"Innovation vs Tradition: How Hero MotoCorp Balances Legacy Family Values with Technological Transformation"

Vihaan Jain
Student
KRM World School

1. Introduction

1.1 Research Background

The global automotive industry is experiencing a fast and disruptive change with electrifying, digitalising, and sustainability forces (Jagani, Marsillac and Hong, 2024). The reports published by the International Energy Agency indicate that in 2023, the total number of electric vehicle (EV) vehicles sold worldwide were more than 14 million units sold, which is approximately 18 percent of all cars sold in the market, marking a significant milestone towards clean mobility (IEA, 2024). This change has compelled business-established manufacturers to think about their business models. But, technological innovation also points at a threat to well-established organisational values, particularly in organisations that are extremely old in nature.

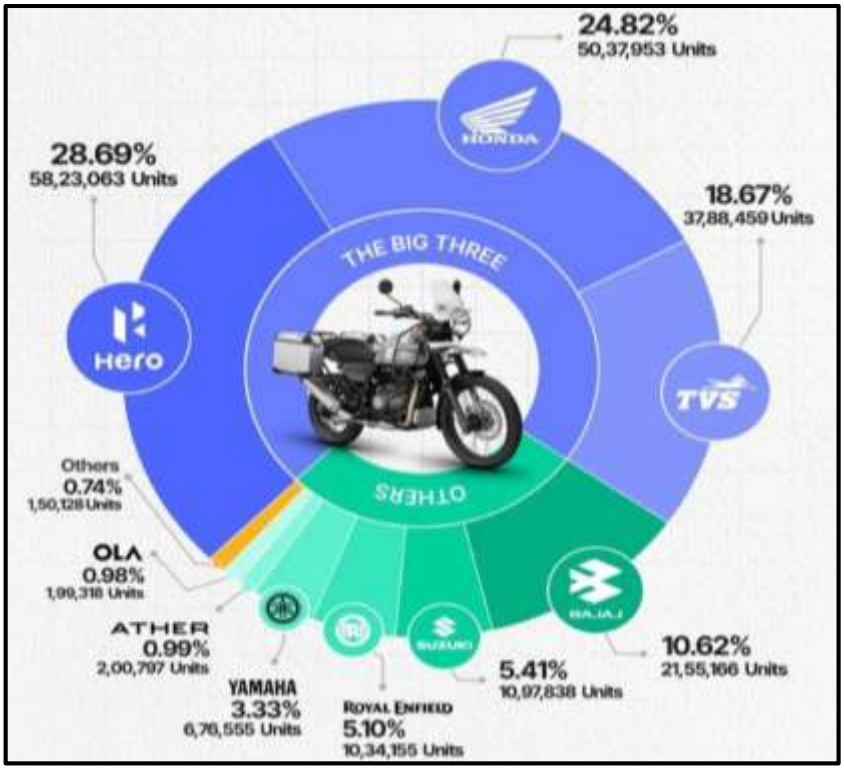

Figure 1.1: Two-wheeler market share by brands

(Source: Chaudhary, 2025)

Hero MotoCorp, the largest two-wheeler producer in the world in terms of volume, is considering this transformation (Chaudhary, 2025). The company has long-term relationships, operational stability, and a strong family influence, historically based values like trust, which have allowed the company to build a dominant position in emerging markets, with over 30% market share in the two-wheel sector in recent years. However, the transition to electric mobility and digital ecosystems has increased the intensity of competition among both existing and new entrants like Ola Electric.

However, introducing technological transformation into an organisation whose structure is very old and traditional is not an easy process. The positive outcome is that legacy values can add resilience, brand loyalty, and trust of stakeholders (Wong and Vongswasdi, 2025). On the other hand, they can develop change resistance, delay in decision-making, and restrict risk-taking, which is an aspect of innovation. This results in a strategic challenge in that an innovative mindset requires rapid disruption, whereas a traditional mindset demands stability and continuity. Thus, it is essential to understand the way organisations, such as Hero MotoCorp, meet with such tension to determine their competitive strengths in the long-term technology-driven sector.

1.2 Research Aim

The aim of this study is to critically analyse how Hero MotoCorp balances legacy family values with technological transformation and examine its impact on innovation, strategy, and long-term competitiveness.

