The theoretical framework resulting from the research on the relationships between the categories and comparing the findings with the specialized and scientific background has been valid. For each of the relationships, its validity was determined. In this research, interviews were conducted with 13 G1 and G2 managers and experts in the field of information technology. The final interview also showed completely repetitive data, which is characteristic of theoretical saturation. The evaluation of the model and its refinement has been done by comparing the results with the findings of the valid scientific background.

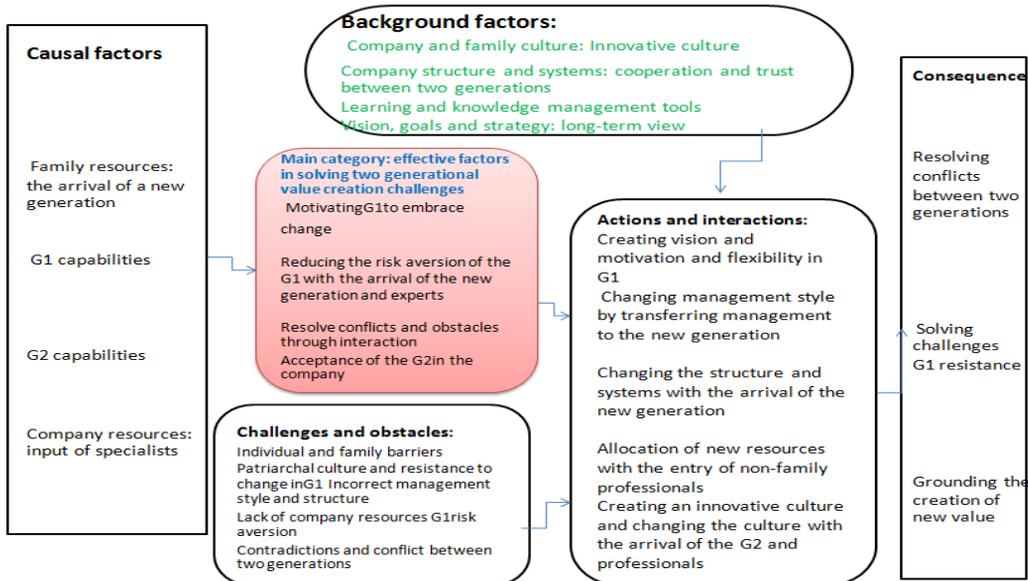


Figure 1 Theoretical framework (research findings)



Often the G1 of the family has a negative role in the growth of the firm due to risk aversion and lack of attention to external opportunities. The G1 of family firms is less risk-taking, but with the arrival of G2, they acquire new value information. The acquisition of information increases readiness for business model innovation. The two-way knowledge sharing of G1 and G2 and experts is a method for family businesses that are eager to create innovative results. It is easier to transfer knowledge and capabilities from G1 manager to G2 manager due to emotional/social ties. When there is coordination and exchange of knowledge and coherence between generations, the interaction of the previous and next generation can have a positive effect on changing the business model. Two generations have better knowledge exchange due to rich relationships in family firms. Early experience and involvement in firm operations is crucial to enable the younger generation to get started. Engaging the new generation provides them with skills that support the business model innovation process. Specialist non-family managers, the continuity of generations and intergenerational communication, factors outside the family and the entry of G2 are factors that change the business model. Succession can offer possibilities as it may act as a catalyst for change as the new leader finds it easier to change the previous situation and move the firm towards a new equilibrium.

In some cases, second generation family businesses often fail due to passivity and reluctance to seek new business opportunities. The risk-taking tendency of G2 is the factor of readiness for

changes and creation of new value. Each generation of management brings new ideas, so when family members from new generations join the firm, they may become the driving force behind change and innovation. Tendency to introduce new generations and succession, long-term attitude and motivations of the next generation are among the accelerating factors. In successful firms in the field of innovation, there is a tendency to introduce the new generation. Family firms are more successful if the G1 and G2 work together and exchange ideas. The next generation does not have the same motivation as the founders when they enter FB. The younger generation is more willing to take risks, even so that they can jeopardize the income of the whole family. The younger generation reacts to environmental pressures for change. With the change in management to the new generation, risk-taking and providing new value increases. The readiness for changes and agility to create new value is achieved with the arrival of G2 with innovative features and risk-taking tendencies.

Discussion

Creating value in family firms is considered a challenge. Some processes driving innovation and organizational flexibility may be different for family and non-family firms (Broekaert, 2016). Family firms face various obstacles. Proper management is vital in overcoming obstacles to business model innovation. It is important to identify the obstacles and the solutions to solve them in value creation. It is necessary to research how firms are successful or



unsuccessful in changing. This perspective is useful for responding to the challenges of firms. (Soluk J. , 2020) Research is necessary to investigate the role of the first and second generation in removing innovation barriers (Kryeziu L. , 2021). There is no comprehensive picture of how the role of first and second generation managers of traditional family firms can change their business model and how it affects digitalization (Gené, 2021).

