

TRADITION AS RESOURCE OR CONSTRAINT FOR STRATEGIC ACTION

Edited by Gino Cattani,
Simone Ferriani and Innan Sasaki

ADVANCES IN STRATEGIC
MANAGEMENT

VOLUME 44

TRADITION AS RESOURCE OR
CONSTRAINT FOR STRATEGIC
ACTION

ADVANCES IN STRATEGIC MANAGEMENT

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INVESTOR IN PEOPLE

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FOREWORD

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TRADITIONS AS ORGANIZATIONAL MEMORY

Traditions are an important but overlooked source of organizational innovation. While often associated with preserving culture and maintaining stability, traditions also contribute to many foundational actions and functions in organizations, influencing everything from decision-making to employee engagement. Yet we rarely acknowledge the depth, breadth, and importance of organizational traditions.

This willful ignorance of organizational traditions is likely due to our inability to manage them. Traditions appear to operate in a mystical domain that is not particularly rational, calculable, or amenable to direct observation. They persist magically, through organic cultural processes based on repetition and shared meaning rather than through formal rules, policies, or explicit strategies. Their opaque quality makes traditions elusive to standard management techniques or traditional scholarship, both of which prioritize measurement, predictability, and control. As a result, we have a hard time answering fundamental questions about traditions in organizations. Where do they come from? Why and how do they persist? And, perhaps most critically, what is the primary function that they serve in processes of formal organization?

A likely answer to the last question is that traditions represent the functional operation of organizational memory. Most of the core activities in organizations depend upon a reliable means of managing collective memory. Traditions are the living, breathing soul of collective memory. Traditions provide a means of selecting, storing, and adapting the integrated experiences of a social group. Traditions provide a repository of both formal and informal memories and a mechanism by which they become embedded in the routines, norms, narratives, and core meaning systems of any organization. The act of collective remembering also serves as the fundament of constructing and adapting the identity and purpose of an organization.

THE ADAPTIVE EFFICIENCY OF FORGETTING

No memory system, however, is perfect. Just as individual memories are subject to distortions, reinterpretations, and outright forgetting, so too are the collective memories of an organization. These distortions are not necessarily accidental, nor

do they represent a failure of the organization. There is both efficiency and functional utility in organizational forgetting. Misremembering through adaptation in traditions is a critical but often overlooked mechanism of organizational adaptation.

From this perspective, the failure to faithfully reproduce traditions serves the same adaptive function as the failure to faithfully reproduce organizational routines. Traditions may be revised, reinterpreted, or selectively emphasized to serve contemporary needs or anticipated future needs, rather than to simply reinforce the continuity of the past. Such adaptive misremembering of traditions allows organizations to maintain a sense of continuity while incrementally recalibrating to respond to changes in the environment. Selective revision of traditions helps to legitimize change by masking adaptive actions for the future appear to be ongoing methods of honoring the past. Controlled or strategic variability in how traditions are remembered and reproduced in an organization may well be another dynamic capability.

RITUALS OF FORGETTING

Effective organizations institutionalize strategic forgetting as an organizational routine. These organizations actively cultivate forgetting through traditional practices of management. For example, corporate rebranding exercises, when done well, remove outdated slogans, symbols, and narratives that no longer serve the purpose of the organization in a ritualistic or routinized way that makes the process appear to be an act of maintenance and continuity rather than a change.

Ritualistic forgetting can also facilitate the revisions of traditions themselves. Consider how Apple Corporation has historically reframed its traditions. The company often invokes the legacy of Steve Jobs as a visionary and an innovator, while making significant departures from his original vision – i.e., by framing incremental modifications of the iPhone as major innovations with all the ceremonial hype and performative display that the founder once applied to truly disruptive innovations. When profound departures in organizational identity are wrapped in traditional rituals and ceremonies, audiences are more likely to see change as continuity.