1.3 Research Objectives

- To analyse the role of legacy family values in Hero MotoCorp.
- To evaluate the technological transformation's impact on the organisation.
- To identify the balance between tradition and innovation.
- To recommend strategies to balance legacy values with technological transformation.

1.4 Research Questions

1. How do legacy family values impact operations and strategic decisions in Hero MotoCorp?
2. How is organisational performance and direction affected by technological transformation?
3. What balance or conflicts are found in the traditional values and innovation initiatives?
4. How can Hero MotoCorp balance tradition along with technological transformation effectively?

1.5 Problem Statement and Rationale

The rapid shift of the automotive industry to electrification, digitalisation and smart mobility has posed critical challenges to traditionally structured organisations. Although innovation is commonly acknowledged to be a major force behind competitiveness, sometimes legacy companies are confronted with structural and cultural challenges that cannot be easily overcome and adjusted. Hero MotoCorp is a critical case of an organisation running on legacy that has had to go through technological disruption.

The family-based values have long-term orientation, relationship-based governance, and stability, among others, which have historically served as the source of competitiveness of Hero MotoCorp. These are the values that have led to durability in the market leadership, especially in cost-effective Internal Combustion Engine (ICE) segments (Liu *et al.,* 2024). However, a modern-day rapid transition in the industry is towards Electric Vehicles (EVs), digital platforms, and data-driven ecosystems. The industry reports business gains to EV adoption, which is growing rapidly across the world, pushing existing companies in the sector to develop innovative solutions.

However, the issue within the organisations arises in terms of tradition and innovation. On the one hand, continuity, trust, and strategic discipline are given by legacy values. On the other hand, they might restrict agility, slow down decision-making and risk-taking aspects, which are vital in transforming technology. This brings a crucial point of whether the old forms of organisation are capable of fostering disruptive innovation or whether they inherently inhibit it as well.

Available literature does explore family business values or technological innovation independently to a great degree. Few existing studies examine the way in which emerging-market or large-scale firms and their integration in both of these dimensions are critically examined. Therefore, this paper focuses on filling this gap by critically examining how Hero MotoCorp has been handling the challenges of tradition and innovation and its effects on its long-term strategy adaptability and competitiveness as a firm.

1.6 Significance

This research is important because it helps to learn how legacy-based organisations can overcome the gap between tradition and technological change. The research offers practical knowledge on how organisational challenges can be managed in emerging markets by focusing on Hero MotoCorp. It helps managers understand the strategies that will help them maintain the balance between stability and innovation, as well as informs policymakers about the policies to support the transition of industries to the use of electric mobility. However, the study contributes to the academic discussion in addition to its practical implications by combining family business values and the theory of innovation. Thus, it provides a broader view towards maintaining competitiveness in a highly dynamic automotive industry.

2. Literature Review

2.1 Tradition and Family Business Values

Kalali (2022) remarks that the importance of family business values as a competitive advantage is not a new factor as relational trust and long-term orientation determines the establishment of the business success in the emerging markets. These values bring about stability, resilience and commitment among the stakeholders that make firms to sustain performance despite the hardships that an economy could be facing. To illustrate, family governance organisations focus more on the continuity prospects rather than focusing on short-term profits, thus bolstering brand loyalty and client trust. This has been witnessed in businesses like Hero MotoCorp where the legacy values practised

by the company have over the past resorted to serving the company well in terms of sustainability in the two-wheeler sector which is highly competitive on price in India.

However, Purwandari, Purnomo and Sentosa, I. (2025) argued that family-based values contribute to stability, it can also increase inflexibility in organisational structures and decision-making processes. Long-term orientation, on the one hand, promotes sustainable growth, and on the other hand, can make them less responsive towards quick market changes. This has been shown to lower the effectiveness of the family-run companies to invest in disruptive innovations since research indicates that family-run businesses are usually riskier than professionally run organisations.

As per the viewpoint of Ling, Wang and Wang (2026), family-influenced firms have governance structures which can be centralised and may delay the strategic decision-making process. It is especially problematic in industries with a rapid change in the technological environment, which includes the automotive sector. Although the trust-based relationship and legacy systems have offered consistency in operations, they can be effective with the requirement of agility and exploration of innovations encountered in an innovation-driven setup.

