

Role of socioemotional wealth (SEW) in the internationalisation of family firms

Role of SEW in
family firms

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Abstract

Purpose – Family firms' desire to preserve and uphold socioemotional wealth (SEW) makes their internationalisation a complex phenomenon. Despite the significance of SEW in guiding family firms' internationalisation decisions, the literature in the underlying research stream is still scant and inconclusive. Thus, the purpose of the study is to gain preliminary insights about various dimensions of SEW and its impact on family firms' degree of internationalisation.

Design/methodology/approach – The study employs the multi-case study research design. The multidimensional SEW scale developed by Berrone *et al.* (2012) is used to calculate the SEW scores for four prominent Indian family businesses through the content analysis of Chairman's Statements for a period of 13 years (2007–08 to 2019–20). Further, the study examines the relationship between SEW and family firms' degree of internationalisation through two non-parametric tests: Somers' D and Kendall-Theil regression.

Findings – The results reveal the prevalence of various dimensions of SEW in family businesses. They also indicate that different FIBER dimensions are prioritised differently in family businesses. Finally, the authors observe that there exists a negative relationship between SEW and internationalisation of family businesses, indicating that SEW hinders the internationalisation of family firms.

Research limitations/implications – The study lends to the readers, the understanding that SEW plays a significant role in the internationalisation of family firms; thus, some modification might be needed in the existing international business theories in order to explain the role of peculiar family characteristics in the internationalisation decisions of family firms. Further, since SEW hinders the internationalisation of family firms, it raises a question for researchers and family business leaders: Do family firms need to work on their socioemotional ties to avoid making suboptimal decisions?

Originality/value – The study is a response to the call by Cleary *et al.* (2019) to utilise the results of content analysis of SEW in determining its impact on the family firms' external events. Majority of the studies are still using univariate measures (e.g. percentage of family ownership) to capture SEW. However, this study attempts to calculate the SEW scores of the family firms along these FIBER dimensions through content analysis. This helps in scrupulously capturing the impact of SEW in the internationalisation of family firms.

Keywords Socioemotional wealth (SEW), Indian family firms, Internationalisation, Content analysis, Chairman's Statement, FIBER, Somers' D regression, Kendall-Theil regression

Paper type Research paper

1. Introduction

One of the factors that make internationalisation of family firms a complex phenomenon is the socioemotional wealth (SEW) that they accumulate over the years. The term SEW was first coined by Gómez-Mejía *et al.* (2007) in the family business literature and was defined as “non-financial aspects of the firm that meet the family's affective needs, such as identity, the

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ability to exercise family influence, and the perpetuation of the family dynasty”. While undertaking strategic decisions, family firms confront unique socioemotional “trade-offs” by weighing their potential economic gains and losses against potential SEW gains and losses (Chrisman *et al.*, 2012; Kotlar and De Massis, 2013). SEW holds such supremacy in family firms that they are, in fact, willing to make decisions that are not driven by economic logic if at any point it threatens their socioemotional endowment (Berrone *et al.*, 2012).

Internationalisation often brings changes in the management policies and organisational structure in ways that downplay the historical foundations of the family firm (Patel and Chrisman, 2014). Internationalisation disturbs the status quo in family firms and the family’s welfare, as a result of which the family managers may be discouraged to pursue a risky yet profitable internationalisation opportunity (Fernández and Nieto, 2006). Expanding internationally necessitates the need for raising additional external funding and employing managers outside their family networks, which poses a threat to SEW as it may result in the loss of family control (Jones *et al.*, 2008). This makes family firms believe that the risk to SEW from internationalisation is not worth the reward. While internationalisation may lead to SEW gains if successful, the loss of SEW is more certain due to dilution of family control and changes in the traditional business model (Alessandri *et al.*, 2018). Consequently, they refrain from taking risky decisions like internationalisation due to the dread of losing years of accumulated SEW (Liang *et al.*, 2014; Gomez-Mejia *et al.*, 2010; Tsao *et al.*, 2018).

The above arguments lend us the understanding that SEW is set as the primary reference point by family firms while undertaking any strategic decisions like internationalisation. Despite the significance of SEW in the family business decision-making process, the research on SEW is still in its nascent phase and has not taken a comprehensive shape. Although it has been more than a decade since the conceptualisation of SEW (Gómez-Mejía *et al.*, 2007), much of the empirical studies have used SEW as a theoretical lens or a latent explanatory construct without measuring it directly (e.g. Pongelli *et al.*, 2019; Ray *et al.*, 2018; Yamanoi and Asaba, 2018). Also, it has been nearly a decade since an exemplary work was undertaken by Berrone *et al.* (2012) in proposing the multidimensional SEW scale – FIBER – Family Control and Influence (F), Family Members’ Identification with the Firm (I), Binding Social Ties (B), Emotional Attachment (E) and Renewal of Family Bonds to the Firm through Dynastic Succession (R). Yet, the majority of studies are still using univariate measures (e.g. percentage of family ownership) to capture SEW. Given the significance of SEW in guiding the family firms’ decision-making process, it is imperative that utmost care is taken while measuring SEW.

Therefore, as the first objective, the paper attempts to calculate the SEW scores using the multidimensional scale proposed by Berrone *et al.* (2012) for four prominent Indian family businesses, thus adopting the multi-case study research design. The SEW scores are calculated through the content analysis of Chairman’s Statements for a period of 13 years (2007–08 to 2019–20). The intent is to gain preliminary insights about the prevalence of various SEW dimensions in emerging market family businesses and to understand if these dimensions vary across firms as well as time. The paper is thus a response to the call by Berrone *et al.* (2012) who, in their study, proposed, as a future research scope, to use content analysis for measuring SEW. They argued that since SEW is “anchored at a deep psychological level among family owners”, the content analysis shall be an appropriate approach for measuring SEW.

Further, the second part of the study attempts to explore the role of SEW in the internationalisation decision of family firms from emerging economies like India. Albeit the inevitable need to enter the overseas markets as a response to global competition, family firms are reluctant to internationalise. This paradox can be explained by the need for preserving SEW in these firms. Since SEW is an important feature that distinguishes the internationalisation process of family firms from that of non-family firms (Berrone *et al.*,

2012), it becomes imperative to understand the role of SEW in the internationalisation of family firms. Consequently, as the second objective, we examine the relationship between SEW and family firms' degree of internationalisation through two non-parametric tests: Somers' D and Kendall-Theil regression. Thus, the study attempts to answer the following questions: (1) Does SEW exist in family firms from emerging economies like India? (2) Is SEW an important characteristic in affecting the internationalisation of family firms? If SEW emerges to play a significant role in the internationalisation of family firms, then it may imply that the existing international business theories need modification in order to take into account the role of peculiar family characteristics in the context of family firms.

We restrict our study to Indian family firms since it stands at the third position globally in terms of family-owned businesses, just after the US and China (Credit Suisse Research Institute, 2018) and the research on internationalisation of Indian family firms is still scant (Thukral and Jain, 2021). Since 82% of the top 500 firms listed on Bombay Stock Exchange (BSE) are recognised as family firms (authors' own compilation) and they contribute a total of 66% to the country's GDP (Tharawat Magazine, 2014), it becomes indispensable to understand the internationalisation behaviour of Indian family firms. Although some recent attempts have been made to study the internationalisation of Indian family firms (Manogna and Mishra, 2021; Rienda *et al.*, 2019; Ray *et al.*, 2018; Singh and Kota, 2017), to the best of our knowledge, none of these research studies have undertaken an in-depth analysis on the role of SEW in the internationalisation of Indian family firms. Further, except for Cleary *et al.* (2019), none of the previous studies have observed the various dimensions of SEW (FIBER) through the content analysis of corporate disclosures over a longitudinal time frame; hence, we take their study as a reference point for our research. However, the scope of their study (Cleary *et al.*, 2019) does not include the utilisation of the results of content analysis in determining its impact on the family firms' external events which, in fact, they proposed as a future research scope. This, consequently, becomes the basis for our research.

This study makes several contributions: First, the study contributes to the current body of literature by delving deeper into a relatively less explored yet important area in the family business literature – SEW – particularly in the context of Indian family firms. Since SEW is a psychological concept, it would not be appropriate to measure it through unidimensional measures, as done in the extant literature, but through content analysis which allows the study of beliefs and perceptions (D'Aveni and MacMillan, 1990). Second, by undertaking the case study analysis, our study provides a preliminary understanding about the prevalence of various dimensions of SEW, which we believe is imperative before testing the FIBER scale in the context of Indian family firms. Third, the study contributes to an emerging field of literature – internationalisation of family firms – by analysing the impact of SEW on the family firms' degree of internationalisation. Since there still exist inconclusive results with respect to the internationalisation of family firms, the study attempts to resolve this anomaly by giving a closer look at four prominent Indian family firms to understand the role of SEW in explaining their internationalisation behaviour.