It is necessary to research what are the motivational factors and the inhibiting factors such as the conflicts of two generations and the solutions to solve the obstacles. It should be examined how some firms use their capabilities for business model innovation and some fail. Investigate what factors lead some firms to a successful transition to digital business and what factors cause the failure of others? How can G1s accept the new value and firms overcome the barriers of digital business model? Obstacles that can hinder firms' ability to innovate in their business models and effective factors in solving challenges and making family firms ready for innovation should be investigated. In the future research, efforts should be made to investigate how BMI is created in family firms according to the level of flexibility and resistance to change of the G1 or the previous generation's reluctance to innovate.

Research should be done on how the effective combination of tradition and innovation can strengthen the business model of a family firm, and how the first and second generations can accelerate or hinder the adaptation of family firms. It is important to identify specific barriers

and solutions in the BMI transformation process and to examine how firms succeed or fail in change. The drivers of path dependence and strategies to overcome it in family firms should be investigated.

This research identifies some of the barriers that family businesses face. The perspective of the first and second generation was used to explain what are the obstacles and solutions related to the two-generation value creation in the family firm. Barriers and solutions that accelerate or hinder value creation were identified. A conceptual framework was created that identifies barriers and solutions. It helps to explain how the first and second generation of the family hinder or enhance the innovation of the firm and how some firms fail.

A series of solutions were presented that firms can use to overcome these obstacles. The effects of the entry of second generation investigated. The relationship between innovation and involvement of the G1 and G2 explained. This research is in line with the results of other researches and shows that interactions between two generations are the factor in solving challenges and creating capabilities for innovation. These findings are more consistent with other empirical studies that have found a strong relationship between G1 and G2 interactions and business model innovation. According to some researchers, G1 is risk-averse and their traditions do not encourage technological innovation, which the findings of this research also confirm these cases. The following figure shows the diagram of the research findings:

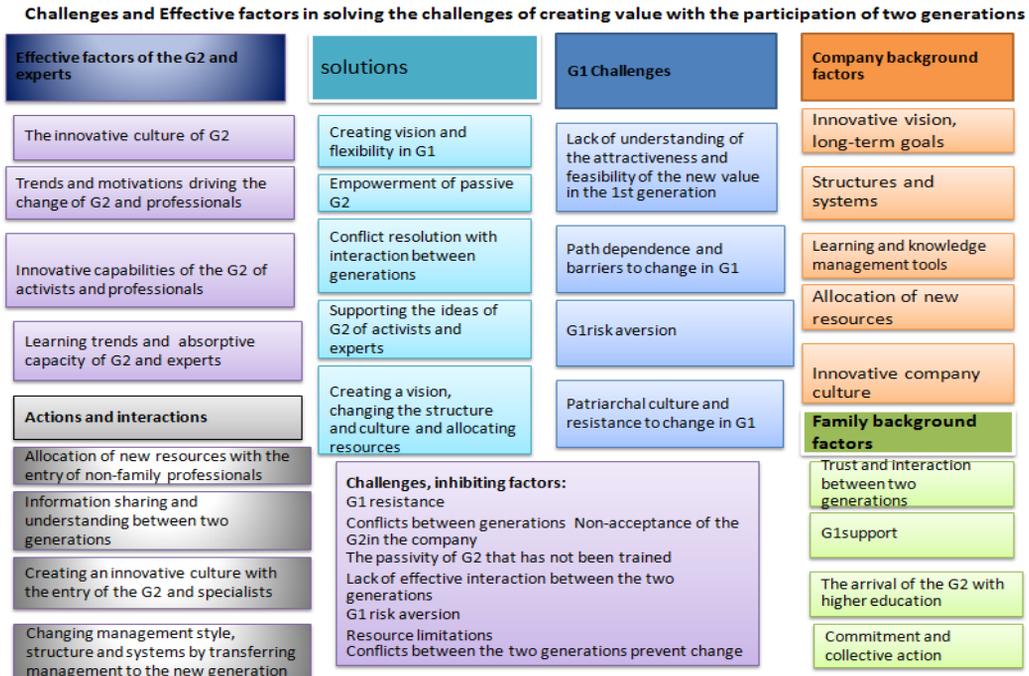


Figure 2 Research findings

The findings of this research also indicate that the arrival of a new generation, family ties and commitment to change is an important factor in the search for new value. Comparing the results with the findings of the background review shows that the background has contradictory views on the innovation of the G1 and G2. The findings of the research show that G2 provides the context for value creation due to its risk-taking and external learning tendency, which is in line with some researches and contradicts the results of some other researches.

In the literature, there are different views in the field of G1 and G2 innovation. The findings of some studies show that the G1 is more innovative (Manasrah, 2020) which is contradictory to the findings of

this research. This research came to the conclusion that when there is motivation and training and participation of the second generation and solving conflicts between generations and the existence of a high level of interaction and cooperation and the exchange and consolidation of knowledge between the two generations, and the creation of learning mechanisms for the second generation by the first generation, The second is more innovative. The second generation is more innovative when it has learning inside and outside the firm and has interaction, coherence and cooperation with the first generation.