2.2 Technological Transformation in the Automotive Industry

According to Pérez-Moure *et al.*, (2023), the automotive industry faces structural change through electrification, digitalisation, and the introduction of smart mobility ecosystems. The global electric vehicle (EV) sales, according to the International Energy Agency, were more than 14 million vehicles in 2023, which is almost 18% of the total vehicles sold, and the projections are that the sales will increase (IEA, 2024). Regulatory pressures, sustainability goals, and different consumer tastes promote low-emission transport, further supporting this change. Therefore, companies are making more investments in new technologies, including battery development, artificial intelligence, and new car technologies.

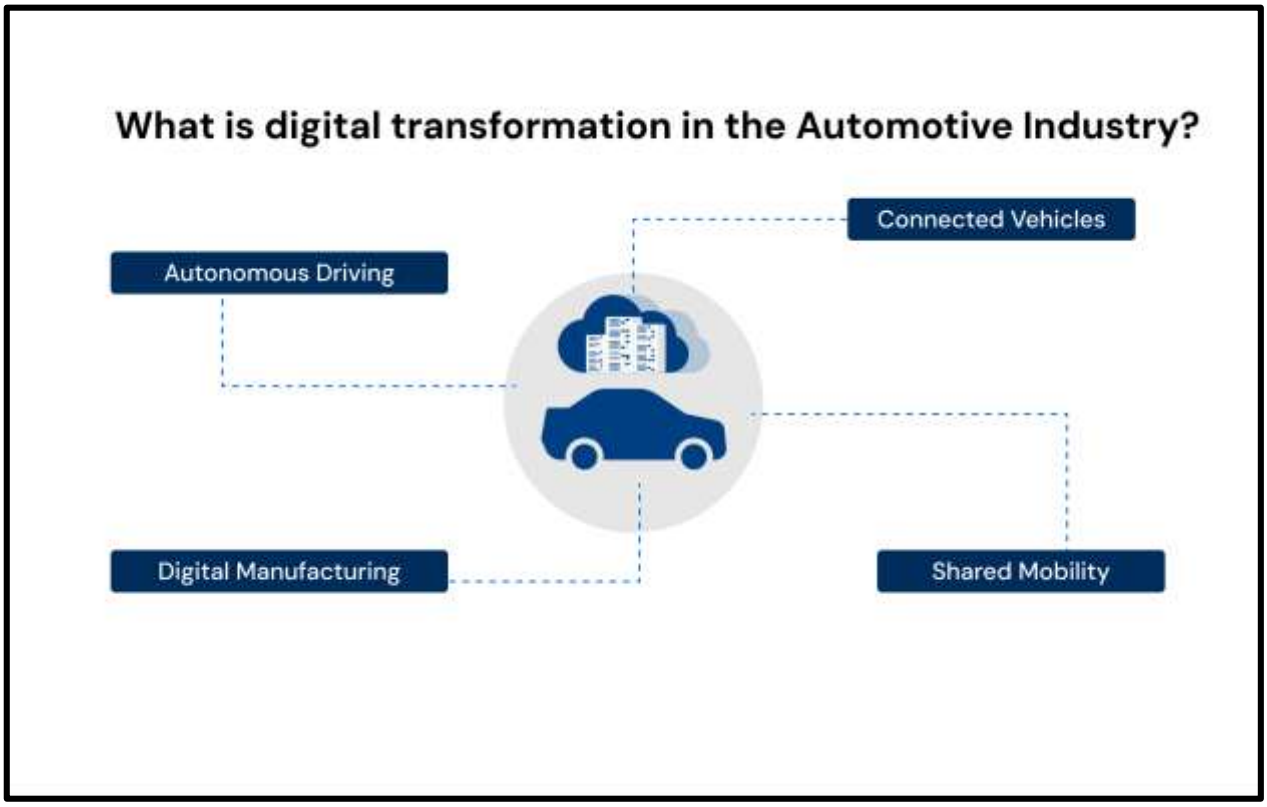

Figure 2.1: Digital transformation

(Source: Antino, 2024)

However, Omowole *et al.*, (2024) argued that, as much as technological change is being advanced as a very necessary tool for competitiveness, it is not always easy to achieve this. On the one hand, digitalisation and EV use open the possibilities of operational efficiency, product technological progress, and additional sources of income. For example, Ola Electric, which has been a start-up, has used technology-first approaches to destabilise the conventional market relationships in India. On the other hand, core competencies, immense investment of capital, and organisational change can put a limitation on legacy firms because such change is difficult to achieve.