2. Literature review

2.1 *The conceptual nature of socioemotional wealth (SEW)*

The introduction of SEW has provoked an intense discussion in the family business literature. SEW is the family members' social needs or various other non-economic benefits accruing beyond the financial rewards from running a business (Gomez-Mejia *et al.*, 2010). The SEW model is presented as a new "homegrown" theoretical formulation in the family business literature, which suggests that family firms are typically committed to the preservation of their SEW (Gomez-Mejia *et al.*, 2011). The identity of the family owners is inextricably tied to their organisation (Berrone *et al.*, 2010), and its preservation becomes an

end in itself. Consequently, the controlling family is likely to pursue these family-centred non-economic goals.

The broad conceptualisation of SEW lies in the fact that a family derives a stock of affect-related values from its controlling position in a firm (Berrone *et al.*, 2012). These affective values derived from family ownership influence the family firms' policy decisions and strategic choices. Family members' emotions, altruism and social capital affect the firms' decision-making, primarily because families seek to preserve SEW within the business (Gómez-Mejía *et al.*, 2007). Various decisions in a family business such as business venturing, firm strategies, stakeholder relationships, management processes and corporate governance are affected by SEW (Gomez-Mejia *et al.*, 2011). Thus, it is argued that SEW is set as the primary reference point while undertaking any strategic decision in a family firm (Gomez-Mejia *et al.*, 2011).

Berrone *et al.* (2012) pioneered in capturing the multidimensionality of the SEW construct by disentangling the five dimensions of SEW and collectively labelled it as FIBER. They argued that the secondary proxies (e.g. percentage of family ownership, family members' involvement in management or board) used in the prior research studies do not capture the full spectrum of the SEW construct. SEW encompasses the affective endowments of family owners, such as retaining strong family identity, desire to exercise family authority, the appointment of family members to the significant posts and continuing family dynasty (Gómez-Mejía *et al.*, 2007). Consequently, a univariate measure does not render us with the holistic understanding of the SEW construct. For instance, two family firms with the same level of family ownership may differ with respect to emotions, sentiments and relationships within the family (Berrone *et al.*, 2012). Thus, besides family ownership, there are other dimensions of SEW, which must be carefully examined.

Despite an exemplary and meticulous work undertaken by Berrone *et al.* (2012) in proposing the multidimensions of SEW, the majority of the studies are still using univariate measures to capture SEW. As argued in the previous section, SEW is the primary reference point while undertaking any strategic decision-making in the family firms; hence, utmost care needs to be taken while measuring SEW. We thus employ the multidimensional FIBER scale proposed by Berrone *et al.* (2012) to calculate SEW scores for four prominent Indian family businesses through the content analysis of the Chairman's Statements. We believe, before testing the FIBER scale in the context of Indian family firms, it is imperative to explore if these SEW dimensions are prevalent in Indian family businesses and to understand-

- (1) if these dimensions vary among our case companies and
- (2) if SEW and individual FIBER dimensions change over time

Hence, our study is an attempt to capture preliminary insights about the prevalence of various dimensions of SEW (FIBER) in Indian family firms, an important yet unexplored area in the context of Indian family firms. Thus, our first objective is:

Objective 1 – To explore if various dimensions of SEW are prevalent in family firms from emerging economies like India and if these dimensions vary across our case firms as well as time

The next section sheds light on the relationship between the family firms' SEW and their internationalisation decisions.

2.2 Role of socioemotional wealth in the internationalisation of family firms

SEW is set as the primary reference point while undertaking any strategic decision in a family firm (Gomez-Mejia *et al.*, 2011), one of them being internationalisation decisions. One potential explanation why internationalisation of family firms is a complex phenomenon is

due to their desire to prioritise SEW (Basco and Rodriguez, 2011). Preservation and enhancement of SEW is reflected in family firms' decision-making process (Berrone *et al.*, 2012). Thus, it becomes imperative to understand the role of SEW in the internationalisation of family firms.

Internationalisation is perceived as a potential threat to SEW since it entails substantial changes in the form of increased risk, uncertainty and threats to family control (Gomez-Mejia *et al.*, 2010; Arregle *et al.*, 2017). The "dark side" of SEW (Kellermanns *et al.*, 2012) often promotes self-serving behaviour in family firms wherein they put greater emphasis on family objectives and tend to fill employment positions based on family ties rather than competence (Kets de Vries, 1993). Non-family managers are believed to foster the internationalisation process of family firms (Liang *et al.*, 2014; Sciascia *et al.*, 2013); however, their employment may imply an immediate threat to SEW in the form of declining family control (Arregle *et al.*, 2012; Banalieva and Eddleston, 2011). When non-family managers have a say in a family business, family members' ability to behave altruistically towards each other is at stake (Lubatkin *et al.*, 2005; Schulze *et al.*, 2003). Hence, due to the fear of losing family control, family firms refrain themselves from entering international markets, and if at all they decide to expand internationally, they tend to opt for low commitment strategies (Claver *et al.*, 2007) and subsidiaries that are close to their home region (Banalieva and Eddleston, 2011).

However, contrary to this, there is a recent body of literature contending that SEW concerns are secondary while financial profitability comes first, since going global is no longer an option in the competitive global economy. They argue that long-term vision is of utmost importance to family firms which fosters the pursuit of financial success instead of myopic SEW concerns (Lohe *et al.*, 2021). Hence, insights on the role of SEW in the internationalisation of family firms remain inconclusive and scarce (Pukall and Calabrò, 2014; Lohe *et al.*, 2021). Such inconclusive results and the significance of SEW in determining family firms' internationalisation strategies make it imperative to delve deeper into the underlying research stream. Further, as already discussed, Cleary *et al.* (2019) proposed, as a future research scope, to utilise the results of SEW content analysis in determining its impact on the family firms' external events. This becomes the basis of our research, and, consequently, our second objective is:

Objective 2: To analyse if SEW is an important characteristic in affecting the internationalisation of family firms

If SEW appears to play a significant role in the internationalisation of family firms, it may imply that the existing international business theories need to be revised in the context of family firms in order to take into account the role of peculiar family characteristics.

3. Data and methodology

Our study employed the multi-case study research design for its effectiveness in dealing with an under-researched phenomenon (Eisenhardt and Graebner, 2007; Yin, 1994). Table 1 presents the objective-wise summary of data and methodology. The detailed information about the selection of case firms, measurement of independent variable (SEW) and dependent variable (degree of internationalisation) and the methodology adopted is presented in the following subsections.

3.1 Selection of case firms

In order to select our case firms, the list of BSE 500 firms was extracted from the BSE website. BSE is the Asia's first stock exchange which was established in 1875. By providing an efficient capital-raising platform, BSE has facilitated the growth of the Indian corporate

Objective	Objective-wise data source	Objective-wise methodology
<i>Case firms:</i> Bajaj Auto limited, Godrej Consumer Products Limited, Cadila Healthcare Limited, SRF Limited		
To explore if various dimensions of SEW are prevalent in family firms from emerging economies like India and if these dimensions vary across our case firms as well time	<ul style="list-style-type: none"> Data for SEW are collected from the Chairman's Message in the annual reports 	<ul style="list-style-type: none"> Content analysis of the Chairman's Message along FIBER dimensions Kruskal–Wallis test to examine if FIBER dimensions are significantly different among case firms
To analyse if SEW is an important characteristic in affecting the internationalisation of family firms	<ul style="list-style-type: none"> SEW (independent variable): Chairman's Message in the annual reports Degree of internationalisation (dependent variable): Outward foreign direct investment (OFDI) data from Reserve Bank of India (RBI) monthly reports 	<ul style="list-style-type: none"> Somers' D test and Kendall–Theil non-parametric regression to examine the impact of SEW on family firms' degree of internationalisation

Table 1.
Objective-wise data and methodology

sector over the past 146 years. BSE is considered as the India's largest data repository with around 5,000 listed companies. It is the first listed stock exchange in India [1]. From BSE 500 firms, we first identified family firms using the dual criteria: (1) majority ownership (more than 51%) of the company must be in the hands of the family members and (2) at least three members of the family must be involved in firm's management or board. The family ownership, management and board data are extracted by the authors from BSE website, company websites and annual reports. The above-mentioned criteria fetched us with a total of 80 Indian family firms (after removing state-owned enterprises, Indian subsidiaries of foreign MNEs and financial service companies). These firms were then rank-ordered by their total assets in 2020–21. The total assets data were taken from *Prowess* database, an electronic database from the Centre for Monitoring the Indian Economy (CMIE). From the top 15 firms of this list, 11 family firms were dropped since (1) their OFDI data were not available for all the years in the RBI report or (2) Chairman's Message (used for measuring SEW through content analysis) in the annual report was not available or (3) the annual report was not available for the period before 2010 or (4) at least third generation of the family was not involved in running the family business (as it indicates that degree of family involvement is more). According to Family Business Institute, only 12% of the family businesses manage to keep their business functional till third generation. Thus, only those family businesses manage to survive till third generation who have strong business foundations and exhibit greater emotional attachment, strong sense of identification with the family firm and deep-rooted family values (Bhalla and Banerjee, 2019). Consequently, we believe that it is the appropriate criteria to select family businesses wherein at least third-generation family members are involved. Finally, the remaining four family firms – Bajaj Auto Limited, Godrej Consumer Products Limited, Cadila Healthcare Limited and SRF Limited – were then selected for the purpose of our analysis. The flowchart depicting the selection process of our case firms is represented in Figure 1.

