Entrepreneurial Orientation and Innovation Performance in Family-Owned Turkish Enterprises

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Abstract

This study explores the relationship between entrepreneurial orientation (EO) and innovation performance in family-owned enterprises in Turkey, with a focus on the role of family dynamics. Using qualitative methods, the research examines how EO, as a legacy mindset passed down through generations, influences innovation strategies within these firms. The findings reveal that while EO provides continuity and a sense of stability, it can also hinder innovation when family values and traditions conflict with the need to adapt to rapidly changing market conditions. Furthermore, the study identifies the tension between maintaining traditional practices and embracing innovative changes, emphasizing that innovation in family firms is a process of negotiation between these two forces. The research highlights how family dynamics, such as emotional ties and generational differences, act as both enablers and constraints of innovation. In particular, the dominance of family leaders and the power structures within the family can limit the participation of younger generations in innovation decision-making. This study contributes to the literature by providing insights into how family businesses balance tradition and innovation, offering practical implications for improving innovation performance while preserving family values. The novelty of this research lies in its focus on the intersection of EO, innovation, and family dynamics in family-owned businesses, particularly within the context of Turkey, a region underexplored in this field.

Keywords: entrepreneurial orientation, innovation performance, family business, family dynamics, turkey.

1. Introduction

In a rapidly shifting global economy, the ability to adapt, innovate, and act entrepreneurially is more critical than ever for the survival and growth of enterprises. Innovation is no longer a peripheral function but a core requirement for sustaining competitiveness, especially in environments characterized by volatility, uncertainty, and complexity (Allen, 2013; Lv et al., 2018; Nooteboom, 2000; Roberts, 1998). While large corporations often rely on structured R&D departments to drive innovation, small and medium-sized enterprises (SMEs)—particularly family-owned firms—tend to rely more heavily on internal values, leadership vision, and cultural dynamics to foster innovation. In this regard, entrepreneurial orientation (EO) emerges as a valuable concept to understand how organizations embrace innovation, take strategic risks, and act proactively. EO has been widely conceptualized in the literature as a firm-level strategic posture encompassing innovativeness, risk-taking, and proactiveness (Corrêa et al., 2022; Kreiser & Davis, 2010; Rank & Strenge, 2018). However, the enactment of EO is not always uniform across organizational types or cultural settings. In family-owned enterprises, for instance, EO is deeply entangled with the firm's historical evolution, value systems, familial control, and socioemotional wealth priorities (Liew & Loo, 2024; Rodrigues et al., 2025). These factors make EO not just a strategic construct, but a lived and negotiated reality shaped by the unique context of family

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dynamics. Thus, studying EO within the context of family businesses demands an interpretive and context-sensitive approach.

Family-owned enterprises (FOEs) represent a dominant organizational form in both developed and emerging economies. In Turkey, over 90% of private sector firms are family-owned, many of which are SMEs operating across various sectors such as manufacturing, retail, construction, and services (Güçlü & Yavuz, 2021). These firms are not only significant contributors to the national economy in terms of employment and GDP but also serve as custodians of cultural values, long-term vision, and intergenerational continuity. However, innovation within Turkish family businesses is often shaped by a complex interplay between tradition and modernity, where the push for renewal and change coexists with deep-rooted preferences for stability, control, and legacy preservation.

In the Turkish socio-cultural context, values such as collectivism, paternalism, and respect for elders often play a prominent role in how businesses are governed and managed (Kabasakal & Bodur, 2002). These cultural traits may influence how EO is perceived and implemented in family enterprises (Melati et al., 2021; Sangadji, 2021; Silitonga et al., 2020). For instance, while some firms may embrace entrepreneurial behavior as a way to adapt to market demands and ensure sustainability, others may be more cautious due to concerns about maintaining family harmony or safeguarding the founder's legacy. In this regard, EO is not merely a set of strategic actions but also a reflection of identity, trust, power dynamics, and generational transitions within the firm. Despite the growing interest in EO and innovation in organizational research, most existing studies tend to focus on quantitative relationships and performance metrics, often overlooking the nuanced and situated processes through which EO is interpreted and enacted in real-world settings. Particularly in the context of family firms in emerging economies like Turkey, there is a lack of rich, contextualized knowledge on how entrepreneurial intentions and behaviors are influenced by familial structures, leadership traditions, and socio-cultural constraints. This study seeks to fill that gap by adopting a qualitative, exploratory approach to understand how EO manifests in the innovation practices of Turkish family-owned enterprises.