Moreover, Arici and Gok (2023) believe that the rate of technological change provides uncertainty and strategic risk. The existing manufacturers have to decide between investing in new technology and profitability in the current segments of the Internal Combustion Engine (ICE) when it comes to profitability. This pressure from two sides may result in strategic challenges or a gap in innovation initiatives. Moreover, the transition is complicated by supply chain issues, especially the battery source and semiconductor supply.

2.3 Gap Between Innovation and Tradition

Lazarević-Moravčević and Mosurović Ružicultic (2023), have concluded that innovation and tradition might co-exist in organisations and in such instances, an incongruence is bound to emerge in terms of its structure and culture. On the one hand, agility, experimentation and readiness are required in business phenomena known as innovation. Conventional values, conversely, take into consideration the aspect of stability, continuity and reducing risks. This

is particularly evident in traditional companies such as Hero MotoCorp because the demands of a rapid-tech change may clash with long held practices and cultural beliefs.

Nonetheless, Gil, Thor and Gemheden (2025) held the view that tradition can provide a firm background that enables innovation to be facilitated by provision of strategic direction and long term vision. Cultural practices can create a hindrance to change such that the process of change is slow and organisational adaptability is limited. An example is a newcomer, Ola Electric, that, although technologically-Focused, may be quicker in the rate at which it develops innovative products than older ones, due to structural constraints. In this way, innovation and tradition are more of an interactive than a conflict. Its most crucial concern is to strike a good balance since being over dependent on any of the aspects will err on competitiveness in the long run.

2.4 Strategies for Balancing Both

Alamri, Harfash and Alsaleem (2024) argue that to find a balance between tradition and innovation, organisations must employ hybrid strategies that stabilise and flexible. On one hand, the firms can hold on to such traditional values in their heart like trust, long-term orientation as well as their relation with the stakeholders, and at the same time form different structures or units, which are centered upon innovation. Such a plan enables organisations to leverage the existing strengths and consider new technological opportunities. Indicatively, Hero MotoCorp has been entering the electric mobility with the assistance of strategic investments and alliances, including the one with Ather Energy, and has since been capable of being exposed to the technology of a more contemporary EV without interfering with its traditional business.

However, Wilke and Pyka (2025) argued that there are limitations to such strategies. The establishment of independent innovation units can bring about organisational gaps, which reduces the transfer of knowledge between the traditional and innovative sections. Furthermore, internal capability development can be limited in the case of over-dependence on partnerships and external collaborations. The other strategy is change by digital integration and innovation of processes with old structures. Although it minimises resistance to change, it can reduce the rate of innovation relative to more radical transformation strategies. So, despite the existence of various strategies, organisations can only be effective at them as they manage to match cultural values to the technological goals, and not as distinct priorities.

2.5 Theories and Models

There are various theoretical approaches that support understanding the gap between tradition and innovation in organisations. According to AlKhamees and Durugbo (2025), organisational ambidexterity theory states that organisations should consider both taking advantage of available resources at the same time that they explore new opportunities, so it is a relevant concept allowing us to understand how organisations such as Hero MotoCorp are maintaining both old business and technological change. Comparatively, it is hard to be two-focused, resource allocation and leadership focus tend to be inclined towards one dimension over the other.