The multiple criteria mentioned above ensure a meticulous selection of our case firms. Our criteria define family firms not only on the basis of family ownership and involvement in management but also on the basis of the number of generations involved in the family business. This makes it different from past research studies wherein family firms are defined either on the basis of family ownership only (Basly, 2007; Boellis *et al.*, 2016) or both

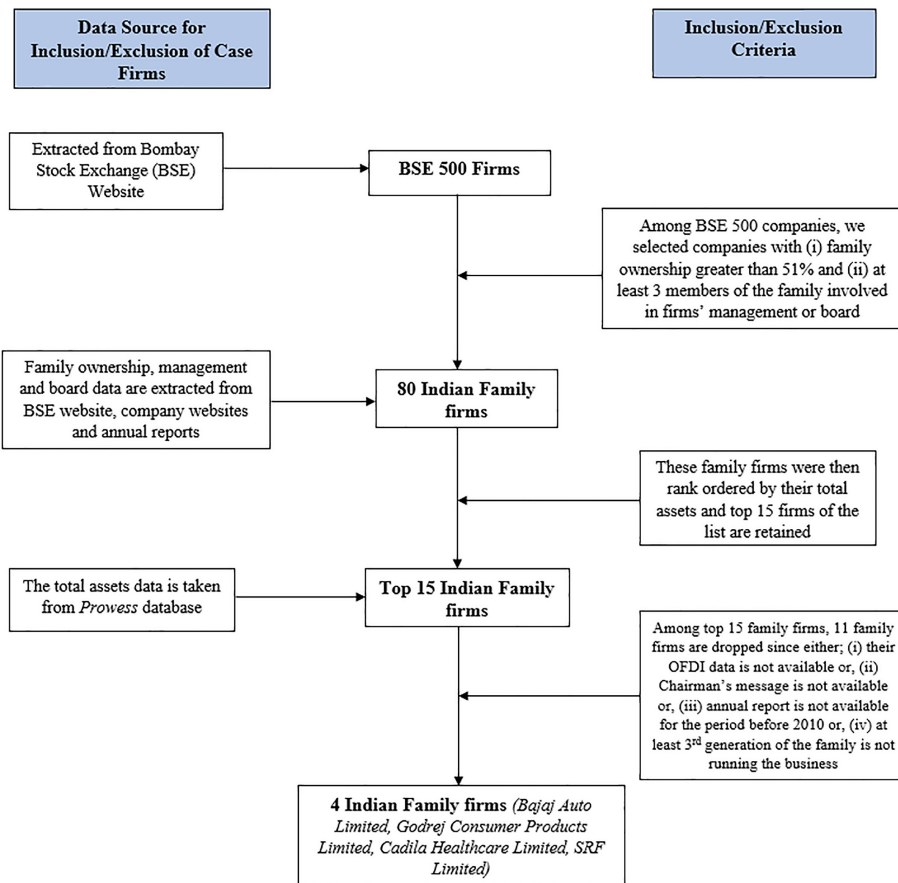


Figure 1. Selection of case firms

ownership and involvement in management (D'Angelo *et al.*, 2016; Shi *et al.*, 2019; Ray *et al.*, 2018), while some others define it on the basis of the family generation involved in the business (Zahra, 2003). However, prior research studies do not employ the multiple criteria discussed above at once in defining the family businesses. Since the four selected family businesses are run by at least third-generation family members, it ensures that the family is actively involved in managing the businesses for a longer period of time and the family dynamics would have played a role in decision-making of the firm. Such multiple criteria for selection of sample/case firms will ensure that family control, family influence and family dynamics are adequately present in the firms' decision-making process, thus leading to better evaluation of the SEW construct (Table 2 highlights the characteristics of case companies, and detailed discussion about the case companies is done in Appendix 1).

3.2 Measurement of dependent variable – degree of internationalisation

The degree of internationalisation of our case firms, which is the dependent variable in our study, is measured by the level of their OFDI. OFDI as a measure of a firm's degree of internationalisation has been used in the past by various researchers (e.g. Ray *et al.*, 2018;

[Tripathi and Thukral, 2018](#)). The data for OFDI are collected from RBI's monthly reports on "Data on Overseas Investment" for a period of 13 years, from 2007–08 to 2019–20 ([Table 3](#) highlights the internationalisation of case companies). We are bound to take data from 2007–08 onwards owing to the limited data availability in RBI database.

3.3 Measurement of independent variable – socioemotional wealth (SEW)

3.3.1 Measurement of SEW through content analysis. [Berrone et al. \(2012\)](#) in their paper on the exploration of SEW measurement scale (FIBER) suggested content analysis as a potential technique to capture the FIBER dimensions of SEW. Content analysis allows the study of beliefs and perceptions ([D'Aveni and MacMillan, 1990](#)) that are otherwise difficult to study by other means. As defined by [Krippendorff \(2004\)](#), content analysis is "a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use". Since, SEW is "anchored at a deep psychological level among family owners" ([Berrone et al., 2010](#)), the content analysis seems to be an appropriate approach for measuring SEW ([Berrone et al., 2012](#)). For capturing managerial cognition, content analysis is considered to be a less obstructive technique than interviews ([Phillips, 1994](#)). Hence, it is believed to be a useful technique for collecting the otherwise unavailable data ([Kabanoff et al., 1995](#)).

Table 2.
Characteristics of
case firms

Company	Family ownership (%)	Number of family members involved in management or board	Family generation currently ruling
Bajaj Auto Ltd	53.52%	6	4th generation
Godrej Consumer Products Ltd	63.25%	5	4th generation
Cadila Healthcare Ltd	74.78%	3	3rd generation
SRF Ltd	52.32%	3	4th generation

Table 3.
Internationalisation of
case firms

Company	Internationalisation
Bajaj Auto Ltd	<ol style="list-style-type: none"> Exports: 79+ countries Foreign direct investment: <ol style="list-style-type: none"> Wholly owned subsidiaries: two wholly owned subsidiaries, one each in the Netherlands and Thailand Joint venture: one joint venture in Indonesia
Godrej Consumer Products Ltd	<ol style="list-style-type: none"> Exports: 90+ countries Foreign direct investment: <ol style="list-style-type: none"> Wholly owned subsidiaries: nine foreign wholly owned subsidiaries – one in the Netherlands, four in Mauritius, one in Sri Lanka, one in Bangladesh, one in South Africa and one in the United States of America
Cadila Healthcare Ltd	<ol style="list-style-type: none"> Exports in the markets of the US, Europe, Latin America and South Africa Foreign direct investment: <ol style="list-style-type: none"> Wholly owned subsidiaries: 26 foreign wholly owned subsidiaries – one in Ireland, one in Philippines, one in Sri Lanka, two in United Arab Emirates, three in South Africa, nine in the United States of America, one in France, three in the Netherlands, one in Brazil, one in Spain, one in Italy, two in Mexico
SRF Ltd	<ol style="list-style-type: none"> Exports: 75+ countries Foreign direct investment: <ol style="list-style-type: none"> Wholly owned subsidiaries: five foreign wholly owned subsidiaries – one in the Netherlands, one in Thailand, two in South Africa and one in Hungary

One potential limitation of the survey method is that it collects data at a point in time, while we believe that the changes in SEW over time is an important dimension to be captured and explored. It is observed that at different stages of the firm's evolution, SEW considerations are prioritised differently (Breton-Miller and Miller, 2013). Thus, the longitudinal evaluation of SEW shall allow to analyse its impact on the family firms' degree of internationalisation over time, which is the prime objective of this paper. Hence, in order to undertake the longitudinal analysis, we believe that the content analysis is more appropriate than the survey method. Thus, content analysis method was adopted for the measurement of SEW variable.