NAVIGATING THE PARADOX OF TRADITION AND CHANGE

When we see traditions as the functional mechanism of collective memory, we begin to understand why they are so foundational to organizations. They provide an informal mechanism of preserving identity and continuity while encouraging micro practices of change. This is something that formal, bureaucratic memory systems could never achieve. Yet questions remain. Why are organizations so open to informal mechanisms of memory, such as ritual, oral history, or commemoration?

Why are traditions so resistant to formal rules and routines? Why are rituals so purposefully inscrutable?

One potential answer is that the informality of traditions serves as a key protective function for the essence of organizations. Once the informality of traditions is reduced to writing, the collective memory of the organization is no longer secret. Keeping collective memory in the informal mode of tradition not only enables innovation through revision of organizational memory. It also protects the essence of the organization from competitors, enemies, and others who might do harm.

The challenge for researchers is to take organizational traditions more seriously as important objects of study. While traditions may hold the key to unlocking secrets of organizations, we must be careful to not romanticize them as inscrutable practices and spaces of memory. Instead, we must treat them with the same analytic objectivity that we bring to the study of any organizational practice. The outstanding papers that appear in this volume provide an exemplary array of first steps in demonstrating how we might best do this.

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INTRODUCTION

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BALANCING ACT: LEVERAGING TRADITION IN THE PURSUIT OF INNOVATION

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ABSTRACT

A major challenge that organizations face in a variety of industries in dealing with cherished traditions is how to best mediate between adherence to tradition and the pursuit of innovation and how to accommodate renewal without stifling tradition. Addressing this question means explaining how firms use tradition as a resource and, in particular, how managers leverage tradition to preserve valued rituals, support desired identities, and bolster firm performance. In this introductory piece, the authors take stock of research that has begun to look into how firms can resolve the tension between the preservation of tradition and risky innovation and explore the range of strategic tools that can be leveraged to this end. Shedding light on how this balance can be achieved is critical for enhancing understanding of the conditions that allow firms to create and capture value. The authors review each paper in this volume and highlight the new perspectives and insights they offer about how firms seek to balance tradition and innovation. Finally, the authors outline several research themes that the authors believe are worthy of further scholarly attention.

Keywords: Tradition; resource; value creation/capture; audiences/stakeholders; narratives; cultural strategies

Management and organizational scholars have paid increasing attention to the role of tradition in organizations (e.g., [Cancellieri et al., 2022](#); [Dacin & Dacin, 2008](#); [Dacin et al., 2010](#); [De Massis et al., 2016](#)). One exciting trajectory of this literature focuses on how organizations use tradition as a resource and, in particular, how

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managers and workers leverage tradition to support desired identities and bolster firm performance (Soares, 1997). From this perspective, tradition includes craft production methods (Cattani, Dunbar, & Shapira, 2017; Cattani et al., 2013), as well as work arrangements, established (cultural) practices and rituals (Sasaki et al., 2021) that shape organizational life in a variety of settings. But tradition can also manifest in the use of narratives (e.g., Basque & Langley, 2018), mnemonic resources (Crawford et al., 2022), and artifacts (e.g., Ravasi et al., 2019).

Collectively, these views share an interest in how actors vested in the continuity of traditions proactively and often strategically link the past to the future through a “continuous work of interpretation” (Giddens, 1994, p. 64). Indeed, a major challenge that organizations face in a variety of industries such as fashion, design, performing arts, food, and musical instruments is how to best mediate between adherence to tradition and the pursuit of innovation, and how to accommodate renewal without stifling tradition (Suddaby & Jaskiewicz, 2020). A common strategy is to improve customers’ perceptions of value by offering robust interpretations of traditional products that preserve the most familiar aspects of a tradition while departing from it on more peripheral features; however, when the interpretation is more radical (i.e., it alters core elements of the tradition), customers are more likely to experience incongruity with their schemas, resulting in a negative perception of value (Cancellieri et al., 2022; De Massis et al., 2016). For example, Fiat’s redesign of the Fiat 500, which infuses the vehicle with a retro style reminiscent of Dante Giacosa’s 1957 model, illustrates how automotive companies can modernize while honoring their heritage through reinterpretation. Similarly, artist Murakami’s reinterpretation of the Louis Vuitton Speedy Handbag with Kawaii influences demonstrates how tradition can be refreshed with contemporary artistic styles (Cancellieri et al., 2023). These examples highlight a broader trend where companies rediscover and repurpose their traditions, sometimes reviving neglected or obsolete elements to create new value and relevance, as discussed by scholars like Hahl (2016) and Raffaelli (2019). This process not only preserves but also rejuvenates traditional practices, making them pertinent in modern contexts.