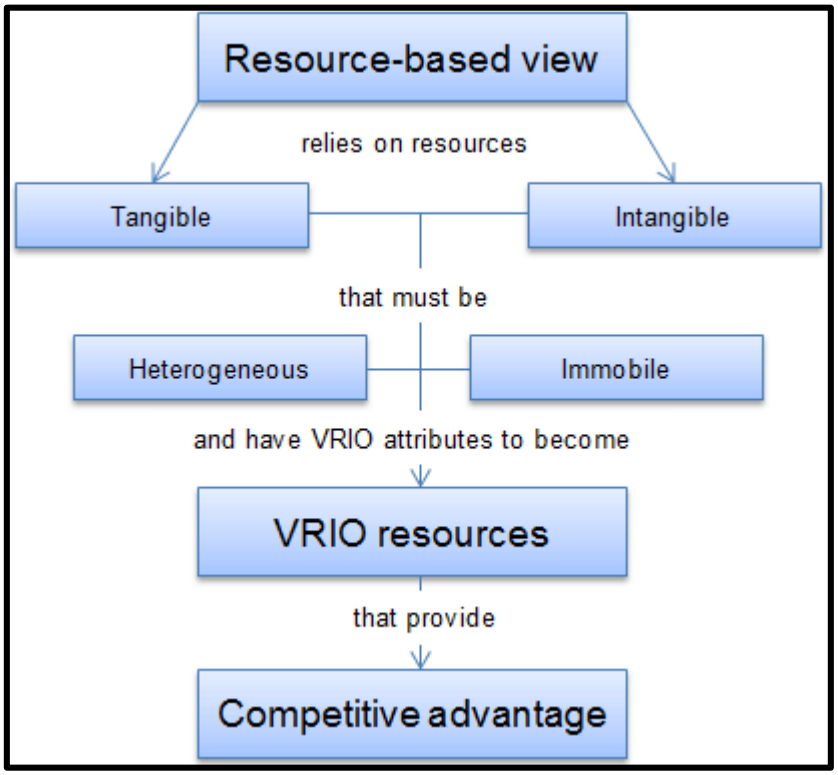

Figure 2.2: Resource-Based View (RBV)

(Source: Jurevicius, 2023)

Kero and Bogale (2023) argued that the Resource-Based View (RBV) limits the lasting competitive advantage by the valuable, rare, and inimitable resources, including the organisational culture and brand image. Although this adds to the significance of legacy values, it can be underestimated in terms of the necessity to quickly renew capabilities in dynamic industries. On the other hand, Dynamic Capabilities Theory emphasises the capacity of a firm to combine, create and reshape internal and external competences in reaction to change. Whereas, its outcome becomes challenging to apply in actual organisational contexts. The combination of these models gives the entire and effective outcome of the balance between tradition and innovation.

2.6 Literature Gap

Existing literature discusses family business values or technological innovation mostly separately. However, limited literature examines the challenges or issues related to the combination and integration of both, in detail, as faced by the large and legacy-driven firms. The difference is especially noticeable in the context of emerging markets, where some businesses, such as Hero MotoCorp, have to balance tradition and rapid technological change.

3. Methodology

3.1 Research Philosophy

This research proposal will consider the ***interpretivist research philosophy*** in addressing the question of how organisations maintain a balance between tradition and innovation in complex and real-world situations. Interpretivism is suitable because the study is not based on specific numbers and results but centres around understanding the organisational behaviour, cultural values, and strategic decision-making (Susilawati *et al.*, 2025).

Subjective factors in the case of Hero MotoCorp, which determine the relationship between legacy values and technological transformation, will be leadership views, organisational culture, and provision of expectations amongst stakeholders. However, it includes limitations, on the one hand, interpretivism allows getting more insight about local and social processes that the positivist methodological strategy can skip. On the other hand, it is heavily dependent on secondary data interpretation, which can create bias in the researcher and impact their objectivity. Although this, the philosophy is effective because the study does not focus on testing hypotheses, but critically analyses meanings and relationships.

3.2 Research Approach

The research will consider the ***deductive approach*** and utilise the existing theories, such as organisational ambidexterity and dynamic capabilities, towards exploring the nature in which companies deal with the gap between culture and innovation. This method involves a set of known theoretical formulations and extends them to the Hero MotoCorp case to evaluate their applicability in practice. However, deductive research provides a theory-driven and structured analysis, which can limit the process of analysing new knowledge (Saraswati and Devi, 2023). On the one hand, it makes sure that the research is based on the existing scholarly literature, which increases its validity. On the other hand, it can fail to consider any special dynamics of an organisation, which are not already covered by the existing theories. Apart from these gaps and weaknesses, the deductive method is suitable since the research is supposed to test and implement already existing theoretical ideas as opposed to formulating completely new theories.