We borrow from Cleary *et al.* (2019) and use the Chairman/Chairperson's Statement/Message as the data source for measuring SEW. They advocated that in the case of family firms, Chairman's Statement is more likely to convey opinions of the family, and hence it is suitable to capture the FIBER dimensions of SEW from such statements. Chairman's Statement includes information with respect to the company's overall performance, its achievements, its future plans and strategies and notes to special events (Stittle, 2003). In a family business, it is often observed that the chairman is a family member only. Hence, in their message to stakeholders, they do mention about their family succession planning, the demise of a family member running the business, family legacy deeply rooted in the family business, their emotional ties and so forth. Hence, there are sufficient grounds to use the Chairman's Statement as the data source for capturing various dimensions of SEW (FIBER).

3.3.2 Content analysis method. As discussed in the previous section, we undertake the content analysis of the Chairman's Statements of four prominent Indian family businesses for measuring their SEW over a period of 13 years (2007–08 to 2019–20). The Chairman's Statements of our case firms were obtained from their annual reports, which are available on the company's website. Except for Godrej Consumer Products Limited where we observed the transition in the chairman/chairperson's position from Mr. Adi Godrej to Ms. Nisaba Godrej, in all the remaining three companies the chairman's position was held consistently by one person during our period of analysis. For all the companies, Chairman's Statements were available without any breaks; hence, we analysed 52 Chairman's Statements (13 for each company) for 2007–08 to 2019–20 period.

In our content analysis, the Chairman's Statement is the sampling unit and the individual paragraph is the unit of analysis (Krippendorff, 1980; Moreno and Cámara, 2014). While coding each paragraph, we adopted a deductive approach since we drew from the predetermined subject (Berg, 2001), that is, the FIBER dimensions of SEW proposed by Berrone *et al.* (2012). We coded each paragraph of the Chairman's Statement based on these dimensions (FIBER). We developed our coding scheme based on these FIBER dimensions since it captures the multidimensionality of the SEW construct and it is supported by extant literature (Cleary *et al.*, 2019; Swab *et al.*, 2020; Arzubigiaga *et al.*, 2021). Each paragraph of the Chairman's Statements was coded along these FIBER dimensions from 1 to 5 (*respectively*). The description of each of these FIBER dimensions is presented in Table 4.

Paragraphs highlighting "F (Family Control and Influence)" dimension were coded as 1, paragraphs with "I (Family Members' Identification with the Firm)" dimension were coded as 2, "B (Binding Social Ties)" as 3, "E (Emotional Attachment)" as 4 and "R (Renewal of Family Bonds to the Firm through Dynastic Succession)" as 5. Paragraphs which did not relate to any of these FIBER dimensions were coded 0 and were excluded from our analysis. Also, multiple codes were assigned to the paragraphs if they referred to more than one dimension. Finally, for measuring SEW, we adopted quantitative content analysis technique wherein the analysis of the textual data is represented in the form of frequency expressed as a percentage or actual numbers of key categories (Krippendorff, 2004; Neuendorf, 2002). Thus, for calculating SEW for each of the four companies, the number of paragraphs coded was expressed as the percentage of the total number of paragraphs in the Chairman's Message.

Dimension	Description
F – Family control and influence	The family members' direct and indirect control and influence over the affairs of the family firm
I – Family members' Identification with the firm	Family members' sense of belongingness to the family business. The identity of the family members is tied in the family firm that usually carries the family's name
B – Binding social ties	The social relationships and kin ties among family members, with non-family employees and with community at large
E – Emotional attachment of family members	The emotions and sentiments among the family members such as tenderness, warmth, consolation and disappointment, which affect the decision-making process in a family business
R – Renewal of family bonds to the firm through dynastic succession	The intention to pass the family business to the future generations in order to carry the family' heritage and tradition

Source(s): [Berrone et al. \(2012\)](#)

Table 4.
Description of FIBER dimensions

In order to ensure the reliability of the coding procedure, the two authors independently pilot-tested five statements of each of the four companies and reported results based on the consensus achieved ([Burnard, 1991](#); [Graneheim and Lundman, 2004](#)). Although we referred to the coding scheme adopted by [Cleary et al. \(2019\)](#) (see [Appendix 2](#)), there were certain modifications done in some areas, particularly in the “R” and “E” dimensions based upon the results of pilot testing. Firstly, when the chairman referred to the long-term orientation of the family business, we coded it under the “R” dimension since family business continuation is an important item under the “R” dimension as proposed by ([Berrone et al., 2012](#)). Next, when the chairman mentioned about the death of a family member, we coded it under the “E” dimension rather than “I” or “B” dimension which is done by [Cleary et al. \(2019\)](#), since it represents the emotional ties and bonds between the family members which is an important item of “E” dimension as proposed by [Berrone et al.,\(2012\)](#). After incorporating these measures, the two authors undertook the second round of independent test coding of five statements of each of the four companies, wherein the intercoder reliability between the two authors was found to be 90%, ensuring the reliability of the coding process. The authors then proceeded to code all the Chairman's Statements of each of the four companies in the 2007–08 to 2019–20 period.

3.4 Somers' D and Kendall-Theil non-parametric regression

In order to test the impact of SEW on family firms' degree of internationalisation, we performed two tests – Somers' D and Kendall-Theil non-parametric regression. Owing to the small sample size, non-parametric tests were used to analyse the relationship. Somers' D is a non-parametric test that measures the direction and strength of the relationship between ordinal independent and dependent variables. There are various studies in past which have employed Somers' D to test the impact of independent variable on the dependent variable (e.g. [Baker et al., 2009](#); [Mitchell et al., 2001](#); [Klingbeil et al., 2021](#); [Balduck et al., 2010](#)). While there are other non-parametric tests to analyse the association between two variables such as chi-square test, Kendall's tau-b and Kendall's tau-c, these tests do not analyse the direction of relationship between the variables. Since the prime objective of the study is to analyse the impact of SEW on the internationalisation of family firms, Somers' D seems to be an appropriate non-parametric test. Thus, Somers' D helps in analysing the impact of independent variable on dependent variable which is not permitted in other non-parametric tests of association such as chi-square and Kendall's tau. Since Somers' D test can be performed on ordinal data only, we converted our SEW and OFDI variables into ordinal variables, ranking them into low, medium and high.

Further, for robustness, we performed the Kendall-Theil non-parametric regression to analyse the impact of SEW on the internationalisation of family firms using Kendall-Theil Robust Line (KTRLine – version 1.0) software (Granato, 2006). It is a robust nonparametric test of determining the regression coefficients between one continuous independent variable (SEW) and a continuous dependent variable (OFDI). The test is suitable for small samples to prevent the effects of outliers and non-normality in the residuals. Thus, the Kendall-Theil Robust Line (KTRL) is robust to the presence of outliers (Granato, 2006). Kendall-Theil regression estimates the slope of the line of best fit for the data which are not well suited for ordinary least square (OLS) regression. In OLS regression, the slope and the intercept are based on the means and sum of squares of the X and Y data sets, which, in turn, are substantially influenced by the outliers in the data (Helsel and Hirsch, 2002). However, in Kendall-Theil regression, the non-parametric slope is calculated as the median of all pairwise slopes. The Kendall-Theil slope is much more efficient than the OLS slope when residuals depart from normality (Granato, 2006). Hence, in our case, the test is appropriate in determining a robust regression line between SEW and OFDI.

4. Findings and discussion

As discussed above, the content analysis of the Chairman’s Statement of our four case companies is done from 2007–08 to 2019–20. The descriptive results of the content analysis are reported in Tables 5 and 6. While Table 5 presents the results for overall SEW, Table 6 highlights the results for individual FIBER dimensions.

Table 5 shows the total number of paragraphs and the number of paragraphs coded in the Chairman’s Statement for each of our case companies. There is not even a single year for which we did not code any paragraph for each of our case companies. Further, the table presents the calculation of SEW, that is, the number of paragraphs coded as the percentage of the total number of paragraphs. The SEW reported for Bajaj Auto Limited is maximum (i.e. 60.27%), indicating the strong reference to their family history, reference to the core values laid down by the founding generations and greater involvement of family members in managing the company. This is also evident from Table 6 wherein the “F” and “I” dimensions

	Bajaj Auto Ltd.		Godrej consumer Products Ltd.		Cadila Healthcare Ltd.		SRF Ltd.	
	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>
Total number of paragraphs	146	100	188	100	195	100	161	100
Number of paragraphs coded (<i>equal to SEW</i>)	88	<i>60.27</i>	86	<i>45.74</i>	84	<i>43.07</i>	75	<i>46.58</i>

Table 5. Case firms’ SEW based on paragraph coding

Note(s): The italic values indicates the value of SEW in case firms in percentage terms

	Bajaj Auto Ltd. (%)	Godrej Consumer Products Ltd. (%)	Cadila Healthcare Ltd. (%)	SRF Ltd. (%)
F	15.85	9.30	1.07	0.0
I	51.22	45.34	24.73	28.35
B	40.24	38.37	51.61	80.59
E	7.31	30.23	18.28	10.44
R	4.87	13.95	18.28	2.98

Table 6. Individual FIBER dimensions in case firms (as a percentage of total paragraphs coded)

appear to be high (amongst others) in Bajaj Auto Limited majorly due to the considerable involvement of the family in managing the business and greater reference to their family name in the Chairman’s Statement. Also, two particular dimensions which appear to dominate in all our case firms are “F” and “B”.