Studies following this line of thinking view tradition and innovation as a duality and propose strategies to balance tradition and innovation. For instance, Sasaki et al.’s (2019) findings in the context of long-lived Japanese firms suggest that emotional commitment to tradition may impose constraints on the latitude that managers have as they seek to change and innovate, thereby locking firms in the continuation of historical trajectories. On the other hand, Sasaki et al.’s (2019) study sheds light on how actors’ subjective experiences and interpretive frames of history affect how they relate to past, present, and future and approach innovation. Their awareness of a firm’s history, organizational context, and cultural influences creates distinct temporal orientations that shape how tradition and innovation are balanced organically.

It is then crucial to delve into the conditions which, by influencing individual and organizational decisions and behavior, inform the way in which traditions and innovations come to intersect in products, actors, and firms. This calls for integrating both supply- and demand-driven explanations of how actors and

firms resolve the tension between tradition and innovation, as well as considering how the assessment of external audiences shapes strategic decisions and behavior over time. Consider Steinway & Sons' continuing adherence to traditional craft manufacturing methods. These methods were initially directed toward developing technical excellence in piano making and then later on catered directly to the specific needs of virtuoso pianists who developed a deeply personal, even emotional attachment to the instrument. Over time, Steinway & Sons developed a uniquely distinctive identity as a craft piano maker, yet this identity eventually constrained its ability to make decisions that external audiences (primarily virtuoso performers, but then also music critics and the public) perceived as being inconsistent with such identity (Cattani, Dunbar, & Shapira, 2017) – implicitly pointing to the distributed nature of the custodianship of tradition and the influence of the diverse audiences concerned with the preservation of an established tradition. Disentangling the cognitive and emotional motives of the actors – including those of their main audiences – sheds light on the driving forces that help balance tradition and innovation. As actors are more or less embedded in their cultural institutions, their strategic freedom over where to set this balance also tends to vary.

The strategic importance of resolving this tension is premised on the recognition that, while tradition often constrains a firm's ability to innovate and might become a source of organizational inertia or even turn into a core rigidity (Leonard-Barton, 1992), it also has a value-creating potential that firms can ultimately seek to extract and capture through strategic action. Several scholars have begun to examine some of the opportunities and challenges of framing tradition as a resource or constraint; yet research on this topic is just taking off, and several questions remain unresolved, thus requiring further investigation. The contributions in this volume advance a novel perspective on the current debate on whether tradition is a resource or constraint. It does so by digging deeper into how to balance this tension as well as elaborating a more integrative approach where this tension is not framed simply as a trade-off. Introducing this volume now is timely, given the growing interest in the role of tradition to better understand organizational behavior and performance in contexts as diverse as watches (Raffaelli, 2019), opera (Cancellieri et al., 2022), *shinise* firms (Sasaki et al., 2019), musical instruments (Cattani, Dunbar, & Shapira, 2017; Cattani et al., 2013), beer (Kroezen & Heugens, 2019; Mathias et al., 2018), gastronomy (Rao et al., 2005), and sport (Hahl, 2016), among others. At the same time, the advent of Artificial Intelligence (AI) has forced us to reconsider the value of tradition-based products, heritage, and human skills (Spennemann, 2024).

We believe that this volume advances current research on tradition through a variety of theoretical and empirical insights into how tradition affects organizational life by focusing on unusual empirical settings, challenging taken-for-granted assumptions on how tradition shapes firm behavior and performance, discussing suitable research designs and methodological approaches for studying tradition in organizations, and outlining future research avenues.