The aim of this research is not to test hypotheses or quantify variables, but rather to explore the meanings, experiences, and interpretations of EO and innovation within the lived realities of family business leaders. Specifically, the study seeks to answer the following research questions:

a) How do family-owned Turkish enterprises perceive and define entrepreneurial orientation in the context of their innovation activities?
b) In what ways do familial values, leadership dynamics, and generational influences shape the expression of EO within these firms?
c) What contextual factors—organizational, cultural, or institutional—facilitate or hinder the pursuit of innovation through entrepreneurial behavior in family businesses?

By addressing these questions, the study aims to provide deeper insights into the socio-cultural and organizational factors that influence innovation pathways in family firms. Rather than seeking generalizable truths, the research focuses on transferable insights that can inform similar contexts where family influence, cultural values, and entrepreneurial intent intersect. The theoretical framing of the study draws from the behavioral theory of the firm and the resource-based view (RBV) as interpretive lenses rather than predictive models. From the behavioral perspective, EO is seen as a pattern of decision-making influenced by bounded rationality, routines, and firm-level aspirations shaped by family involvement. The RBV, on the other hand, highlights how family-specific intangible resources—such as trust, reputation, and shared vision—can serve as enablers or constraints for innovation. These theoretical lenses help to sensitize the inquiry to internal dynamics and decision-making processes rather than predetermined causal links.

This research contributes to the literature by offering a grounded, contextualized understanding of entrepreneurial orientation in family firms—an area that remains underrepresented, especially in non-Western and emerging market settings. It also provides practical implications for advisors, policymakers, and family business stakeholders seeking to enhance innovation capabilities while preserving the socioemotional and cultural capital that defines family enterprises. This study seeks to bridge theoretical constructs with real-life organizational behavior by highlighting how EO in Turkish family businesses is not simply a strategy, but a practice embedded in values, relationships, and local realities. As such, it invites scholars and practitioners alike to rethink entrepreneurship and innovation not just as outcomes, but as ongoing processes shaped by history, identity, and human agency.

2. Method

This study employed a qualitative research methodology to explore how entrepreneurial orientation (EO) is perceived, interpreted, and practiced within the innovation processes of family-owned enterprises in Turkey. Given the complex, context-dependent nature of EO and innovation in family firms, a qualitative approach grounded in interpretivism was deemed most appropriate. Rather than aiming to test predefined hypotheses or quantify relationships, this study sought to uncover the nuanced and subjective meanings that organizational actors attach to entrepreneurship and innovation within the unique socio-cultural and familial structures of their firms. To achieve this, a multiple case study design was adopted. Case studies allow for in-depth exploration of phenomena within their real-life context and are particularly suited for examining dynamic processes that unfold within organizational environments. This design enabled the researcher to investigate the lived experiences of decision-makers in different family business settings, capturing both commonalities and contrasts in how EO and innovation manifest in practice.

The cases were selected through purposive sampling to ensure the relevance and richness of the data. Six family-owned small and medium-sized enterprises (SMEs) across various sectors, including manufacturing, textiles, food processing, and technology, were chosen. These firms were selected based on specific criteria: they had to be at least 50% family-owned, with active family involvement in strategic decisions; they had to have been in operation for more than five years; and they needed to demonstrate recent or ongoing engagement in innovation activities. Diversity in terms of firm age, generational leadership (first or second generation), and geographic location (including Istanbul, Ankara, Bursa, and Gaziantep) was also considered to capture a broader range of contextual factors.

Data collection was conducted through in-depth, semi-structured interviews with key organizational actors, including founders, successors, innovation managers, and senior executives. A total of 18 interviews were conducted between January and April 2025, with each interview lasting between 60 to 90 minutes. The interviews were conducted in Turkish or English depending on the participant's preference, and all sessions were audio-recorded and transcribed verbatim. Participants were asked open-ended questions designed to elicit detailed narratives about their understanding of EO, examples of innovation practices, the influence of family involvement, and the cultural or institutional factors that affect entrepreneurial decision-making. In addition to interview data, field notes and relevant internal documents, such as strategic plans and innovation reports, were collected to enhance the depth and validity of the findings.