For *Objective 1*, our results indicate that various SEW dimensions are present in our case firms (as shown in Table 6). It is also observed that SEW and individual FIBER dimensions are not stable over time. The results for the dynamic nature of SEW are presented in Figure 2 which reports the overall SEW trend over the years and Figures 3–6 which highlight the trend of the individual FIBER dimensions for each of the case firms. As witnessed in Figure 1, the SEW trend in each of our case firms is dynamic throughout our analysis period. Also, in Figures 3–6, we observe that individual FIBER dimensions also change over time. Hence, we conclude that SEW concept is not stable over time. Relationships in family businesses are not stable over time since at different stages of the firm’s evolution, SEW considerations are prioritised differently. As a family business grows and evolves over time, its relationship with the society, the emotional ties between the family members, their affective consideration and even the family members’ involvement and control over the business ought to change throughout. Owing to the complex internal structures of the family businesses, it is observed that even extensive changes can happen over a short period.

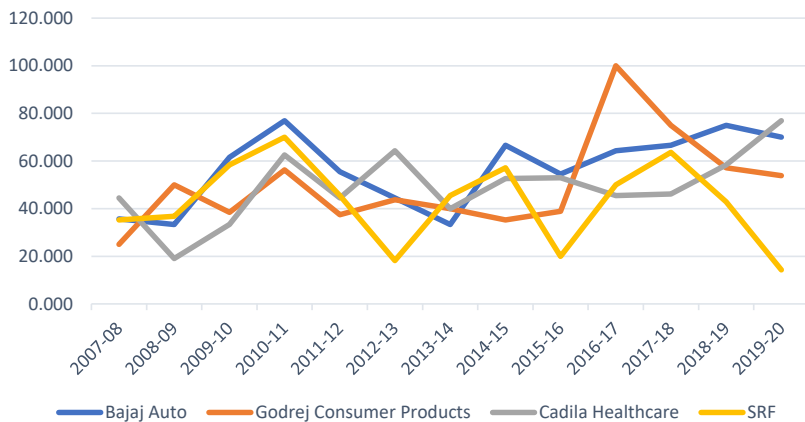


Figure 2. SEW trend in case firms

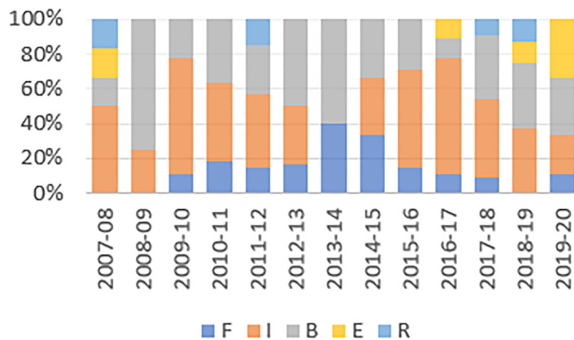


Figure 3. FIBER trend – Bajaj Auto Limited

Role of SEW in family firms

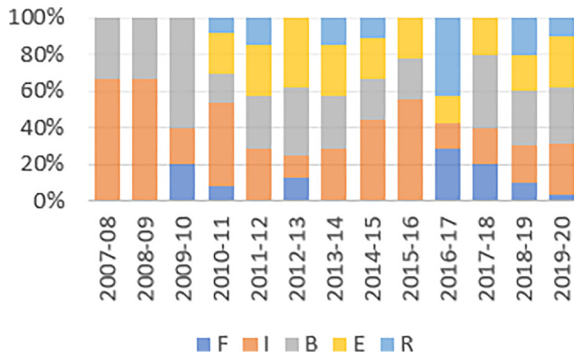


Figure 4.
FIBER trend – Godrej Consumer Products Limited

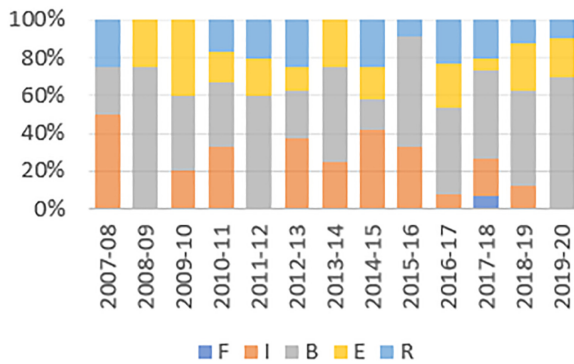


Figure 5.
FIBER trend – Cadila Healthcare Limited

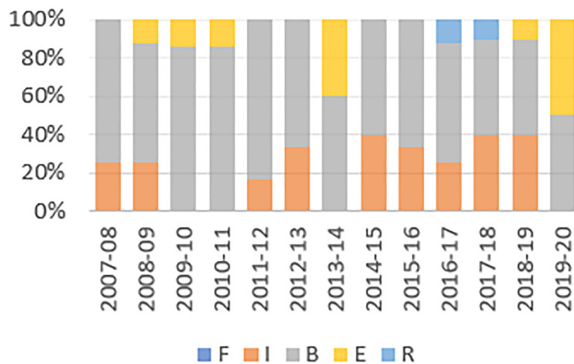


Figure 6.
FIBER trend – SRF Limited

Further, to analyse if these FIBER dimensions are significantly different among the four case companies, we conducted a nonparametric Kruskal–Wallis test. The test was run on each of the FIBER dimensions to know if they significantly differ from each other. The results of the Kruskal–Wallis test are depicted in [Table 7](#).

The results indicate that F, I, E and R dimensions are significantly different among our case firms at 5% level of significance and dimension “B” is significantly different at 10% level

of significance. We believe that these FIBER dimensions are significantly different in family businesses due to the heterogeneity residing within them, with respect to the complex ties between family members, the degree of control in the hands of the family members, affective considerations and their emotional attachment with the family business.

As witnessed in Table 6, “F” dimension is dominant in Bajaj Auto Limited, not at all present in SRF Limited and is close to negligible in Cadila Healthcare Limited. This is because there were many instances in Bajaj Auto Limited wherein the chairman referred to “F” dimension in his message, such as decision-making by the family members, highlighting the management team been run by a family member, appointment/resignation of the family members or applauding the family members for successfully handling the key managerial positions. Some of these examples include the following:

The Chairman’s Message in the years 2013–14 and 2014–15 *highlights that the family member running the position of Company’s managing director leads a performance-driven team. The chairman expressed his trust and confidence that all the decisions taken by the family member (as Managing Director) are in the best interests of the company and will lead to more vigorous performance in future.*

Another instance is from the Chairman’s Message in 2016–17 wherein *he announced that a family member is stepping down from the role of executive vice-chairman with effect from 1 April 2017 and will be continuing as the non-executive vice-chairman of the company. The chairman expressed his gratitude and sincere thanks to him for his role played in Bajaj Auto. He was delighted to share that his knowledge and years of experience will still be available to the family through his continued presence at the board.*

We observed that the first statement above was often highlighted by the chairman of Bajaj Auto Limited in his message. Hence, reference to family members holding key positions and making strategic decisions are quite prominent in the Chairman’s Message of Bajaj Auto Limited. The company has always been spearheaded by the members of the Bajaj family; hence, such statements highlight the extent to which the Bajaj family influences the firm’s operations. Six members of the Bajaj family are involved in the business and the family has successfully carried forward its legacy, wherein currently the fourth-generation family members (Mr. Rajiv Bajaj and Mr. Sanjiv Bajaj) are involved in the management of the company. Hence, such a strong presence of the family members in the business is the reason for the prominence of “F” dimension in Bajaj Auto Limited.

