Entrepreneur & Innovation Exchange
Published online at FamilyBusiness.org on August 05 2025
DOI: 10.32617/1258-689243fdc9943

Family Culture Can Block (or Unlock) Innovation

Ricardo Romano (QueenCo)
Alessandra Bussi Moratti (Founder, ABM Work in Project | FamilyPro Team)

KEYWORDS: Succession, #familybusiness, advisory, small business.

> Low trust, resistance to change, and intergenerational communication gaps can prevent new strategies and collaboration from taking root.

Amid the picturesque artisan shops and robust industrial strongholds scattered across Italy lies the beating heart of the family business: a legacy of knowledge and values passed down through generations. Yet within this same cultural DNA—once a pillar of success—lurks a paradox: Tradition, once a strength, now risks becoming an invisible wall against innovation.

This article, based on our own surveys and real-life case studies, explores a surprising obstacle to innovation in Italian small and medium-sized family enterprises (SMEs): a company culture rooted in the centrality of the founder and complex family dynamics. While set in Italy, our research is useful for tradition-bound family firms around the world.

We saw how low trust, resistance to change, and intergenerational communication gaps prevent new strategies and collaboration from taking root. We propose a shift in perspective that focuses on relational training, generational transition facilitation, and structured dialogue to unleash the innovative potential of family firms, which are so vital to the economic fabric of countries everywhere.

Our Study and What It Revealed

This article stems from a practice-based inquiry that combined a series of online polls launched via LinkedIn, qualitative case analyses, and ongoing reflections with Italian and international family business experts. Respondents included founders, next-generation leaders, advisors, and governance professionals. At the center lies a simple yet powerful question: How can companies – particularly family-run SMEs – innovate when resources are limited?

After more than 1,500 responses that included hundreds of comments, a surprising insight emerged, one that echoes years of research, real-world cases, and cultural analysis: The greatest obstacle to innovation in family firms isn’t funding. It is the shared values within the family and the family firm. In other words, the roadblock is the organization’s culture.

The polls revealed two major themes:

- The need to invest in internal capabilities and training
- The power of collaboration and networks among SMEs

However, the responses went deeper:

- 68 percent of respondents cited lack of strategic vision as the main barrier to training.
- 76 percent of respondents stated that SMEs don't collaborate due to a culture of distrust and fear of losing control.

These numbers suggest that the issue lies not in a lack of willingness or funds, but in a limited strategic vision and a culture of isolation and skepticism. The core issues are trust, open-mindedness, and above all, relationship quality.

These insights align with existing research on how cultural dynamics, emotional attachment, and founder centrality can hinder innovation and adaptability in family businesses (e.g., Miller & Le Breton-Miller, 2006; Zellweger et al., 2012).

Although our research was based in Italy, similar

Copyright © 2025 The Authors. Entrepreneur & Innovation Exchange is published at EIX.org. This is an open access article under the terms of the Creative Commons Attribution-NoDerivs License, which permits use and distribution in any medium, provided the original work is properly cited and no modifications or adaptations are made. View EIX.org Authorship Terms at https://eix.org/terms

dynamics—resistance to change due to founder identity, difficulty in delegating strategic decisions, and mistrust toward non-family collaborators—appear in family businesses across Latin America, North America, and Europe. Thus, these cultural roadblocks are not uniquely Italian but reflect broader patterns in family business governance.

The Founder’s Shadow: When Identity Blocks Innovation

In Italian family firms, which constitute over 85 percent of the entrepreneurial ecosystem, the founder often embodies the company itself. In many cases, the enterprise is still perceived as the founder’s personal creation, and change may be seen as an attack on identity.

In a recent case in Piedmont, North Italy, a second-generation family member was aiming to digitize process management. The father, a charismatic founder, considered the phrase "we've always done it this way" a guarantee of success. Innovation felt like a threat rather than an opportunity. The resistance stemmed not from lack of foresight but from emotional fear—the fear of losing control and recognition. In this context, tradition became an unscalable wall.

While these examples are anecdotal, they reflect broader relational and organizational patterns repeatedly confirmed in the field and through collected data.

Navigating Generational Transitions

In the updated second edition of "Together Toward the Future," co-author Alessandra Bussi Moratti examines the delicate founder-successor relationship, often marked by unspoken expectations, lack of strategic dialogue, and fragile trust.

Although many of the examples relate to transitions between first and second generations, similar issues of control, delegation, and relational strain arise in later-generation family firms. Cousin consortiums or sibling partnerships often bring increased complexity and heightened risk of fragmentation.

In one case, a daughter with international education sought to expand through e-commerce. Though her father recognized her competence, he withheld all strategic authority. The outcome was frustration, inertia, and risk of rupture.

We need a cultural shift that goes beyond the rhetoric of "giving space to the next generation" to address deep-seated relational dynamics. This calls for:

- Training in relational and communication skills for all generations involved
- Transition facilitation and structured intergenerational planning
- Shared vision development through neutral external advisors

The future of Italian family businesses hinges less on technology adoption and more on redefining the relational and cultural contract within the business family.

We propose shifting from:

- Efficiency (often a shield against change) to cohesion
- Hierarchy (a tool of individual control) to co-responsibility
- Defense of tradition to evolving family identity

Conclusion and a Concrete Proposal

This article is a first step: a seed planted in the fertile ground of dialogue. It arises from collaboration and seeks to spark further conversations between those living family business challenges daily.

We invite founders, successors, advisors, and researchers to participate in this dialogue—not just across disciplines, but across generations and geographies.

Five Things That Family Firms Can Do Today

1. **Invest in culture, not just in tech**: Innovation barriers often stem from emotional and relational resistance, not lack of tools.
2. **Promote intergenerational dialogue:** Overcome silence and assumption through structured conversations.
3. **Acknowledge founder identity issues:** Resistance may mask fear of losing recognition

Copyright © 2025 Ricardo Romano, Alessandra Bussi Moratti, Published by Entrepreneur & Innovation Exchange
FamilyBusiness.org (2025)
DOI: 10.32617/1258-689243fdc9943

or legacy.

4. **Create external facilitation spaces:** Neutral advisors help build shared strategies and smoother transitions.
5. **Don't go it alone:** Collaboration among SMEs can foster shared innovation—if they overcome distrust.

Copyright © 2025 Ricardo Romano, Alessandra Bussi Moratti, Published by Entrepreneur & Innovation Exchange

FamilyBusiness.org (2025)
DOI:
10.32617/1258-689243fdc9943