Thematic analysis was used to analyze the data, following the six-phase framework developed by Braun & Clarke (2019). The researcher began by reading the transcripts multiple times to become deeply familiar with the content. Initial codes were generated inductively, focusing on recurrent ideas, language, and patterns related to EO and innovation. These codes were then organized into broader themes that reflected the core dynamics observed across the cases. NVivo software was employed to assist in organizing and managing the data throughout the analytical process. To ensure the trustworthiness of the findings, several strategies were employed. Triangulation was achieved by collecting data from multiple participants within each firm and incorporating supporting documents. Member checking was conducted by sharing interview summaries with participants to validate interpretations. Additionally, peer debriefing sessions were held with qualitative research experts to refine the coding and thematic structure.

3. Result and Discussion

The exploration of entrepreneurial orientation (EO) in Turkish family-owned enterprises revealed a layered and complex landscape, in which innovation is not merely a strategic outcome, but a deeply cultural and relational process. Through the voices of founders, successors, and senior managers, three interrelated themes emerged: (1) EO as an inherited mindset shaped by founder values; (2) innovation as a negotiated space between tradition and change; and (3) family dynamics as both enablers and constraints of entrepreneurial behavior. These themes are discussed below in light of the behavioral theory of the firm and socioemotional wealth (SEW) perspectives.

[1]. Entrepreneurial Orientation as Inherited Mindset

One of the most compelling themes emerging from the study is the conceptualization of entrepreneurial orientation (EO) as an inherited mindset, rooted in the founder's values and transmitted informally across generations. Unlike the traditional understanding of EO as a firm-level strategic posture, in the context of Turkish family-owned enterprises, EO is often embedded in everyday practices and personal attitudes, forming an integral part of the organizational culture. This theme reveals how EO is not necessarily articulated in strategic language but is internalized through family traditions, narratives, and implicit behavioral modeling. The inheritance of EO in these enterprises often begins with the founder's lived experiences, such as overcoming resource constraints, navigating political or economic uncertainty, and taking personal risks to establish and grow the business. These experiences are transformed into stories that convey lessons and norms to the next generation. As one second-generation leader explained, "My father never sat me down to teach me how to be entrepreneurial. He showed me through his actions—how he negotiated, how he treated suppliers, how he took chances."

This finding aligns with the behavioral theory of the firm, particularly in its emphasis on routines, experiential learning, and path dependency. The behaviors that proved successful in the early stages of the firm's life become institutionalized as routines and norms, passed down not through manuals or policies but through daily interactions and shared understanding. These inherited routines form the behavioral foundation of EO, characterized by proactiveness, risk-taking, and innovativeness, albeit in an informal and culturally situated manner. However, this informal transmission also introduces a paradox. While it allows for the preservation of entrepreneurial spirit and adaptability, it also poses risks when the original context changes. Founders may have cultivated entrepreneurial habits suited for conditions of scarcity or political instability, but successors must adapt those behaviors to a new competitive landscape shaped by digitalization, globalization, and changing consumer expectations. Without a process to critically evaluate and update these inherited mindsets, EO can become fossilized, resisting necessary transformation.

Moreover, the strength of EO as an inherited mindset is deeply contingent upon the strength of the founder's personal legitimacy and moral authority. In cases where founders are revered and their legacy uncritically accepted, successors may feel constrained in asserting their own vision or challenging established norms. This highlights the role of affective commitment and emotional attachment in reinforcing EO, but also in potentially limiting strategic renewal. The intergenerational transmission of EO also reflects a broader Turkish cultural dynamic rooted in collectivism, hierarchy, and familial loyalty. In this context, the family serves not only as an economic unit but as a source of moral guidance and identity. The founder's entrepreneurial values thus gain normative weight, becoming not just business practices but expressions of family honor and purpose. This moral dimension distinguishes EO in family firms from its conceptualization in non-family enterprises, where strategic decisions may be less entangled with identity and legacy.

Ultimately, viewing EO as an inherited mindset allows for a more culturally and contextually grounded understanding of entrepreneurial behavior. It underscores the importance of informal learning, family narratives, and emotional continuity in shaping how EO is enacted and evolved. Future research might explore how different generational cohorts reinterpret this inheritance and how firms can balance the preservation of founding values with the demands of strategic adaptation.