Moving to “T” dimension, we observe that it is also quite prominent in Bajaj Auto Limited and Godrej Consumer Products Limited. One reason for this is both of these companies belong to century-old family groups and hence their chairmen tend to refer to family history in their statements, which is one of the items of “T” dimension. Another reason is that since these companies belong to very old established groups, their family name is a source of self-identification and personal pride to them. As a result, they tend to sell a lot of products by their family name leading to the frequent mention of the family name in their Chairman’s Statements. Reference to the family name in firms’ products is also an important item of “T” dimension, as also argued by Cleary *et al.* (2019) who believed that such statements could reasonably be made without the mention of the family name/product name. Hence, if the family name is deeply rooted within the

Table 7.
Kruskal–Wallis test
results for individual
FIBER dimensions for
case firms

	F	I	B	E	R
Chi-square	23.151	8.448	7.462	13.192	13.077
Asymptomatic Sig	0.000*	0.038*	0.059**	0.004*	0.004*
Note(s): * $p < 0.05$; ** $p < 0.10$					

product name, it is reasonable to consider it as the “I” dimension. There were many instances in the Chairman’s Statement of both Bajaj Auto Limited and Godrej Consumer Products Limited wherein they referred to family history, family name and so forth. Some examples include:

The chairman of Godrej Consumer Products Limited often highlighted that the Godrej Group has *left behind a legacy in India that is now over 100 years old and the company is very fortunate to be able to draw the values of trust, integrity and respect that have held the company for over a century now.*

Also, while referring to the current Covid-19 crisis, the chairman mentioned that *Godrej was founded in a crisis during India’s Swadeshi Movement in 1897. In 1918, during the Spanish flu pandemic, the company made the first soap in the world to be made from vegetable oil and not from animal fat.*

Being part of an age-old family group ties them more to the family history, family legacy and the foundation laid down by the older generations. The functioning of these firms is deeply rooted in the core values set by the founding generations. Hence, family members in these firms appear to have a strong sense of belonging to the family firm. As a result, phrases like “Hamara Bajaj” or “Godrej Magic” are persistent in the Chairman’s Statement of these companies, thus making the “I” dimension to appear more prominent.

Moving to the “E” dimension, we observe that it is relatively higher in Cadila Healthcare and Godrej Consumer Products in comparison to the other two family businesses. One particular reason for this is that family brand or family methods/ways of doing business were represented as being superior to that of competitors in these companies. The use of emotive language against the competitors indicates the emotional attachment of the family members to their business. In these companies, their affective considerations and emotional attachment to the family often come in the way of their business decision-making. For instance, in the case of Godrej Consumer Products Limited, all the decision-making in the company is guided by “The Godrej Way” which includes the core values laid down by the founding generation. Example:

The chairman of Godrej Consumer Products often mentioned that *their core values are determined by “The Godrej Way” and these are at the heart of all that they do. These values are the most powerful and differentiated asset of the company and they are reflected in all the actions of the company as it grows and evolves.*

Similarly, the chairman of Cadila Healthcare Limited frequently mentioned about their family foundation – *The Ramanbhai Patel Foundation through which the company is actively engaged in serving the community through initiatives in education, healthcare and research. The company focuses on touching the people’s lives in different ways through the combination of core businesses and community responsibility.*

Also, as discussed in the methodology section, whenever the chairman mentioned about the death of a family member, we coded it under the “E” dimension rather than in the “I” or “B” dimension, which differs from what has been done by [Cleary et al. \(2019\)](#). This is because the chairman’s mention about the death of a family member indicates the emotional ties and bonds among the family members which is an important item of “E” dimension as proposed by [Berrone et al. \(2012\)](#). Hence, the chairman of Bajaj Auto Limited mentioned about the *sudden demise of the family member and paid tribute for his committed service in the company*, which we coded as “E” dimension.

Moving on to the “R” dimension, we observe that this dimension is most prominent in Cadila Healthcare and somewhat in Godrej Consumer Products also. The dimension indicates the family members’ intention to pass on the business to the successive generations, which was quite reflective in the case of these family businesses. Also, we made one modification in the coding scheme of “R” dimension, wherein, whenever the chairman referred to the long-term orientation of the family business, we coded it under “R” dimension since family

business continuation is an important item under “R” dimension as proposed by [Berrone et al. \(2012\)](#) which was not explicitly mentioned by [Cleary et al. \(2019\)](#). Accordingly, we observed that such statements relating to long-term orientation and business transfer to the next generation were most prominent in Cadila Healthcare and somewhat in Godrej Consumer Products. Example:

The chairman of the Cadila Healthcare Limited discussed about the *importance of succession planning to ensure the continuity of the family business, and in this light he announced the appointment of a family member as the Managing Director of the company in July 2017. The chairman expressed his confidence and trust in the newly appointed managing director mentioning that he is a young leader with a global perspective and has the strength in taking the enterprise to newer heights, spur innovation and build people to build our business.*

Similarly, the chairman of the Godrej Consumer Products Limited expressed *her gratitude to the board for giving her the opportunity to lead the company. She mentioned that the values of the founder, combined with his disciplined, results-driven and humble approach, will always be the core of the company's DNA.*

Finally, we move on to the “B” dimension where the differences are significant at 10% level. From [Table 4](#), it is apparent that dimension “B” is dominant in SRF Limited amongst all the family businesses. The dimension majorly focuses upon the relationship that a family business develops with its society and its social standing in a community. One distinct feature about a family business is its commitment to serve the society in which it functions. They believe in developing binding ties with the society, thus leading to the enhancement of their brand image and reputation. Such commitment towards the society is found to be prominent in case of SRF Limited, since the first-generation family member, Sir Shri Ram, who, besides being an industrialist, was also an advocate of education and wanted their successive generations to carry forward that legacy. Hence, serving the society and carrying forward the family name is an important objective of SRF Limited. As a result, the company focuses on carrying forward the ideology of the founders through the CSR arm of the company, the SRF Foundation. The foundation is aimed at impacting the lives of poor students by implementing educational programmes, skill development workshops, among others. Example:

The Chairman’s Message of SRF Limited repeatedly highlighted that the company *builds on the founder’s legacy of social consciousness through SRF Foundation. The foundation is aimed at enriching the lives of thousands of poor students through its educational and skill development initiatives. SRF Foundation has expanded its outreach of positively impacting the lives of more than 10,000 students.*

Thus, our results confirm the prevalence of various dimensions of SEW in Indian family businesses. It is also observed that both SEW and individual FIBER dimensions are dynamic in nature. Finally, our results indicate that different FIBER dimensions are prioritised differently in family businesses, wherein “F” (15.85%) and “I” (51.22%) dimensions are dominant in Bajaj Auto Limited, “B” in SRF Limited (80.59%), “E” in Godrej Consumer Products Limited (30.23%) and “R” Cadila Healthcare Limited (18.28%). One FIBER dimension which may be dominant in one family business may not be prominent in the other.

We now move to our *objective 2* to explore the impact of SEW on the internationalisation of family firms over the longitudinal time frame. Thus, here our independent variable is the SEW measured through the content analysis of Chairman’s Statements along FIBER dimensions, while our dependent variable is the internationalisation of family firms which is measured through OFDI. For this, we employ Somers’ D test, and the results are presented in [Table 8](#) which indicates the presence of a negative relationship between SEW and OFDI (*sig. 0.015*).

Further, for robustness, we performed the Kendall-Theil non-parametric regression to analyse the relationship between two variables. The results for Kendall-Theil regression are

reported in Table 9, and KTRL is presented in Figure 7. This robust line does not depend upon the normality of the residuals, nor it is strongly affected by the extreme values, as in the case of OLS. The robust estimate of slope for the non-parametric fitted line is computed by comparing each pair of the data with others in a pair-wise manner. The median of all pair-wise slopes is taken as the robust estimate of the slope. Our results exhibit a slope of -1.284791 , thus indicating that SEW negatively impacts the family firms' degree of internationalisation.

While the residual error in a linear model shall be normally distributed, a Kendall-Theil regression model is not bound to this assumption. In Kendall-Theil regression, the residual errors are depicted in the form of median deviation error (MDE) and root mean square error (RMSE). The median deviation error is defined as the median of the error values which is the location estimator for the population of residual errors. When MDE equals 0 or close to 0, then

Item	Value
Somers' D value	-0.692
Sig	0.015*
Asymptomatic Std. error	0.014

Note(s): * $p < 0.05$

Table 8.
Somers' D test results for relationship between SEW and OFDI

Intercept	Slope	UCI ¹	LCI ²	MDE ³	RMSE ⁴
3.677847	-1.284791	7.430325E-02	-3.723205	9.321487E-02	0.575753

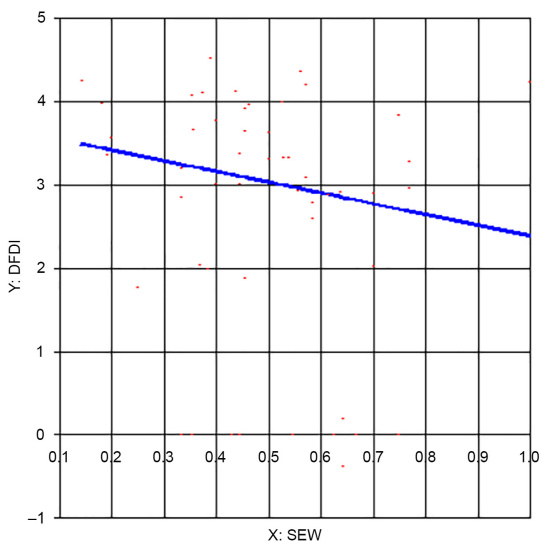
Note(s): ¹Upper 95th percent confidence interval of slope

²Lower 95th percent confidence interval of slope

³Median deviation error

⁴Root mean square error

Table 9.
Results for nonparametric regression using Kendall-Theil Robust Line (KTRL)



K-T Line

Figure 7.
Kendall-Theil Robust Line (KTRL) between SEW and OFDI

the model is said to be a good fit (Granato, 2006). Our results exhibit the MDE of 9.321487E-02, thus indicating the goodness of fit of the model. Further, RMSE is defined as the standard deviation of the residuals and indicates the spread in the population of residual errors. Our results exhibit the RMSE of 0.575753, which is close to 0, again indicating the goodness of fit of the model.

