

The Impact of Sociocultural Context on Strategic Renewal: A Twenty-Six Nation Analysis of Family Firms

ABSTRACT

This study contributes a multilevel, cross-national analysis of the role that sociocultural context may play to enrich our understanding of strategic renewal in family firms. We conceptualize sociocultural context as consisting of firm-level social contexts and national culture, and argue that heterogeneous social contexts in family firm management, i.e. family CEO and multigenerational involvement, give rise to mindsets that have differential effects on renewal efforts. These two effects are further subject to variation due to the moderation of national cultural dimensions of uncertainty avoidance and power distance. Using a unique data set of 959 family firms from 26 nations, we found that family CEO is negatively related to renewal across cultures, and this relationship is attenuated by uncertainty avoidance and power distance. In addition, multigenerational involvement is positively related to renewal, and this relationship is enhanced by the two cultural dimensions. The findings support our contention that there is cultural-dependent countervailing effects on strategic renewal within family firms.

Keywords:

family firms; strategic renewal; dominant logic; social context; national culture