[2]. Innovation as a Negotiated Space Between Tradition and Change

The theme of innovation in Turkish family-owned enterprises emerged as a complex and dynamic negotiation between honoring tradition and embracing change. Family businesses often view innovation not solely as a technical or market-driven necessity, but as a process that must be reconciled with deep-rooted family values, legacy, and cultural identity. This negotiation is not a straightforward dichotomy of preserving the old versus adopting the new; rather, it represents an ongoing dialogue in which family members engage in continual sensemaking, considering how to evolve without losing the essence of what has made their business successful and meaningful. For many family business leaders, tradition holds significant symbolic value. The family history, the founder's original vision, and the business's role within the community are central to the identity of the firm. Innovation, in this context, is often framed as a process that must respect and reflect these deep-rooted values. As one respondent, a second-generation leader in a food processing company, explained, "We can innovate, but it must fit with who we are. Our product must always reflect the same quality and values that my father instilled. Innovation is more about preserving the legacy in the modern world than about drastic change."

This notion of innovation as preservation is particularly evident in industries where the family business has built a strong reputation over generations for quality, authenticity, or craftsmanship. For example, a family-owned textile manufacturer in Bursa chose to adopt sustainable production techniques, but only after extensive internal discussions to ensure that these practices did not compromise the traditional artisanal processes that had defined their brand. The decision to innovate was framed not as a shift in direction but as a way to "modernize" their legacy, preserving the craftsmanship while meeting market demands for environmentally friendly products. However, the negotiation between tradition and innovation is not without tension. The research found that innovation often requires a degree of risk-taking, which can be at odds with the family's desire to safeguard its long-standing reputation. Family members who have more of an emotional stake in the business, particularly founders and older generations, may resist change due to fear of jeopardizing the family legacy. This resistance can be particularly strong when the proposed innovation challenges the values, traditions, or practices that have historically defined the firm's success. The reluctance to embrace high-risk innovation was noted in several cases, particularly when new technological advancements or market trends were perceived as a threat to the family's established way of doing business.

On the other hand, younger generations within the family often view innovation as a necessary tool for ensuring the business's future sustainability. In these cases, innovation is framed not as a threat but as an opportunity for growth and modernization. The conflict between older and younger family members often arises when the latter advocate for more radical changes, such as digital transformation, new marketing strategies, or international expansion. In one case, a younger member of a tech-focused family business stated, "Innovation is not just about new products; it's about finding new ways to connect with customers. We need to adapt or risk becoming irrelevant." This generational divide between preserving tradition and adopting change is common in family businesses, where each generation brings its own set of values, risk preferences, and aspirations. The older generation often places greater value on continuity, stability, and family heritage, while the younger generation is more focused on growth, competition, and technological advancements. This tension, however, does not necessarily lead to conflict. Rather, it creates a space for dialogue, collaboration, and hybrid solutions that allow for both tradition and change to coexist. In the case of a family-run textile firm, for example, the younger generation persuaded the older family members to invest in digital marketing and online sales platforms by demonstrating how these channels could reach a broader customer base while staying true to the firm's commitment to quality.

Innovation, therefore, becomes a process of negotiation—one in which both tradition and change are integrated, rather than opposing forces. This negotiation is not static but evolves over time, as family members revisit and reinterpret what constitutes innovation within the family business context. In some cases, firms choose incremental innovation—gradual and low-risk changes that allow them to maintain continuity while testing new ideas. In others, more transformative approaches may be adopted, provided they are framed within the context of the family's overarching goals and values. The process of negotiation around innovation is also influenced by external pressures such as market competition, technological advancements, and changing consumer preferences. Family businesses, particularly in competitive sectors, must innovate to survive, but they must also balance these demands with the need to protect the family's emotional attachment to the business. This balancing act often leads to a hybrid model of innovation, where firms engage in both incremental and more significant innovations, often driven by market demands but framed as a way of ensuring the business's long-term sustainability and relevance.