Finally, Figure 7 presents the robust KTRL, indicating the negative impact of SEW on the internationalisation of family firms.

Our results corroborate with the prior studies that internationalisation is perceived as a potential threat to SEW since it entails substantial changes in the form of increased risk, uncertainty and threats to family control (Gomez-Mejia *et al.*, 2010; Arregle *et al.*, 2017). In our case companies, we observed that companies having low SEW appear to internationalise more through outward direct investments as compared to the ones having high SEW. For instance, Bajaj Auto Limited, which has the highest SEW amongst all the case companies (60.27%), has only three international subsidiaries, one each in the Netherlands, Thailand and Indonesia. Further, these subsidiaries are not material subsidiaries, that is, the income or net worth of these subsidiaries does not exceed 10% of the consolidated income or net worth of the listed entity. Also, the subsidiary located in Indonesia has been discontinued recently and the company is currently functioning with two international subsidiaries. In contrast, the case companies for which SEW is less than 50%, that is, Godrej Consumer Products Limited (45.74%), Cadila Healthcare Limited (43.07%) and SRF Limited (46.58%) have international subsidiaries in at least five countries. Cadila Healthcare has 26 subsidiaries outside India, Godrej Consumer Products has 9 foreign subsidiaries and SRF Limited has 5 foreign subsidiaries. Although Bajaj Auto is currently operating in nearly 79 countries, it is majorly through exports, which is a low commitment international market entry mode in comparison to wholly owned subsidiaries. Hence, the results also support the arguments put forward in the literature that if at all family firms decide to expand internationally, they tend to opt for low-commitment strategies due to the presence of SEW (Claver *et al.*, 2007). Bajaj Auto, although being the oldest among all, is currently functioning with the lowest number of foreign subsidiaries, mainly because family business is a source of self-identification, personal pride and satisfaction for the family members, and hence they exhibit loss aversion behaviour towards their non-economic endowments (SEW) while making strategic decisions. Hence, they are often hesitant in undertaking financially lucrative international expansion opportunities, if such expansion causes a reduction in their SEW endowments.

In sum, our results indicate that SEW hinders the degree of internationalisation of family firms; thus, we conclude that SEW may result in suboptimal decision-making in family firms.

5. Conclusion

As discussed, literature on internationalisation of family firms has gained traction in the recent past (Lohe *et al.*, 2021; Ray *et al.*, 2018). However, internationalisation of family firms is a complex phenomenon due to their desire to preserve and uphold SEW. The role of SEW in determining the internationalisation decisions of family firms is still unclear, potentially due to the inconclusiveness and difficulty in measuring SEW. Thus, the study employs multidimensional SEW scale proposed by Berrone *et al.* (2012) to calculate the SEW scores through the content analysis of the Chairman's Statements of four prominent Indian family businesses for a period of 13 years (2007–08 to 2019–20). Further, the study analyses the impact of SEW on the internationalisation of family firms. The objective is to gain preliminary insights about the prevalence of various dimensions of SEW in the context of Indian family firms and analyse its impact on their degree of internationalisation over a longitudinal time frame. The results indicate that various dimensions (FIBER) of SEW are

prioritised differently in different family firms. “F” (15.85%) and “T” (51.22%) dimensions are dominant in Bajaj Auto Limited, “B” in SRF Limited (80.59%), “E” in Godrej Consumer Products Limited (30.23%) and “R” in Cadila Healthcare Limited (18.28%). Also, by employing Somers’ D and Kendall-Theil regression, the study finds that SEW significantly hinders Indian family firms’ degree of internationalisation.

Our study has several limitations. First, since measuring SEW through content analysis is a new phenomenon in the underlying literature, there is a possibility of subjectivity. We, however, have tried to reduce this subjectivity by adopting the coding scheme proposed by Cleary *et al.* (2019) and further by undertaking coding by two researchers independently. Second, we had to restrict ourselves to take 13 years as our period of analysis due to the unavailability of the OFDI data before 2007 in the RBI database. Third, despite we studied four prominent cases (more than what Cleary *et al.* (2019) had worked on Irish firms), a larger sample of family firms (bifurcated into categories like Hindu Undivided Families (HUFs), sole proprietor firms, as in case of Indian firms) shall offer deeper insights into the role of SEW in affecting the internationalisation decision of family firms.

Although it might be difficult to generalise the results, our study provides some grounds in resolving the paradox on the internationalisation of family firms. The study contributes to the understanding that SEW leads to lower internationalisation in family firms. Consequently, it leads us to the conclusion that SEW may result in suboptimal decision-making in family firms. Thus, it is reasonable to say that some modification might be needed in the existing international business theories in order to explain the role of peculiar family characteristics in the internationalisation decisions of family firms. The study also provides sufficient grounds to believe that, besides internationalisation, other important decisions in family firms may also be taken sub-optimally due to the presence of SEW. Thus, the study raises some questions for future research scholars: Do family firms need to work on their socioemotional ties to avoid making suboptimal decisions? If this psychological wealth really leads to suboptimal decisions, is it really a wealth or is it a double-edged sword?

Note

1. https://www.bseindia.com/static/about/Company_Overview.html

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Appendix 1

Discussion about the Case Companies

Bajaj Auto Limited

The journey of Bajaj family-owned and family-managed Bajaj Auto Limited began 76 years ago as part of one of the oldest and largest conglomerates in India, the Bajaj Group. It was founded in 1945 by Kamalnayan Bajaj and is currently headquartered in Maharashtra, India. Bajaj Auto, the flagship company of the Bajaj Group, is ranked as the world’s fourth largest three- and two-wheeler manufacturer. Bajaj Group, founded in 1926 by Jammalal Bajaj, today stands for its integrity, dedication and determination to succeed which are often traced back to its relentless devotion and involvement in India’s independence movement. Mr. Rahul Bajaj, who has succeeded his grandfather Mr. Jammalal Bajaj and his father Mr. Kamalnayan Bajaj, is the current chairman of Bajaj Auto and has been at the helm of the company since 1972. Under his leadership, the product portfolio of Bajaj Auto has expanded and the brand has entered the global marketplace. Not just this, the company’s turnover has also increased from INR 72 million to INR 120 billion. With over two million unit sales to 79 countries in 2018–2019, Bajaj Auto Limited is India’s largest exporter of motorcycles, three wheelers and quadricycles. During the financial year 2018–19, the company witnessed its highest ever total turnover of INR 319 billion (an increase by 18.5%) and total operating income of INR 305 billion (an increase by 20.1%). Following the words of the company’s founder Mr. Kamalnayan Bajaj, “*Do what you think best, but be the best in what you do*”, the company has pioneered over the years in various areas by launching its scooter Chetak (also known as Hamara Bajaj) in 1970s which provided the first mass personal mobility to Indians or by launching the iconic Pulsar in 2001 or by making the presence in more than 79 countries around the world by significantly investing in innovation and technology. Due to its strong financial and industry leading metrics, Bajaj Auto is now recognised with a new and distinct brand image – *The World’s Favourite Indian*.

The promoter family ownership in the company stands at 53.52% and six members of the family are either on board or holding key managerial positions. The Bajaj family has successfully carried forward its legacy, and currently the fourth-generation family members (Mr. Rajiv Bajaj and Mr. Sanjiv Bajaj) are involved in the management of the company. Since its inception, the reins of the company have been in the hands of family members only. In 1972, Mr. Rahul Bajaj took the reins of the company from his father Mr. Kamalnayan Bajaj and turned the company into a household name – Hamara Bajaj. Recently in May 2021, Mr. Rahul Bajaj stepped down as the chairman of the company after serving for nearly five decades and will now continue as Chairman Emeritus. His brother, Mr. Niraj Bajaj, will now be succeeding him as the chairman of the company with effect from 1 May 2021. Over a century ago, Mr. Jammalal Bajaj decided to use his business to serve the society. His philosophy, “common good was more important than individual gain”, is successfully taken forward by the successive generations of the family. The Bajaj family has dedicated themselves in creating a self-reliant nation over the years. The Bajaj family, up to the current generation, has naturally imbibed the values of nation service and ethical business practices. Each successive generation in the family has given greater importance to seeking knowledge and wisdom. The older generation family members have laid the foundations for the family’s core values due to which the business group stands tall today.