3.3 Research Design

In this study, the nature of the research is on explanatory research design in order to determine the relationship between legacy values and technological transformation. The design is suitable as it will allow the researcher to peep further than what is happening in organisations like Hero MotoCorp, to find out the cause and effect of why these dynamics exist, and how they influence a strategic outcome. Explanatory research on secondary data is however associated with some challenges (Verma, Verma and Abhishek, 2024). It can help to identify patterns and relationships among various sources. Conversely, it restricts on the coming up of direct causality as primary data are not upheld. Besides that, it could result in irrelevant findings by sources because of the reliance on already in-progress studies. The design, however, is powerful, as it accommodates the research goal, which is critically analysing the organisational behaviour and strategic adaptation.

3.4 Data Collection

The research will be based on the ***secondary data collection,*** such as academic journals, industry reports, company publications and market analyses. Reports by the International Energy Agency, annual reports of companies and insights into the industry give a broad scope of data on technological trends and organisational plans. This solution is cost-efficient and enables one to access an extensive source of accredited information in multiple settings. There are, however, limitations to secondary data collection (Mwita, 2022). On the one hand, it allows making a comparative analysis on a grand level without the time and resource limitations as compared to primary data

collection. However, it limits the control that the researcher has on the data quality and relevance. Not all sources can be up to date, they can be biased or not necessarily relevant to the purpose of the research. Also, the data that the companies are reporting can pose a challenge, and they tend to limit critical analysis. Apart from these limitations of the secondary data as compared to primary data, secondary data can suit this research since it will enable a combination of multiple points of view and will enable a critical analysis of how legacy firms can adjust to technological change.

3.5 Inclusion & Exclusion

Criteria	**Inclusion**	**Exclusion**
Time Frame	Studies from 2020 to 2025	Studies before 2020
Topic	Innovation, technology, family business	Irrelevant topics
Industry	Automotive and EV sector	Non-related industries
Sources	Journals, reports, and company data, such as Hero MotoCorp	Blogs, unreliable websites
Language	English	Non-English sources

Table 3.1: Inclusion & Exclusion

(Source: Self-created)

3.6 Boolean Operators

Operator	Purpose	Example Keywords
AND	Combines keywords	innovation AND tradition AND automotive
OR	Includes alternative terms	EV OR electric vehicles
NOT	Excludes irrelevant terms	automotive NOT healthcare

Table 3.2: Boolean Operators

(Source: Self-created)

3.7 Data Analysis

This research will consider ***the thematic analysis***, which reveals patterns and themes of predicted secondary data. It is a system that uses codes to categorise information gathered qualitatively into major themes like organisational culture, innovation strategies and technological adaptation. It gives an opportunity to incorporate a variety of sources of data into a coherent analytical system. However, thematic analysis is interpretive in nature (Braun and Clarke, 2023). On the one hand, it can be flexible in the analysis of complex organisational phenomena, especially to explain firms such as Hero MotoCorp. On the other hand, it can be subjective as the researcher determines the theme based on their interpretation. Moreover, the general outcome of the results might be impacted by the lack of quantitative

validation. However, the thematic analysis is suitable since it will support the thorough investigation of relations and meanings which could be expressed in the interpretivist philosophy.

3.8 Ethics

The research will follow strict ethical guidelines as it will use credible secondary data sources, such as peer-reviewed journals, industry reports, and official publications of the company related to Hero MotoCorp. They are well cited and referenced, and to avoid any type of ethical challenges in the process. However, there is a risk of bias regarding the use of secondary data, since the organisational reports can help to introduce only positive images (Nii Laryeafio and Ogbewe, 2023). To mitigate this, various sources have been critically analysed to bring about a balanced interpretation in the study. Also, there is no primary data related to human participants, hence, the issue of consent, confidentiality, and privacy does not arise. Overall, the study is transparent, accurate, and ethically responsible at all levels.

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