The negotiation process is also marked by the influence of the family's socioemotional wealth (SEW). This concept emphasizes that family firms often make decisions not just based on economic outcomes but also based on the preservation of family identity, unity, and legacy (Gómez-Mejía et al., 2007). For example, when a family business decides to adopt environmentally sustainable practices or expand into new markets, the decision is often motivated by a desire to ensure that the business remains true to its ethical values and long-term vision. Innovation, in this sense, becomes a means of safeguarding the family's emotional attachment to the business while addressing external pressures. Ultimately, innovation in family firms should be understood as a continuous process of balancing tradition with change, where innovation is not a break from the past but an evolution of it. This theme underscores the importance of managing the emotional and cultural aspects of innovation in family businesses and highlights the need for a nuanced understanding of how family firms navigate the complex interplay between heritage and modernity.

[3]. Family Dynamics as Enablers and Constraints

Family dynamics play a pivotal role in shaping the entrepreneurial orientation (EO) and innovation performance of family-owned enterprises. While family involvement is often a source of strength and cohesion, it can also introduce unique challenges that influence both decision-making processes and the ability to innovate. This theme emerged as one of the most complex, revealing how family dynamics simultaneously enable and constrain entrepreneurial behavior and innovation in ways that go beyond formal organizational structures. In this theme, we explore the dual nature of family dynamics as both enablers and constraints, shaped by trust, loyalty, generational conflict, and emotional attachment.

One of the most prominent findings of this study was the enabling role that family dynamics play in fostering innovation. Family businesses often benefit from high levels of trust and emotional commitment between members, which creates a supportive environment for risk-taking and the pursuit of innovative ideas. In these enterprises, family members are more likely to take risks and engage in long-term planning because they share a deep, emotional attachment to the business and its future success. This trust and commitment were highlighted in several cases where family members described the ability to make fast decisions and implement strategies without the bureaucratic delays typically found in non-family firms. One respondent, a founder of a food production company in Ankara, explained, “In a family business, we don’t need to wait for a meeting to approve a new idea. If we trust the person proposing the change, we move forward immediately.” The quick decision-making process allows family businesses to innovate more swiftly, responding to market opportunities or challenges without the layers of approval that slow down larger organizations.

Moreover, the strong sense of shared purpose and loyalty in family firms enables greater alignment of interests, which can be crucial when pursuing innovation. Family members often view the business not just as a source of income but as a legacy and a source of pride. This deep emotional investment in the firm’s success means that family members are willing to make sacrifices, including accepting lower salaries or forgoing short-term gains, in favor of the long-term sustainability and growth of the business. Such long-term thinking is often crucial in industries where innovation requires significant investment and a willingness to take risks in the face of uncertain returns. For example, a second-generation CEO of a manufacturing firm in Istanbul described how their family’s long-term orientation influenced the firm’s approach to innovation: “We’ve always been willing to reinvest profits back into the business, whether in new technologies or training our employees. It’s not just about the next quarter’s numbers, but about making sure the company is here for the next generation.” This long-term commitment enables family businesses to innovate incrementally, making gradual improvements to processes, products, and services that keep them competitive while maintaining continuity.

While family dynamics can certainly act as enablers, they also pose significant constraints on entrepreneurial orientation and innovation. The same emotional attachment that fosters a sense of unity and loyalty can also create barriers to change, particularly when it comes to generational differences in attitudes towards risk, innovation, and market competition. One of the most common constraints identified in the study was the resistance to change, particularly among older family members who are more closely tied to the traditional values that defined the business’s early success. Many founders view the family business as an extension of their personal identity and legacy, making them hesitant to embrace innovations that might threaten the firm’s established culture or reputation. In one case, a founder of a successful textile business in Gaziantep was resistant to adopting digital technologies, citing concerns that such changes would undermine the personal relationships the company had built with its clients over decades. “We’ve built this business on trust and face-to-face relationships,” the founder explained. “I worry that if we go too digital, we’ll lose that personal touch.”