Godrej Consumer Products Limited

Indian consumer goods company, Godrej Consumer Products limited, is part of the 123 years old Godrej Group. The company takes forward the proud legacy of the Godrej Group which is built on the strong values of integrity, trust and respect for others. Godrej Group, founded in 1897 by Ardeshir Godrej, has its roots in India's independence and Swadeshi Movement. The group today caters to 1.5 billion customers globally, with its footprints in more than 90 countries. The fourth generation scion, Ms. Nisaba Godrej, is the current chairperson of the Godrej Consumer Products Limited who took the reins of the company from her father Mr. Adi Godrej in 2017. The company has its presence in three categories – personal care, home care and hair care – and is spread across three emerging markets – Asia, Africa and Latin America. During the financial year 2018–19, the company had a turnover of INR 56.79 billion and a profit after tax of INR 17.54 billion. In emerging markets, the company is ranked amongst the largest hair care products and household insecticides. It is ranked as the top player in air fresheners in India and Indonesia and number two in soaps in India. Also, the company is ranked as the number one player in hair colour in India and sub-Saharan Africa. The company is aimed at solving real problems for its customers at low cost and broke barriers in various segments by launching the first one-rupee paper-based mosquito repellent, Goodknight Fast Card, to help people in rural areas, by launching a thirty-rupee hair colour sachet, Godrej expert rich crème or by rolling out the world's first powder to liquid hand wash, Mr. Magic, at just fifteen rupees. Due to their committed efforts in serving the nation, Godrej Consumer Products Limited has received immense recognition over the years – it was amongst the top 12 companies in India that cater environmental issues effectively, it has been awarded with the Porter Prize 2016 for creating shared value impact and enabling community development and it has also been awarded with “Women Empowerment” award at the 6th Asia Best CSR Practice Award.

The company is deeply rooted in the 123-year-old legacy of the Godrej group. Godrej was founded in a crisis during India's struggle for independence. Also, the group was the first in the world to manufacture a soap from vegetable oil during Spanish flu pandemic in 1918. Hence, the company believes the pandemic year of 2020 to set the “second beginning” for the glorious next 123 years of Godrej. Currently, the promoter family ownership in the company stands at 63.25%, and five members of the family are either on board or holding key managerial positions. The legacy of the Godrej family is successfully carried forward as the fourth-generation family members (Ms. Nisaba Godrej, Ms. Tanya Dubash and Mr. Pirojsha Godrej) are now involved in the management of the company. In fact, at such a young age, a woman family member, Ms. Nisaba Godrej, has been appointed as the chairperson of the company, which is quite rare in case of Indian family businesses. The family element in Godrej group has always remained paramount in running the business. The group believes that while maintaining the family control, they can grow at a very rapid pace – 10 times in 10 years (Bain, 2011). Since its inception, the Godrej group has been recognised as one of the successful close-knit family businesses. From its roots in India's independence and Swadeshi Movement to producing “Good and Green” products, all the members of the Godrej family have committed themselves in serving the nation. All the successive generations of the Godrej family take this legacy forward of doing the business in “The Godrej Way” – to never let go of its trust and being a good company.

Cadila Healthcare Limited

Cadila Healthcare Limited or Zydus Cadila is the global healthcare service provider which was founded in 1952 by Mr. Ramanbhai B. Patel, a first-generation entrepreneur. From wellness products to active pharmaceutical ingredients and animal healthcare products, the company has become a leader amongst India pharmaceutical companies for providing a wide range of healthcare solutions. The current chairman of Cadila Healthcare is Mr. Pankaj R. Patel who took the reins of the company from his father Mr. Ramanbhai B. Patel in 1995. Cadila Healthcare, run by Mr. Pankaj R. Patel along with his son Dr. Shravil P. Patel, has earned the title of the top generic drug manufacturer. In a short span of 15 years, the INR 200 crore group reached INR 3,700 crore, thus becoming India's fourth largest pharma group. The company serves 300 branded drugs and other healthcare products in more than 25 overseas markets. During the financial year 2019–20, the company's revenue stood at INR 142.5 billion and its net profit was INR 14.6 billion. Zydus Cadila has always been at the forefront of innovation-led growth by taking several pioneering initiatives – it launched world's first biosimilar of Adalimumab “Exemptia”, launched world's second brand of typhoid conjugate vaccine “ZyVac TCV” and the company developed India's first quadrivalent influenza vaccine “Vaxiflu 4”. Due to its dedication and commitment, the company has been conferred with several awards – Overall Indian Pharma Excellence Award from

Government of India, Award for Most Innovative Pharmaceutical Company by Thomson Reuters and it is declared as “Emerging Company of the Year” by *The Economic Times*.

The promoter ownership in the company stands at 74.78% and three members of the Patel family are involved in running the business. Currently, second-generation (Mr. Pankaj R. Patel) and third-generation family members (Dr. Shravil P. Patel) are managing the family business. The company takes the path of Mr. Ramanbhai Patel, the founder chairman, of creating happier and healthier communities by bridging the unmet healthcare needs. For Mr. Pankaj R. Patel, his father, Mr. Ramanbhai B. Patel, has always been the role model and he always wanted to take forward the legacy of his father – doing good towards the society, besides running the business. Each successive generation takes this legacy forward of doing good towards the society through Environment, Health and Safety (EHS) policy.

Role of SEW in family firms

SRF Limited

SRF Limited was founded in 1970 as Shri Ram Fibres Limited by Dr. Bharat Ram who took forward the legacy of his father, Sir Shri Ram. The company began its operations as a textile company but later diversified into the chemicals business as well. Since its inception, the family members have committed themselves to improving the quality of life by serving people in more than 75 countries. Mr. Arun Bharat Ram is the current chairman of the company who took the reins of SRF Limited from his father Dr. Bharat Ram. Over the years, the company is recognised as the leader in its business – the company is the only manufacturer of ozone-friendly refrigerants in India, is one of the few manufacturers of Pharma grade HFA134a/P in the world, is the domestic market leader in the coated fabrics business for more than two decades and is recognised as the largest manufacturer of technical textiles in India. During the financial year 2019–20, the company earned a profit after tax of INR 9.16 billion (an increase of 55%) and revenue of INR 72.09 billion (an increase of 2%). Due to its strong business presence and the family members’ dedication in serving the society, SRF Limited has achieved various recognition over the years – it was awarded with the *Family Business of the Year Award, 2019* by *The Economic Times*, was included in the Forbes’ Best Under a Billion List in 2011, was also awarded with Deming Prize, 2012 for its chemical business and National CSR Award 2018, among others.

The promoter family ownership in the company stands at 52.32%, and three members of the Shri Ram family are involved in running the business. Sir Shri Ram, the first-generation family member, has been in the family business since 1909, and besides industrial business, he was also an advocate of education, who founded two prominent academic institutions in India – Shri Ram College of Commerce and Lady Shri Ram College for Women. Sir Shri Ram and his son Dr. Bharat Ram had the ideology of contributing towards the society through education and wanted their successive generations to carry forward that legacy. Today, SRF Limited is in the hands of third generation, Mr. Arun Bharat Ram (chairman) and fourth-generation family members, Mr. Ashish Bharat Ram (managing director) and Mr. Karthik Bharat Ram (deputy managing director); besides making SRF as global business leader, they are also carrying forward the ideology of the founders through the CSR arm of the company, the SRF Foundation.

FIBER dimension	Items
F – Family control and influence	<ul style="list-style-type: none"> • Reference to family member making decisions • References to family appointment/resignation from board • References to share issues to family/non-family • References to appointments/resignations to managerial positions for family
I – identification of family members with the firm	<ul style="list-style-type: none"> • Reference to family name in product name • Reference to family in daily operational terms • Reference to family history
B – Binding social ties	<ul style="list-style-type: none"> • Family donations, sponsorship, reference to social activities involving family • Reference to non-family manager/employee awards/recognition, retirements, bereavements • Reference to long-standing supplier relationships, business allies • Reference to business partners
E – emotional attachment of family members	<ul style="list-style-type: none"> • Use of emotive language against competitors/threats • References to family in decision-making alternatives, e.g. over economic considerations • References to superiority of family brand/methods • <i>Family bereavement</i> • <i>Emotions, values, trust, etc. guide the decision-making in the firm</i>
R – Renewal of family bond through dynastic succession	<ul style="list-style-type: none"> • Reference to business transfer to the next generation • Reference to transfer of board membership to family members • <i>Family firms indicating their intention to continue family legacy and tradition as well as evaluating their investment on long-term basis</i>

Table A2.
FIBER coding scheme adopted from Cleary *et al.* (2019) and certain modifications were made in “E” and “R” dimensions

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