TRADITION IN THIS VOLUME

Besides this introductory paper and a coda, the volume contains 10 papers and one commentary that we grouped into five thematic categories: tradition as heterogeneous perception, tradition as contextualized evolution, tradition as everyday practice, tradition as a process, and breaking with tradition. We read the papers and inductively open-coded them, comparing the existing literature on traditions and the authors' conceptualization of tradition. We paid particular attention to whether they departed from framing tradition and innovation as a trade-off, which is the dominant theoretical approach characterizing the current state of literature (and also the approach of this volume). Exploring how firms navigate the interplay between tradition and innovation often transcends simple categorization, as it spans a range of theoretical perspectives and methodological approaches. While the articles in this volume do not fit neatly into a single category, we have grouped them based on where they make the most significant contribution, recognizing that this classification is inherently subjective. [Table 1](#) provides an overview of how each paper aligns with these thematic categories. Collectively, the papers enrich our understanding of the dynamic interplay between tradition and innovation, offering a diverse range of perspectives that illuminate various aspects of this complex relationship. As we further highlight in the concluding section, this comprehensive collection of insights serves as a fertile ground for future scholarly investigation. The paper summaries below offer a glimpse into the core arguments and methodologies employed in each study, inviting readers to engage deeply with the rich content of this volume.

Table 1. Perspectives on Tradition in This Volume.

Perspectives on Tradition	Tradition as Heterogeneous Perception	Tradition as Contextualized Evolution	Tradition as Everyday Practice	Tradition as Process	Breaking With Tradition
Tradition as duality or dualism	Duality (tradition and novelty as a trade-off)	Duality (tradition and novelty as a trade-off)	Dualism (tradition and novelty coexist)	Dualism (tradition and novelty coexist)	Duality (tradition and novelty as a trade-off)
Key theoretical focus	Multiplicity and diversity of custodians of tradition Different field positions	Inter-relationship between traditional practices and the context	Tradition as everyday visible and invisible micro-practices	Tradition as the degree and process of transmission	Challenges and costs of breaking with traditional business models
Methodological approach	Conceptual, case studies	Case studies	Ethnography and case study	Case study	Conceptual
Authors in the volume	Hahl and Varhaal; Cancellieri; Lanza and Simone	Sands; Mazza, Strandgaard, and Mazza	Sato; Ferriani, Lanzolla, and Lorenzoni	Adiguna; Barberio and Lomi; Langley	Markides

Tradition as Heterogeneous Perception

The strategic implications of tradition have been gaining attention among strategy scholars (e.g., Cancellieri et al., 2022; Cattani, Dunbar, & Shapira, 2017; Dacin et al., 2019; De Massis et al., 2016). However, it is not obvious why this construct would be attracting interest in this field. Indeed, any discussion of why this is the case should first clarify when – under which conditions – tradition is not only a resource, but also – and perhaps more importantly for strategy scholars – a source of superior performance. In their paper *Organizational Constraint or Source of Competitive Advantage (or Both)? The Strategic Use of Authenticity by Way of Tradition*, Oliver Hahl and Cameron Varhaal address this key question by arguing that for tradition to become a source of sustained competitive advantage, it must be considered authentic by its relevant audiences or stakeholders. Committing to tradition can constrain a firm's strategic freedom and, therefore, undermine its success, growth, and progress; however, for those firms that can manage it credibly, tradition also holds the promise of projecting authenticity to an intended audience or stakeholder. Hahl and Verhaal offer a nuanced understanding of when the use of tradition as a source of authenticity claims becomes a source of superior performance and when, on the contrary, it becomes a source of inertia. Focusing on various types of stakeholders – competitors, consumers, employees, investors, and strategic partners – they argue that when using tradition to claim authenticity, there are trade-offs that ought to be made, and these trade-offs need to be assessed when firms seek to act as the custodians of traditions: certain claims may in fact resonate with some stakeholders but not with others. A key contribution of this paper is to explicate how and why authenticity is a useful conceptual tool that can be used to make sense of why some firms outperform others, and the constraints some firms face when they employ strategies highlighting their authenticity.