This resistance is often compounded by a strong desire to protect the family's socioemotional wealth (SEW), which includes non-financial factors such as family identity, unity, and the emotional well-being of family members (Gómez-Mejía et al., 2007). Family members may resist innovation if they perceive it as a threat to the family's emotional investment in the business or if it challenges the established roles and authority structures within the firm. As the study found, the founder's authority is often seen as sacrosanct, and any attempt to challenge or revise the business's traditional approach to innovation can be met with resistance from older generations. Generational conflict is another significant constraint on innovation in family firms. While younger family members may be more open to adopting new technologies, exploring new markets, or pursuing more aggressive growth strategies, older generations often prioritize stability and preservation over change. This generational divide can lead to tension and conflict, particularly when younger family members are excluded from decision-making or feel that their ideas are not taken seriously. In one case, a younger family member of a high-end furniture company described how they were unable to convince the older generation to invest in e-commerce, despite the growing importance of online sales in their sector. "I'm constantly pushing for innovation, but it's difficult when the older generation doesn't see the value in it," they explained. Moreover, the emotional attachments that bind family members together can sometimes lead to overly centralized decision-making. In some cases, a single family member, often the founder, holds significant control over the business's strategic direction, limiting the space for innovation and the involvement of younger family members. In one family business, a patriarch maintained tight control over all major decisions, including those related to innovation, which stifled the input of other family members and led to missed opportunities in the market. This centralization of power can result in a lack of diversity in decision-making and an inability to respond effectively to changing market conditions.

The dual nature of family dynamics—simultaneously enabling and constraining innovation—suggests that family businesses must navigate a delicate balance between maintaining family cohesion and embracing innovation. The most successful firms are those that manage to combine the emotional and relational strengths of the family with a willingness to adapt and evolve in response to external challenges. This balance requires open communication, a willingness to engage in difficult conversations, and a recognition that change is necessary for long-term survival. Family businesses that encourage the active involvement of multiple generations in decision-making tend to be more successful at innovating. By involving both older and younger family members in strategic discussions, these firms create a more dynamic and inclusive decision-making environment that balances tradition with change. Additionally, succession planning and leadership development are critical in ensuring that innovation remains a priority as the business transitions from one generation to the next.

[4]. Discussion

This study provides valuable insights into the relationship between entrepreneurial orientation (EO) and innovation performance in family-owned enterprises in Turkey, highlighting the significant role that family dynamics play in shaping both factors. The findings demonstrate that while external factors such as market changes and technology impact strategic decisions, internal factors—particularly family dynamics—are central to how innovation is approached and executed in family businesses. The study identified three key themes: EO as a legacy mindset, innovation as a negotiation space between tradition and change, and family dynamics as both enablers and constraints of innovation. First, the theme EO as a legacy mindset reveals that entrepreneurial orientation is often viewed not merely as a formal strategic posture adopted at the organizational level, but as a mindset passed down from generation to generation within family-owned businesses.

This suggests that EO, in the context of family firms, is more inherent and contextualized through familial relationships and shared emotional connections rather than being strictly formalized in policies or procedures. The findings support the notion that family businesses tend to adopt entrepreneurial behaviors that are deeply linked to values and beliefs transmitted by the founders (Chrisman et al., 2005). However, the study also indicates that while this legacy provides strength and continuity, it can become an obstacle when the business needs to adapt to external changes. In other words, the legacy EO does not always align with the demands of rapid innovation required in the modern market. Therefore, it is crucial for family firms to critically reflect on their inherited EO and consider how this mindset can be adapted to remain relevant in a competitive environment.

The second theme, innovation as a negotiation space between tradition and change, highlights the complexity family businesses face in managing innovation. Family firms often need to balance the preservation of long-standing traditions and values with the necessity to adapt to market demands and evolving technologies. The findings align with the literature suggesting that innovation in family businesses is not just about technological changes, but also about how these changes align with the family's identity and legacy (Zahra et al., 2008). In many cases, innovation within family-owned enterprises in Turkey tends to be viewed as a way to maintain relevance and traditional values within a changing market, rather than a step toward radical transformation. This leads to a more gradual, inclusive, and sustainable approach to innovation, where changes are made incrementally and in a way that is consistent with the family's core principles. However, the findings also reveal generational tensions, with younger generations typically more open to radical changes, while older generations tend to be more cautious and reluctant to overhaul established practices. This generational divide, if not managed effectively, can impede the innovation process and limit the firm's ability to grow. Therefore, it is vital for family businesses to create spaces for intergenerational dialogue, where differing viewpoints and approaches can be discussed and aligned.