Previous researches on the innovation of family firms provide contradictory results and consider two contrasting perspectives on this matter. A series of



researchers introduce family business as an entrepreneurial organization based on creative, dynamic, flexible, and agile. Other researchers consider family firms to be conservative, risk-averse, inflexible, characterized by tradition, family conflicts, lack of capital and resources. In this research, it was found that family firms are creative, dynamic, flexible, and agile when there is two-generation participation and conflict resolution, and when they cannot reduce conflicts and paternalism, they are conservative, risk-averse, and inflexible firms.

Results

The purpose of this study is to identify the features of G1 and G2 participation that act as inertial resources or innovation driving factors in innovation processes, and solutions are also provided to solve the challenges. These findings provide insights on solving value creation challenges with the participation of two generations. By identifying two generations managerial challenges, the conservative attitude and inefficient paths of the G1 as the source of innovation barriers and providing solutions, it contributes to the research of family firms

The key question addressed is how family firms try to face the challenge of business model innovation. The change in the innovative behavior of the firm is caused by the change of management due to the succession of the new generation and non-family technical factors. It is useful for family businesses to be able to identify specific factors that are preventing change. Successful family firms have less family conflicts.

Integrating knowledge and the capacity to attract non-family technical factors and G2 helps these firms in creating an innovative trend.

The G1 plays a positive role in the firm's growth due to its technical knowledge, long-term attitude and tendency to continue business, and due to the challenge of limited resources, non-acceptance of innovation and risk aversion, and lack of attention to new opportunities, hinders the firm's growth. G1 family firms agree to create new value later due to the lack of knowledge of the digital environment and unwillingness to communicate with outside the family.

Firm culture plays an important role in creating value in family firms. The high involvement of family members in the business along with the prominent role of the G1 acts as an obstacle to creating new value. The innovative tendency of G2 is an acceleration factor and the patriarchy of the G1 is an obstacle to change. G1 family firms have less strategic agility due to lack of motivation and do not tend to create new value. The lack of sufficient resources, the dominance of the G1 in the process, complexity and uncertainty prevent them from creating new value. Specialist non-family managers with the cooperation of G2 become the main factor in optimizing the business model by providing the necessary knowledge and expertise for the activities. The G1 family firms are less risk-taking, but with the presence of G2, they acquire information to create new value from outside the firm. It is the factor of increasing readiness for business model innovation.

Successful family firms have fewer conflicts. From a practical point of view,



the findings first confirm a strong link between the reasons for innovation and the expansion or survival of the family firm in future generations. Firms should provide an environment and a platform that facilitates the creation of new capabilities in employees and G2. G1 and G2 transfer their capabilities to the firm. By changing the structure, the field of learning and acquiring knowledge should be created for the employees and G1 and G2 so that the obstacles to innovation can be overcome. Successful firms took advantage of positive features and reduced contradictions and paradoxes.

Quick response to changes by encouraging the G1 to accept innovation and supporting the ideas of G2 is one of the practical suggestions. Firms are more successful in creating new value with the interaction of the G1 and G2. G1 is less risk-taking, but they adapt to the digital environment by obtaining information from outside the firm. The capacity to absorb G2 is an important factor in obtaining information and increasing readiness for business model innovation. Increasing readiness for innovation and reducing risk aversion of G1, creating a context for knowledge exchange between G1 and G2 managers, employing active G2 and motivating G2 passively were recognized as important factors in solving challenges.

With the change in management to the new generation increases risk taking and new value creation. Fast response to changes with the capacity to attract G2 and encourage the G1 to track, monitor and respond to competitors, try to share ideas and create a learning culture and respond quickly to new technology, manage customer relationships and

encourage G2 with rewards for new ideas from Among the practical suggestions.

G1 should not be afraid of failure, G2 professionals should be allowed to manage the firm by G1. Previous and new generations should mutually examine and accept the other generation's way of doing business and managing resources. Based on the findings of the case studies and review of the background and evidence, the following suggestions are presented: Managers should promote an atmosphere of trust and commitment that facilitates the interaction of firm members and family members and provides the necessary motivation. Family firms, in which the G1 plays the main role in the organization, thus constitute a key force that promotes or inhibits entrepreneurial behaviors. Practical implications can help family businesses face the rapid and drastic changes that come with BMI transformation.

Based on the findings of the case studies and review of the background and evidence, the following suggestions are made: Older and future generations should recognize signals from the environment. G1 should have an open view and not feel threatened by a new way of doing business. G1 should understand that the business environment is changing. The new generation and expert managers are significantly more engaged in the continuous search for problem-solving ideas, initiatives, and process improvements. The interaction between older and younger people plays a fundamental role in the development of entrepreneurial practices of the younger generation of the family.

Due to the limitation of the number of samples, future research with a larger



number of samples is needed and it is also suggested that research be conducted in this field on what are the factors of the reluctance of passive new generations or the previous generation to accept innovation and what are the obstacles on the way. Analyze the relationship between innovation and some variables that can affect the innovation of family

firms. How specific business model structures evolve with the participation of two generations. And how the capabilities of the G1 and G2 affect the business model and what is the impact of the role identity and motivations of the next generation on the innovation of the business model.

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