If tradition is potentially a source of sustained competitive advantage, the next question is which strategies – in addition to authenticity – firms can rely upon to extract value from tradition. In her review piece – *Navigating the Tension Between Tradition and Innovation in Cultural and Creative Industries: A Critical Literature Review and Research Agenda* – Giulia Cancellieri examines different studies that look at the tension between tradition and innovation from various perspectives, as well as the strategies through which firms use traditions as a resource to pursue innovation. Some studies focus on how firms can reinterpret their traditions through product design choices that revive the past by connecting it to the present and the future. Other studies examine how linguistic strategies can be adopted to redefine the cognitive meaning of an abandoned, discarded, or undervalued tradition, to legitimize an innovation, or to inspire change initiatives by leveraging a revered tradition. A final body of studies seeks to address the issue of optimal distinctiveness and how cultural and creative firms can simultaneously conform to and deviate from enduring traditions to achieve an optimally distinctive market position. Collectively, these studies share an interest in how cultural and creative firms can use tradition as a resource to achieve different types of objectives, such as the reinterpretation of a revered tradition, the

rediscovery of an abandoned or neglected tradition through a redefinition of its cognitive meaning, the legitimation of a controversial innovation, and/or the achievement of optimal distinctiveness. At the same time, these studies also rely on different methods to examine how firms can achieve these objectives by reconciling the conflicting needs to preserve tradition and pursue innovation. One way to reconcile these differences is to explicitly recognize how audience heterogeneity affects the success of different strategies firms can adopt to manage the tradition/innovation tension. Accounting for audience heterogeneity is particularly important in cultural industries where the strategic decisions made to improve the reception of new products are usually subject to multiple, ambiguous, and often even conflicting evaluation criteria. Also, because few studies have considered the interplay between product design choices and linguistic strategies and how this affects a firm's renewal efforts, another possibility is to examine the interplay between product choices and linguistic strategies in shaping audience evaluation of efforts that aim to innovate the tradition. Finally, cultural producers could use language strategically to reconcile the tension between conformity to a revered tradition and differentiation through innovation, especially when heterogeneous audiences perceive this tension rather differently and, therefore, different linguistic strategies must be devised.

Balancing tradition and innovation is particularly challenging when innovation is radical and, therefore, may disrupt an established tradition. The paper by Andrea Lanza and Giuseppina Simone – *Rogue Wine: A Non-Starred Wines Story. The Troubled Adoption of the Novel IGT Category in the Italian Wine Industry* – examines how a new and contested product category can be adopted in contexts – such as the Italian wine industry – where conformity to deeply entrenched traditional production practices and prescriptions has prevented any systematic attempt to move away from those traditions and, consequently, stifled innovation. Unlike existing studies that show how the custodians of traditions tend to resist radical change (Cancellieri et al., 2022), Lanza and Simone argue that the role of social actors' prior conduct or traditional behaviors is critical for understanding the interplay between tradition and innovation over time, especially when innovation is not merely incremental. Lanza and Simone emphasize how any change in an established tradition is evaluated by a key audience – here, wine experts and critics. Because not all social actors are equally qualified or equipped to take advantage of a novel and contested category, change that is promoted by actors with a history of enacting consistent patterns of divergent behaviors that have been reviewed and commented on by relevant social audiences can be recognized as more authentic and credible. In other words, entry into a novel and contested category represents an expected evolution of their competitive behavior compare to that of more traditional and orthodox rivals. The study sheds new light on how innovating actors can navigate the authenticity paradox in the case of a radical change in traditions.

Common to the three chapters is the emphasis on the heterogeneity of the audiences or stakeholders that play a crucial role in assessing, judging, and evaluating the authenticity of tradition when they seek to change or maintain it. Recognizing and theorizing this heterogeneity is necessary to fully understand