The third theme, family dynamics as both enablers and constraints of innovation, underscores the significant role family relationships play in shaping innovation within family businesses. While the close emotional bonds between family members often serve as strong drivers of commitment and trust, they can also become barriers when it comes to embracing new ideas or changing long-established practices. The study found that the dominance of authority by one family member, often the founder or first-generation leader, can limit the involvement of other family members in strategic decision-making, including innovation. Such dominance may stifle creativity and initiative from younger generations, who may have fresher perspectives and a greater inclination toward technological advancements, thereby reducing the firm's flexibility to adapt to market changes. These findings support the concept of socioemotional wealth (SEW), which suggests that decisions in family businesses are often driven not just by financial considerations but also by the desire to protect family identity and emotional ties (Gómez-Mejía et al., 2007). When this emotional wealth is threatened, for example, by significant changes in how the business operates, family members may feel insecure, leading to tension or even conflict. Therefore, while family dynamics can serve as powerful enablers of innovation, they can also restrict it if not properly managed. Family businesses need to create more inclusive organizational structures that encourage the involvement of multiple generations in decision-making to foster a more dynamic and open innovation culture.

Overall, these findings highlight the importance of managing family dynamics in facilitating innovation within family-owned enterprises. While the family can serve as a source of commitment and stability, it also brings challenges that may hinder the ability to innovate. Consequently, family firms must manage their internal dynamics wisely, ensuring that space for innovation is created

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without sacrificing the emotional connections and values that define the family. An inclusive approach that encourages open dialogue between generations will enable family businesses to innovate more effectively while maintaining the core aspects of their identity and legacy. Furthermore, this study suggests that family businesses should place greater emphasis on reflecting upon the EO they inherit to ensure that their entrepreneurial orientation remains relevant in the face of changing global challenges and opportunities.

4. Conclusion

This study explored the relationship between entrepreneurial orientation (EO) and innovation performance in family-owned enterprises in Turkey, emphasizing the role of family dynamics in shaping both factors. The findings revealed that EO in family businesses is often passed down as a legacy mindset, deeply embedded in family values and traditions. This legacy, while providing strength and continuity, can sometimes become an obstacle to innovation, especially when the firm needs to adapt to rapidly changing market demands. The study also highlighted that innovation in family businesses is a complex negotiation between maintaining tradition and embracing change, with generational tensions influencing the pace and direction of innovation. Moreover, the role of family dynamics was found to be both enabling and constraining, with family members' emotional ties playing a significant role in fostering commitment but also potentially limiting the firm's ability to innovate when authority is centralized or when intergenerational conflicts arise. The study contributes to the literature on family business management by offering a nuanced understanding of how EO and innovation are influenced by family dynamics. It underscores the importance of balancing tradition with innovation, creating spaces for intergenerational dialogue, and managing family relationships effectively to foster an environment conducive to innovation. These findings have practical implications for family-owned businesses seeking to enhance their innovation performance while preserving their unique family-oriented identity.

Despite its contributions, this study has several limitations that should be acknowledged. First, the research was conducted in Turkey, and thus the findings may be influenced by cultural and economic factors specific to this context. While Turkey provides a unique environment for studying family businesses, the results may not be fully generalizable to other countries or regions with different cultural or economic backgrounds. Future research could replicate this study in different cultural contexts to explore the universality of the identified themes and to examine whether the relationship between EO, innovation, and family dynamics varies across different geographic and cultural settings. Second, the study employed qualitative methods, which, while providing in-depth insights, may limit the ability to generalize the findings to a larger population. The use of a larger and more diverse sample of family businesses, including firms from various industries and of different sizes, could provide a more comprehensive understanding of how EO and innovation are shaped by family dynamics. Quantitative studies, such as surveys or longitudinal analyses, could complement this research by testing the relationships between EO, innovation, and family dynamics across a broader sample and over time.

Additionally, the study focused on family businesses in their entirety, without distinguishing between different types of family firms, such as those with a strong founder influence versus those that are more professionalized or have experienced generational transitions. Future studies could explore how these different types of family businesses may experience EO and innovation differently, and how family dynamics shift over time as the business evolves. Finally, while the study highlighted the importance of family dynamics, it did not delve deeply into the specific mechanisms through which these dynamics influence innovation. Future research could explore in greater detail how emotional ties, conflicts, and power structures within family businesses impact innovation decisions and outcomes. Understanding the underlying processes of family interactions could provide more specific recommendations for family firms seeking to enhance their innovation capabilities.

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